

FISCAL IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

Measure: HB 2306 - A <REVISED>

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

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Measure Description:

Requires city or county to issue residential building permits upon substantial completion of construction of public improvements in residential subdivisions.

Government Unit(s) Affected:

Cities, Counties

Summary of Fiscal Impact:

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

Analysis:

The measure would prohibit a city or county from denying a building permit allowing the construction of a residential dwelling in a residential subdivision if substantial completion of the public improvements has occurred and a bond to secure the completion of the remaining public improvements has been secured. However, a city or county would still have authority to deny issuance of an occupancy permit if the conditions of development are not fully completed or the conditions for release of the bond are not fulfilled.

Cities and Counties:

The measure would require increased coordination between Cities and Counties, and possibly the State, as these entities control the building permit and occupancy certification processes under the building inspection and permit program. Cities and Counties would thus need to develop new systems to track performance bonds to ensure they are properly maintained and increase the level of coordination for issuing building permits only upon substantial completion.

Given that Cities and Counties would have increased oversight responsibilities over housing and infrastructure development, especially those with significant housing and infrastructure development, some Cities and Counties could need additional full-time equivalent (FTE) positions. However, the need for additional FTE would depend on the size of the city or county at issue and the prevalence of development in the city or county. For small Cities and Counties, the measure would probably require additional FTE with advanced education, increasing their payroll costs.

The measure could also result in Cities and Counties having to call in (redeem) more performance bonds, since there would be no way for them to compel completion of infrastructure when construction of housing is completed but the surrounding infrastructure is not. Calling in a performance bond for failure to complete infrastructure could prove to be a costly legal process, and perhaps resulting in construction delays.

In short, implementing this measure could have significant costs to some Cities and Counties, depending on the size of the jurisdiction and the prevalence of new housing and infrastructure development in the jurisdiction. However, because these costs are difficult to quantify, the fiscal impact to Cities and Counties is indeterminate.