

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2701**

81st Oregon Legislative Assembly – 2021 Regular Session  
Legislative Fiscal Office

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

Prepared by: Kim To  
Reviewed by: Michelle Deister  
Date: March 17, 2021

**Measure Description:**

Establishes Rural System Development Charges Program within Housing and Community Services Department to pay system development charges for rural affordable multifamily housing.

**Government Unit(s) Affected:**

Housing and Community Services Department (HCSD)

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

	<b>2021-23 Biennium</b>	<b>2023-25 Biennium</b>
General Fund - Special Payments	\$750,000	
Other Funds - Special Payments	\$500,000	\$250,000
<b>Total Funds</b>	<b>\$1,250,000</b>	<b>\$250,000</b>

**Analysis:**

HB 2701 appropriates \$750,000 General Fund to the Housing and Community Services Department (HCSD) for deposit into the Rural System Development Charges Fund established by the measure. HCSD is directed to use moneys in the Fund to establish and implement the Rural System Development Charges Program to increase the supply of rural affordable multifamily housing. The measure provides various criteria and preferences for awarding funds. By September 15th of each even-numbered year, HCSD is required to report to an interim committee on the implementation and administration of this Program, the manner in which moneys were expended, and the outstanding balance of the Rural System Development Charges Fund. The measure takes effect on the 91st day after the date on which the 2021 Legislative Assembly adjourns sine die.

With passage of this measure, HCSD would use existing staff and resources to offer the appropriated funds in conjunction with its other financing in periodic Notices of Funding Availability (NOFA) solicitations. HCSD predicts 25 developments per year could be eligible to apply for the funds and anticipates funds appropriated in the measure will last up to three years. The General Fund appropriation will be transferred to a new Other Funds account, and payments to developers will be made from this account. HCSD will need Special Payments limitation of \$750,000 General Fund and \$500,000 Other Funds in the 2021-23 biennium and \$250,000 Other Funds in the 2023-25 biennium.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for allocation of General Fund.