

SB 998 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

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Meeting Dates: 3/6

WHAT THE MEASURE DOES:

Allows modifications, such as waivers, deferrals, reductions, and scaling to unit size, to system development charges as a specific action a city may include in its housing production strategy. Allows Land Conservation and Development Commission (LCDC) to require cities to adopt changes to system development charges to promote development addressing identified housing needs, upon failure of city to comply with housing production strategy or other land use regulations and goals. Allows local government to exempt housing development affordable to households earning 60 percent or less of area median income from system development charges. Requires Department of Land Conservation and Development (DLCD) to provide report, with recommendations for consolidating state infrastructure funding to serve housing applications through a single portal, to appropriate interim committee of Legislative Assembly on or before December 15, 2023. Makes statutory amendments operative January 1, 2024.

Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

System development charges (SDCs) are one-time impact fees on new development intended to help local governments fund infrastructure. State law creates a framework for SDCs, which may be used for capital improvements related to water supply, treatment, and distribution; waste water collection, treatment, and disposal; drainage and flood control; transportation; or parks and recreation.

A December 2022 report prepared for Oregon Housing and Community Services (OHCS) found these charges are rising faster than inflation, affect smaller and lower-income housing units when SDCs are passed through to home or rental unit prices, and can increase the difficulty of securing development financing for affordable housing. House Bill 2003 (2019) required cities with populations over 10,000 to develop a housing needs analysis and housing production strategy (HPS), which must include consideration of needed housing and rent-burdened households.

Senate Bill 998 explicitly provides system development charge modification, including exemption from the charges for certain affordable housing, as a tool cities may use in their HPS; and allows the Land Conservation and Development Commission to require such modifications in land use and HPS enforcement orders. It requires the Department of Land Conservation and Development to provide a report to the Legislative Assembly on or before December 15, 2023.