

**FISCAL IMPACT OF PROPOSED LEGISLATION**

79th Oregon Legislative Assembly – 2017 Regular Session  
Legislative Fiscal Office

**Measure: HB 2007 - A**

***Only Impacts on Original or Engrossed  
Versions are Considered Official***

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**Measure Description:**

Requires city or county to review and decide on applications for certain housing developments containing affordable housing units as first priority.

**Government Unit(s) Affected:**

Department of Land Conservation and Development, Counties, Cities

**Analysis:**

The bill directs the Department of Land Conservation and Development (DLCD) to study housing development in relation to affordable housing in cities. The Department is required to report its findings to the Legislature; the report for cities with populations greater than 25,000 is due by September 15, 2018 and the report for cities with populations less than 25,000 is due September 15, 2019. In addition, the bill requires a city or county to review and decide on applications for certain housing developments, containing affordable housing units, as a first-priority and further establishes a variety of standards for review of decisions on applications for these developments. Cities or counties must take final action on an application to develop multifamily residential buildings within the urban growth boundary, with at least 50% of units sold or rented as affordable housing, within 100 days after completion. Counties are prohibited from denying an application if it complies with clear and objective standards outlined within the county comprehensive plan or zoning ordinances. Local governments are prohibited from discouraging need based housing through neighborhood designations of national historic districts or reducing the density of an application unless necessary for health, safety or a habitability issue. The bill allows the development of a duplex or accessory dwelling unit on area zoned for single-family dwellings located within the urban growth boundary and permits religious organizations to provide affordable housing to households with incomes equal to or less than 60% of the county median family income.

DLCD plans to hire a third-party contractor to conduct the data collection and analysis for the affordable housing study; this one-time cost is estimated at \$200,000 General Fund (GF) in the 2017-19 biennium. Any costs to DLCD associated with the evaluation of the study and compilation of the required reports, and necessary rulemaking are assumed to be included within the agency's existing budgetary resources.

Cities and counties report a potential fiscal impact associated with increased staff workload to attorneys, planners, public facilities staff, utilities staff, transportation staff, and building review staff, due to shorter timelines to review and make decision on applications for the housing developments affected by this legislation. In addition, cities or counties might incur additional staffing costs to increase the number of hearings held to meet state required notice periods. Cities are concerned about the potential increased workload that may be required to conduct records searches and provide DLCD the information necessary to complete the study and report on affordable housing. Costs associated with the potential for increased appeals and litigation are indeterminate, however are reported to be significant for cities due to a lack of a definition for the density exception created in Section 6 (4)(b) for health, safety or habitability; and conflicts between allowing a discretionary review path vs enforcing clear and objective standards.