

HB 2701 STAFF MEASURE SUMMARY

House Committee On Economic Recovery and Prosperity

Prepared By: Wenzel Cummings, LPRO Analyst

Sub-Referral To: House Committee On Housing

Meeting Dates: 2/11, 3/18

WHAT THE MEASURE DOES:

Establishes the Rural System Development Charges Program within Oregon Housing and Community Services (OHCS) to increase the supply of rural, affordable multifamily housing. Creates framework for use of funds to pay system development charges in rural communities. Permits OHCS, with the advice and consent of the Oregon Housing Stability Council, to adopt criteria for making payments that give preference for the development of affordable housing. Defines “affordable housing,” “rural government” and “system development charge” (SDC). Establishes the Rural System Development Charges Fund, separate and distinct from the General Fund. Appropriates \$750,000 from General Fund to the Rural System Development Charges Fund. Requires a report to the interim committee of the Legislative Assembly related to housing by September 15 of each even-numbered year. Sunsets on June 30, 2027. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Development of affordable housing in rural communities
- Specific communities that could use the program
- Impact of system development charges on affordable housing

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

System Development Charges (SDCs) are one-time fees charged on new development, and certain types of redevelopment, to help pay for existing and planned infrastructure to serve the development. SDCs are one means of financing growth available to local governments. State law authorizes local governments (cities, counties and special districts) to assess SDCs; specifies how, when, and for what improvements they can be imposed; and provides guidelines on the calculation and modification of SDCs. Depending on the project, SDCs may increase the budget of a project.

House Bill 2701 establishes the Rural System Development Charges Program within Oregon Housing and Community Services to increase the supply of rural, affordable multifamily housing and appropriates \$750,000 from General Fund to the Rural System Development Charges Fund.