

SB 1537 A BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Michelle Deister, Legislative Fiscal Office

**Oregon Business Development Department
2023-25**

**Department of Consumer and Business Services
2023-25**

**Department of Land Conservation and Development
2023-25**

**Housing and Community Services Department
2023-25**

PRELIMINARY

| Oregon Business Development Department | | | | | |
|---|----|---|----|-----------|---------------------|
| General Fund | \$ | - | \$ | 3,000,000 | \$ 3,000,000 100.0% |
| Other Funds Limited | \$ | - | \$ | 3,000,000 | \$ 3,000,000 100.0% |
| Total | \$ | - | \$ | 6,000,000 | \$ 6,000,000 100.0% |

| Department of Consumer and Business Services | | | | | |
|---|----|---|----|---------|-------------------|
| Other Funds Limited | \$ | - | \$ | 296,944 | \$ 296,944 100.0% |
| Total | \$ | - | \$ | 296,944 | \$ 296,944 100.0% |

| Department of Land Conservation and Development | | | | | |
|--|----|---|----|------------|----------------------|
| General Fund | \$ | - | \$ | 10,629,017 | \$ 10,629,017 100.0% |
| Other Funds Limited | \$ | - | \$ | 10,629,017 | \$ 10,629,017 100.0% |
| Total | \$ | - | \$ | 21,258,034 | \$ 21,258,034 100.0% |

| Housing and Community Services Department | | | | | |
|--|----|---|----|-------------|-----------------------|
| General Fund | \$ | - | \$ | 75,878,071 | \$ 75,878,071 100.0% |
| Other Funds Limited | \$ | - | \$ | 24,750,000 | \$ 24,750,000 100.0% |
| Total | \$ | - | \$ | 100,628,071 | \$ 100,628,071 100.0% |

Position Summary

Position Summary

Oregon Business Development Department

| | | | |
|--------------------------------------|------|------|------|
| Authorized Positions | 0 | 1 | 1 |
| Full-time Equivalent (FTE) positions | 0.00 | 0.50 | 0.50 |

Department of Consumer and Business Services

| | | | |
|--------------------------------------|------|------|------|
| Authorized Positions | 0 | 1 | 1 |
| Full-time Equivalent (FTE) positions | 0.00 | 0.63 | 0.63 |

Position Summary (continued)

Department Land Conservation and Development

| | | | |
|--------------------------------------|------|-------|-------|
| Authorized Positions | 0 | 28 | 28 |
| Full-time Equivalent (FTE) positions | 0.00 | 14.46 | 14.46 |

Housing and Community Services Department

| | | | |
|--------------------------------------|------|------|------|
| Authorized Positions | 0 | 11 | 11 |
| Full-time Equivalent (FTE) positions | 0.00 | 3.25 | 3.25 |

⁽¹⁾ Includes adjustments through January 2024

* Excludes Capital Construction expenditures

Summary of Revenue Changes

This measure appropriates a total of \$89,507,088 million General Fund to three different state agencies in the 2023-25 biennium. The agencies receiving appropriations include the Oregon Business Development Department (OBDD), the Department of Land Conservation and Development (DLCD), and the Housing and Community Services Department (HCSD). The measure creates the following new funds separate and distinct from the General Fund, with each fund continuously appropriated to its respective agency:

- (1) Housing Accountability and Production Office Fund (HAPOF) in DLCD: The measure includes two General Fund appropriations to the Fund, with \$5.0 million for technical assistance and grant funds, and \$5.6 million for administrative and programmatic expenditures.
- (2) Housing Infrastructure Support Fund (HISF) in OBDD: General Fund in the amount of \$3.0 million is appropriated to OBDD for the HISF and the agency's administrative costs to provide grants to municipalities for capacity building and support for infrastructure planning.
- (3) Housing Project Revolving Loan Fund (HPRL) in HCSD: A \$75.0 million General Fund appropriation to this Fund is included in the measure, to provide no interest financing of loans for eligible infrastructure costs to local sponsoring jurisdictions and provides for additional fees to cover jurisdiction and county costs associated with making grants from the Fund. The Fund has a sunset date of June 30, 2025.

The measure also provides the Department of Consumer and Business Services (DCBS) with Other Funds expenditure limitation in the Building Codes Division to support operations of the Housing Accountability and Production Office.

