

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2306 - A4

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

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

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Measure Description:

Requires city or county to issue residential building permits upon substantial completion of construction of public improvements in residential subdivisions.

Government Unit(s) Affected:

Cities, Counties

Summary of Fiscal Impact:

Costs related to the measure are indeterminate at this time - See explanatory analysis.

Analysis:

The measure would prohibit a city or county from denying a building permit allowing the construction of a residential dwelling in a residential subdivision, if substantial completion of the conditions of development for the residential subdivision has occurred and a bond or other financial guarantee to secure the completion of the remaining public improvements has been secured. The measure would not, however, prohibit a city or county from declining to issue a certificate of occupancy for any residential dwelling if the conditions of development are not fully completed or the conditions for release of the bond are not fulfilled.

Cities and Counties

The measure would require increased coordination between Cities and Counties, and possibly the State, as these entities control the building permit and occupancy certification processes under the building inspection and permit program. Cities and Counties would thus need to develop new systems to track performance bonds to ensure they are properly maintained and increase the level of coordination for issuing building permits only upon substantial completion.

Given that Cities and Counties would have increased oversight responsibilities over new residential developments, particularly those with substantial developments, some Cities and Counties might need additional full-time equivalent (FTE) positions to focus on bonding. The need for additional FTE would depend, however, on the prevalence of new residential developments in the city or county at issue.

The measure might also result in Cities and Counties having to call in (redeem) more performance bonds, since there would be no way for them to compel completion of infrastructure, if residential construction is completed but the surrounding infrastructure is not. Calling in a performance bond could prove to be a costly legal process, perhaps resulting in construction delays. The legal costs would largely depend, however, on the size of the bonds, the size of the projects, and the amounts needed for completion.

While some of the risks might be covered through additional permitting costs to maintain staffing, the fiscal impact would largely depend on the profitability of the housing market and the prevalence of new developments. Because of these uncertain variables, the fiscal impact is indeterminate.