

Enrolled
House Bill 3040

Sponsored by Representative LIVELY; Representatives KROPF, MEEK, SMITH DB, SOLLMAN, WILLIAMS, ZIKA

CHAPTER

AN ACT

Relating to system development charges; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1)(a) The Housing and Community Services Department, in consultation with the Department of Land Conservation and Development, the Department of Environmental Quality, the Department of Revenue and the Oregon Business Development Department, shall conduct a comprehensive study of system development charges as defined in ORS 223.299.

(b) The scope of the study shall include:

(A) The role that system development charges play as both cost drivers for market-rate housing and sources of revenue for infrastructure needed for housing;

(B) The full range of factors that contribute to system development charge fee rates; and

(C) All types of market-rate housing, including single-family, multifamily and manufactured housing.

(c)(A) The Housing and Community Services Department shall consult with local governments, special districts, developers, realtors and other persons as needed in conducting the study and ensure opportunities for input from other stakeholders and the general public.

(B) The Housing and Community Services Department may contract with a third party to complete the study, or any portion of the study.

(C) State and local public agencies shall comply with reasonable requests from the Housing and Community Services Department, or from a third party conducting the study or any portion of the study under contract with the Housing and Community Services Department, for information in furtherance of the study required under this section.

(2) The study shall address, at a minimum, the following:

(a) The history and role of system development charges in supporting residential development, including:

(A) The methodologies used for setting fees, including differences in methodologies and rates for communities of different sizes and growth rates, stated separately for urban and rural communities.

(B) Which entities, whether public or private, bear the cost of system development charges and the degree to which costs are passed on to homebuyers.

(C) The impact of system development charges on overall housing costs and affordability and the equity of housing development.

(D) How system development charges compare to other housing cost drivers, including, but not limited to, the costs of land, labor and materials, utility rates, the costs of infrastructure and costs associated with regulatory compliance.

(E) The cost of carrying system development charge interest according to the size and nature of the development and the potential cost savings to private parties of deferring system development charge fee payments.

(F) The cost to public agencies of deferring system development charge fee payments, including potential unintended consequences of deferred payments and the need for remedies to address noncompliance.

(G) The potential costs and benefits to the public from system development charge fee payment deferrals and the transfer of carrying costs.

(b) How the availability of funding for capital improvements as defined in ORS 223.299, including federal, state, local and private sources, has affected system development charge fee rates.

(c) How the effects of Ballot Measures 5 and 50 on ad valorem property tax rates affect rate setting for system development charge fees.

(d) The costs of providing capital improvements as defined in ORS 223.299 needed for housing.

(e) The costs to public agencies of providing services needed for planning, inspecting and issuing permits for housing and how the costs affect system development charge fee rates.

(f) With respect to transparency, the degree to which:

(A) Public entities provide the public with sufficient information to understand system development charges, including how fee rates are set and how fee revenue is used, and whether the information is easily accessible and understandable.

(B) Private entities provide clear explanations to customers regarding the purposes and costs of system development charges.

(3) The Housing and Community Services Department shall submit, in the manner provided in ORS 192.245, to the interim legislative committees related to housing and economic recovery and prosperity:

(a) A preliminary report, no later than December 31, 2021; and

(b) A final report, no later than June 1, 2022.

SECTION 2. Section 1 of this 2021 Act is repealed on January 2, 2024.

SECTION 3. Section 4 of this 2021 Act is added to and made a part of ORS 223.297 to 223.314.

SECTION 4. (1) Any city, county or special district that maintains a public website shall include the following information on its website in a manner that is readily accessible to the general public, for system development charges that it assesses:

(a) The current system development charge fee rates for each type of development;

(b) Details of the methodology used to determine the fee rates set forth pursuant to paragraph (a) of this subsection;

(c) A list of capital improvement projects that will receive funding from system development charge fee revenue; and

(d) Contact information for a local official responsible for answering questions about system development charges.

(2) Any city, county or special district that does not maintain a website shall make the information described in subsection (1) of this section available to the general public free of charge upon request.

SECTION 5. (1) Section 4 of this 2021 Act becomes operative on January 1, 2022.

(2) Notwithstanding the operative date set forth in subsection (1) of this section, a city, county or special district may take any action before the operative date set forth in subsection (1) of this section that is necessary for the city, county or special district to comply

with section 4 of this 2021 Act on and after the operative date set forth in subsection (1) of this section.

SECTION 6. In addition to and not in lieu of any other appropriation, there is appropriated to the Housing and Community Services Department, for the biennium beginning July 1, 2021, out of the General Fund, the amount of \$911,604, to carry out the provisions of section 1 of this 2021 Act.

SECTION 7. This 2021 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect on its passage.

Passed by House June 22, 2021

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Timothy G. Sekerak, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate June 24, 2021

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Peter Courtney, President of Senate

Received by Governor:

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Approved:

.....M,....., 2021

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Kate Brown, Governor

Filed in Office of Secretary of State:

.....M,....., 2021

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Shemia Fagan, Secretary of State