

HB 3040 A -A8 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Michael Graham, Fiscal Analyst

Meeting Dates: 6/15

WHAT THE MEASURE DOES:

Requires the Housing and Community Services Department (HCSD) to conduct a comprehensive study of system development charges (SDCs) 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 SDCs 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 HCSD to provide a preliminary report by December 31, 2021 and a final report by June 1, 2022. Requires any local entity that charges SDCs to provide, starting on January 1, 2022, specified information related to SDCs either through a publicly accessible website or available to the public free of charge upon request. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-A8 Adds an appropriation of \$911,605 General Fund to the Housing and Community Services Department in the 2021-23 biennium.

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, as amended by the -A8 amendments, directs the Housing and Community Services Department (HCSD) to conduct a comprehensive study of system development charges. The scope of the study shall include the role that system development charges play as both cost drivers and sources of revenue; the full range of factors that contribute to system development charge fee rates; and all types of market-rate housing. HCSD may contract with a third party to complete the study or any portion thereof. The measure directs HCSD to submit a preliminary report to interim legislative committees related to housing and economic recovery and prosperity by December 31, 2021 and a final report by June 1, 2022.