Summary of Transportation and Economic Development Subcommittee Action

Oregon Business Development Department

The measure directs OBDD to provide capacity and support to municipalities for the planning and financing of infrastructure for water, sewers and sanitation, stormwater, and transportation to produce housing units. The measure establishes the HISF with moneys continuously appropriated to OBDD to administer the Fund and implement this program.

The Subcommittee recommended \$3.0 million General Fund to be deposited into the HISF, created by the bill. The Subcommittee also recommended a commensurate increase of \$3.0 million Other Funds expenditure limitation (to be expended from the HISF) to provide funding for the administration of the Fund, including one permanent, full-time Program Analyst 4 (0.50 FTE), and to provide expenditures (grants) related to the capacity and support OBDD is to provide municipalities. The Subcommittee recommended the following budget note:

Budget Note: Housing Infrastructure Report Fund Coordination

The Oregon Business Development Department is directed to coordinate with the Housing Accountability and Production Office with respect to reviewing awarding assistance for infrastructure planning capacity and support provided to cities from the Housing Infrastructure Support Fund, to ensure alignment and coordination of housing production activities and goals.

Department of Consumer and Business Services

Through an interagency agreement, DCBS will co-administer HAPO with DLCD.

DCBS will reorganize existing staff to create a new Housing and Building Safety Section within the Building Codes Division (BCD) to work on residential code development and technical advice related to housing codes and plans. DCBS will conduct a one-time process improvement study of the entire local development process to identify best practices and opportunities to improve efficiency to increase housing production. DCBS will also develop a ready build plan program to expand the program from non-occupied structures to include occupied residential structures.

The Subcommittee recommended a \$296,944 increase in Other Funds expenditure limitation for one permanent, full-time Compliance and Regulatory Manager 2 position (0.63 FTE) and position-related Services and Supplies expenditures, to provide the resources to the Building Codes Division for its work related to the interagency agreement with DLCD.

Department of Land Conservation and Development

The measure establishes HAPO, which will be administered by DLCD and DCBS, pursuant to an interagency agreement. HAPO will assist local governments with housing production by providing grants; investigating and responding to complaints of housing law violations; providing optional mediation of land use disputes between local governments and developers; and establishing policy and funding priorities to address

barriers to housing production. The measure establishes the Housing Accountability and Production Office Fund with moneys continuously appropriated to DLCD to administer the Fund, operate HAPO, and to implement the measure's provisions.

The Subcommittee recommended a \$10.6 million General Fund appropriation to be deposited into the HAPO Fund, created by the bill. The Subcommittee also recommended a commensurate increase of \$10.6 million Other Funds expenditure limitation (to be expended from the HAPO Fund) to provide funding for the following administrative expenses: \$3.6 million Other Funds expenditure limitation for 28 permanent, full-time positions (14.46 FTE); \$3.0 million Other Funds expenditure limitation for Services and Supplies, which includes \$1.0 million for studies directed under the measure and \$1.6 million for professional services and legal review by the Department of Justice (DOJ); and \$4.0 million Other Funds expenditure limitation to provide technical assistance and grants to local governments.

The Subcommittee recommended the following budget note:

Budget Note: Reporting on Requested Urban Growth Boundary Additions

The Housing Accountability and Production Office shall consult with housing developers and local governments to produce a report summarizing actions taken by housing developers and local governments under Sections 49-59 (one-time site additions to urban growth boundaries) of SB 1537 (2024) to add sites for housing production to the urban growth boundary. Actions to be reported on include, by location: the proposed number of additional acres; the number of proposed units of housing, including the number of the total with applicable affordability restrictions; and any alternative land exchanges. In instances when proposals for site additions were not successful, the report shall summarize barriers that may have prevented housing developers or local governments from utilizing or completing an urban growth boundary expansion or development of housing under sections 49-59 of SB 1537 (2024). The report shall be presented to members of the Legislative Assembly in the manner provided in ORS 192.245, by June 30, 2025.

Housing and Community Services Department

The measure directs HCSD to develop a program to make loans to local jurisdictions (sponsoring jurisdictions), which will in turn award grants to developer's eligible housing project property to cover eligible costs. This program is limited to development of new housing or commercial-to-residential conversions for households earning 120% or less of the median area income. Grant recipients will receive a property tax exemption for developing the property, and in exchange, will pay an annual fee for a presumptive period of 10 years, with exceptions. The measure establishes the Housing Production Revolving Loan Fund. Moneys in the Fund are continuously appropriated to HCSD and must be retained in the Fund at the end of a biennium.

