

HB 3040 -1, -3, -4, -5 STAFF MEASURE SUMMARY
House Committee On Economic Recovery and Prosperity

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Meeting Dates: 3/16, 4/1

WHAT THE MEASURE DOES:

Requires the Legislative Revenue Office to conduct a study of system development charges and report the findings by September 15, 2021. Sunsets on January 2, 2022. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Impact of system development charges on housing costs
- Projects funded through system development charges
- Housing supply

EFFECT OF AMENDMENT:

-1 Replaces the original measure. Requires the Housing and Community Services Department (Department) to study system development charges (SDCs) to determine best practices to develop affordable housing and report findings by December 31, 2021. Specifies recommendations to be included by the Department in the study, including increased fee transparency, ensuring fee payments foster development of affordable housing, methodology for setting fees, effectiveness of credits, and viability of alternative funding measures. Requires a local government that establishes an SDC to provide for a payment deferral plan based on the respective development for which the charge is being assessed. Requires the local government to publish disclosures related to its SDCs, including the cost, methodology for calculation, process and timing for collection, the capital improvement for which the charge is assessed, and estimated timeframe for completion of the capital improvement. Applies to SDCs established on or after effective date. Declares emergency, effective on passage.

-3 Replaces the original measure. Requires the Housing and Community Services Department to conduct a comprehensive study of system development charges in consultation with the Department of Land Conservation and Development, Department of Environmental Quality, Department of Revenue, and the Oregon Business Development Department. Specifies the scope of the study, including the role of system development charges and their fee rates. Specifies the minimum requirements of the study, including the history of the charges, methodologies for setting the fees, the impact of charges on overall housing costs, the costs and benefits of payment deferrals, and aspects of transparency related to fee rates. Requires the Department to provide a preliminary report by December 31, 2021 and a final report by June 1, 2022. Requires any local entity, starting on January 1, 2022, to provide specified information related to system development charges that the entity charges either through a publicly accessible website or available to the public free of charge upon request. Declares emergency, effective on passage.

-4 Replaces the original measure. Requires the Housing and Community Services Department to conduct a study of system development charges and their relation to other cost and feasibility drivers to determine best practices for fostering development of affordable housing. Specifies the subjects the Department may study to include other cost drivers related to system development charges, effects of Ballot Measures 5 and 50 on ad valorem property taxes, assessment of manufactured housing for purposes of system development charges. Specifies recommendations the department must develop, including increased transparency on fees, ensuring fee payments foster housing development, methodology of setting fees, ability and effectiveness of using credits, and viability of alternative funding measures for capital improvements. Requires the department to submit a report by

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December 31, 2021. Changes the definition of "system development charge" regarding the time of assessment of the fee to apply separately to local governments above or below 25,000. Declares emergency, effective on passage.

-5 Replaces the original measure. Requires the Housing and Community Services Department to conduct a study of system development charges and their relation to other cost and feasibility drivers to determine best practices for fostering development of affordable housing. Specifies the subjects the Department may study to include other cost drivers related to system development charges, effects of Ballot Measures 5 and 50 on ad valorem property taxes, assessment of manufactured housing for purposes of system development charges. Specifies recommendations the department must develop, including increased transparency on fees, ensuring fee payments foster housing development, methodology of setting fees, ability and effectiveness of using credits, and viability of alternative funding measures for capital improvements. Requires the department to submit a report by December 31, 2021.

BACKGROUND:

System Development Charges (SDCs) are one-time fees charged on new development, and certain types of redevelopment, to help pay for existing and planned infrastructure to serve the development. SDCs are one means available to local governments for financing growth. State law authorizes local governments (cities, counties and special districts) to assess SDCs; specifies how, when, and for what improvements they can be imposed; and provides guidelines on the calculation and modification of SDCs. Depending on the project, SDCs may increase the budget of a project.

House Bill 3040 requires the Legislative Revenue Office to conduct a study of SDCs and report the findings by September 15, 2021.