

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3261 - MRA

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

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

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Measure Description:

Limits local government's restrictions on conversions of certain properties into emergency shelters or affordable housing.

Government Unit(s) Affected:

Land Use Board of Appeals (LUBA), Department of Justice (DOJ), Department of Land Conservation and Development (DLCD), Oregon Judicial Department (OJD), Housing and Community Services Department (HCSD), Cities, Counties, Metro

Summary of Fiscal Impact:

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

Analysis:

HB 3261 MRA-Engrossed requires a local government to amend its urban growth boundary upon petition from a landowner to include land if all the following circumstances apply:

- The land is designated as an urban reserve;
- A local government, a district, or combination thereof has committed to providing the land with all necessary urban services within two years;
- The land is subject to an affordable housing covenant with a duration of no less than 60 years and that allows the development and use of the land only for workforce housing uses and workforce commercial uses; and
- The land is not designated for protection in an acknowledged comprehensive plan pursuant to open spaces, scenic and historic areas and natural resource goals unless the land retains this designation after inclusion within the urban growth boundary; and is capable of being rezoned for workforce housing and workforce.

The measure also requires local government to amend its comprehensive plan or land use regulations to allow the land to be used for workforce housing or both workforce housing and workforce commercial.

Ultimately, the fiscal impact of this measure on local government is indeterminate depending on the number of petitions from landowners but anticipated by local government to be material. The League of Oregon Cities reports that although it would need time to complete a more precise calculation, rough preliminary estimates suggest that the fiscal impact to cities could range between \$2 to \$5 million. Metro also would need more time to better quantify fiscal impacts. Preliminary calculations from Metro suggests a onetime cost of \$25,000 to amend code and functional plan. In addition, Metro anticipates a cost of approximately \$100,000 annually to process petitions; prepare ordinances and staff reports; prepare and mail public notices; prepare reports required by Metro Charter for Urban Growth Boundary expansions; annex new territory into the Metro jurisdictional boundary; modify maps; and change underlying property taxation and election requirements.

The measure has minimal impact to the Oregon Judicial Department (OJD), the Land Use Board of Appeals (LUBA), the Department of Justice (DOJ), the Department of Land Conservation and Development (DLCD), and the Housing and Community Services Department (HCSD).