The Subcommittee recommended a \$75.0 million General Fund appropriation for deposit into the Fund. The agency's existing General Fund appropriation was also increased by \$878,071 for agency administrative costs, to support 11 permanent full-time positions (3.25 FTE), and \$67,535 in position-related Services and Supplies. The Subcommittee recommended an increase in Other Funds expenditure limitation of \$50,000 for DOJ Legal Services and \$24.7 million for loans from the program, for a total of \$24,750,000 Other Funds, enabling expenditures from the Fund.

Oregon Business Development Department, Oregon Department of Consumer and Business Services, Department of Land and Conservation Development, Oregon Housing and Community Services Department
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| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE |
|--|----------------------|---------------|----------------------|-------------|---------------|-------------|-----------------------|-----------|--------------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | |
| SUBCOMMITTEE ADJUSTMENTS | | | | | | | | | |
| Oregon Business Development Department | | | | | | | | | |
| SCR 12300-300 - Infrastructure | | | | | | | | | |
| Personal Services | \$ - | \$ - | \$ 127,565 | \$ - | \$ - | \$ - | \$ 127,565 | 1 | 0.50 |
| Services and Supplies | \$ - | \$ - | \$ 42,200 | \$ - | \$ - | \$ - | \$ 42,200 | | |
| Special Payments -6025 Dist to Other Gov Unit | \$ - | \$ - | \$ 2,830,235 | \$ - | \$ - | \$ - | \$ 2,830,235 | | |
| Special Payments-6060 Intra-Agency Gen Fund Transfer | \$ 3,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,000,000 | | |
| Department of Consumer and Business Services | | | | | | | | | |
| SCR 44000-019 - Building Codes Division | | | | | | | | | |
| Personal Services | \$ - | \$ - | \$ 179,089 | \$ - | \$ - | \$ - | \$ 179,089 | 1 | 0.63 |
| Services and Supplies | \$ - | \$ - | \$ 117,855 | \$ - | \$ - | \$ - | \$ 117,855 | | |
| Department of Land Conservation and Development | | | | | | | | | |
| SCR 66000-001 - Planning Program | | | | | | | | | |
| Personal Services | \$ - | \$ - | \$ 3,643,392 | \$ - | \$ - | \$ - | \$ 3,643,392 | 28 | 14.46 |
| Services and Supplies | \$ - | \$ - | \$ 2,985,625 | \$ - | \$ - | \$ - | \$ 2,985,625 | | |
| SCR 66000-003 - Grant | | | | | | | | | |
| Special Payments-6025 Dist to Other Gov Unit | \$ - | \$ - | \$ 4,000,000 | \$ - | \$ - | \$ - | \$ 4,000,000 | | |
| Special Payments-6060 Intra-Agency Gen Fund Transfer | \$ 10,629,017 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 10,629,017 | | |
| Housing and Community Services Department | | | | | | | | | |
| SCR 91400-030 - Multifamily Rental Housing Programs | | | | | | | | | |
| Personal Services | \$ 687,970 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 687,970 | 9 | 2.75 |
| Services and Supplies | \$ 57,145 | \$ - | \$ 50,000 | \$ - | \$ - | \$ - | \$ 107,145 | | |
| Special Payments-6025 Dist to Other Gov Unit | \$ - | \$ - | \$ 24,700,000 | \$ - | \$ - | \$ - | \$ 24,700,000 | | |
| Special Payments-6060 Intra-Agency Gen Fund Transfer | \$ 75,000,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 75,000,000 | | |
| SCR 91400-070 - Central Services | | | | | | | | | |
| Personal Services | \$ 61,283 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 61,283 | 1 | 0.25 |
| Services and Supplies | \$ 5,195 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,195 | | |
| SCR 91400-080 - Bond Activities and Debt Service | | | | | | | | | |
| Personal Services | \$ 61,283 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 61,283 | 1 | 0.25 |
| Services and Supplies | \$ 5,195 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,195 | | |
| SUBCOMMITTEE RECOMMENDATION * | \$ 89,507,088 | \$ - | \$ 38,675,961 | \$ - | \$ - | \$ - | \$ 128,183,049 | 41 | 18.84 |

% Change from 2023-25 Leg Approved Budget 100.0% 0.0% 100.0% 0.0% 0.0% 0.0% 100.0% 100.0% 100.0%

*Excludes Capital Construction Expenditures