

## HB 4063 B STAFF MEASURE SUMMARY

### House Committee On Rules

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**Action Date:** 02/17/22

**Action:** Do pass with amendments to the A-Eng bill, and be referred to Ways and Means by prior reference. (Printed B-Eng).

**Vote:** 7-0-0-0

**Yeas:** 7 - Breese-Iverson, Fahey, Holvey, Smith Warner, Valderrama, Wallan, Zika

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Prepared By:** Claire Adamsick

**Meeting Dates:** 2/17, 2/17

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#### WHAT THE MEASURE DOES:

Clarifies public improvements and conditions of development a local government may require as an assessment of substantial completion prior to land use approval of a residential subdivision to include offsite improvements necessary for emergency services, water and storm water, and sewage disposal at a capacity sufficient to serve the residential subdivision. Requires city or county to allow applications for building permits to be submitted and reviewed without requiring the plat of a residential subdivision to be recorded. Directs Department of Consumer and Business Services (DCBS), in contract with a third-party consultant, to work in cooperation with at least 10 different local governments throughout the state to research and analyze administrative procedures for approving residential construction projects. Directs DCBS to form advisory council, consisting of local government and housing industry professionals, for consultation in selecting a third-party contractor and in developing and approving a scope of work and progress reports provided by contractor. Requires contractor, in consultation with participating local governments, to: calculate average length of time for project approval; identify best practices, administrative changes, or other remedies to reduce time necessary for required approvals; identify practices to prioritize projects designed for middle housing or individuals earning 80 to 150 percent of median family income in the region; and identify training and resources or procedural or policy changes needed by local governments to increase residential construction while maintaining critical infrastructure. Requires DCBS to submit initial report and recommendations to an interim committee of the Legislative Assembly related to housing no later than December 1, 2022, and provide additional quarterly reports as deemed necessary by the Department until December 1, 2023. Takes effect on 91st day following adjournment sine die.

#### ISSUES DISCUSSED:

- Varied local government implementation of House Bill 2306 (2019) to address substantial completion, due to different resources and delays due to the pandemic
- Delays in permit approval for major residential projects due to small construction items, such as utility poles or street light placement
- Ensuring that standards address erosion control, water quality, and infrastructure protection needs
- Bonding for public infrastructure to guarantee developers will cover any damages to infrastructure that occur during development process
- Impact of issuing temporary addresses on emergency response
- Implementation of ePermitting systems in jurisdictions across the state
- Delays to development during plat recording process
- Stakeholder support for changes in -2 amendment

#### EFFECT OF AMENDMENT:

Restores definition of “substantial completion” to current statutory language. Removes proposed language modifying conditions of development related to road design and engineering. Removes proposed requirement

*This summary has not been adopted or officially endorsed by action of the committee.*

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that city or county consult with public service districts to ensure conditions of development are in compliance with applicable laws and regulations and any permits held by the city or county. Removes proposed requirement that a city or county assign temporary addresses to lots in a residential subdivision. Directs the Department of Consumer and Business Services to form advisory council, consisting of local government and housing industry professionals, for consultation in selecting a third-party contractor and developing and approving a scope of work and subsequent progress reports.

### **BACKGROUND:**

Land use planning in Oregon involves broad public participation and local control. Local jurisdictions are required to prepare comprehensive land use plans consistent with a set of statewide planning goals overseen by the Land Conservation and Development Commission (LCDC). Comprehensive plans are acknowledged by LCDC and implemented through local land use regulations that include zoning, regulation of subdivisions, and any other ordinances the local government deems necessary to give effect to its comprehensive plan, such as for noise, signage, or tree removal. Developers must apply for local approval of projects. Every application must have at least one public hearing to receive public input, and local governments may approve or reject the application. Projects may then be appealed to a specialized tribunal called the Land Use Board of Appeals (LUBA).

As part of a March 2021 technical report on the Regional Housing Needs Analysis methodology directed by the Legislative Assembly in House Bill 2003 (2019), ECONorthwest estimated that statewide, 443,000 new single-family and multi-family units across all affordability levels are needed to accommodate population growth in Oregon by 2040. The report estimates a shortfall of 110,000 units needed to meet current housing demand due to underproduction. In its May and December 2021 economic forecasts, the Oregon Office of Economic Analysis reported that housing inventory is the biggest challenge to single-family housing affordability, pointing to rising construction and lumber costs, increased interest rates and lengthy development timelines.

In an effort to address development and permitting timelines, House Bill 2306 (2019) required local governments to issue certain residential building permits that would otherwise have been denied for failure to meet conditions of development, in cases where public improvements are substantially complete, and where a bond or other approved financial guarantee has been secured. Substantially complete means certain systems meet applicable standards, including water, fire hydrants, sewage, storm drainage, curbs, streets, and street signs.

House Bill 4063 B clarifies the public improvements and conditions of development a local government may require as an assessment of “substantial completion” prior to land use approval of a residential subdivision. The measure directs the Department of Consumer and Business Services, via a third-party contractor, to work with at least ten participating jurisdictions to research and analyze administrative procedures for approving residential construction projects, identify best practices, and propose administrative or regulatory changes necessary to reduce project approval time and increase residential construction, while maintaining critical infrastructure. The Department of Consumer and Business Services is directed to report to an interim committee of the Legislative Assembly related to housing by December 1, 2022.