

B-Engrossed
House Bill 3040

Ordered by the House June 20
Including House Amendments dated April 19 and June 20

Sponsored by Representative LIVELY; Representative ZIKA

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Housing and Community Services Department, in consultation with Department of Land Conservation and Development, Department of Environmental Quality, Department of Revenue and Oregon Business Development Department, to conduct comprehensive study of system development charges. Requires Housing and Community Services Department to submit, to interim legislative committees related to housing and economic recovery and prosperity, preliminary report no later than December 31, 2021, and final report no later than June 1, 2022.

Requires city, county or special district that maintains public website to include certain information regarding system development charges in manner readily accessible to general public.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to system development charges; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1)(a) The Housing and Community Services Department, in consultation**
5 **with the Department of Land Conservation and Development, the Department of Environ-**
6 **mental Quality, the Department of Revenue and the Oregon Business Development Depart-**
7 **ment, shall conduct a comprehensive study of system development charges as defined in ORS**
8 **223.299.**

9 **(b) The scope of the study shall include:**

10 **(A) The role that system development charges play as both cost drivers for market-rate**
11 **housing and sources of revenue for infrastructure needed for housing;**

12 **(B) The full range of factors that contribute to system development charge fee rates; and**

13 **(C) All types of market-rate housing, including single-family, multifamily and manufac-**
14 **tured housing.**

15 **(c)(A) The Housing and Community Services Department shall consult with local gov-**
16 **ernments, special districts, developers, realtors and other persons as needed in conducting**
17 **the study and ensure opportunities for input from other stakeholders and the general public.**

18 **(B) The Housing and Community Services Department may contract with a third party**
19 **to complete the study, or any portion of the study.**

20 **(C) State and local public agencies shall comply with reasonable requests from the**
21 **Housing and Community Services Department, or from a third party conducting the study**
22 **or any portion of the study under contract with the Housing and Community Services De-**
23 **partment, for information in furtherance of the study required under this section.**

24 **(2) The study shall address, at a minimum, the following:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (a) The history and role of system development charges in supporting residential devel-
2 opment, including:

3 (A) The methodologies used for setting fees, including differences in methodologies and
4 rates for communities of different sizes and growth rates, stated separately for urban and
5 rural communities.

6 (B) Which entities, whether public or private, bear the cost of system development
7 charges and the degree to which costs are passed on to homebuyers.

8 (C) The impact of system development charges on overall housing costs and affordability
9 and the equity of housing development.

10 (D) How system development charges compare to other housing cost drivers, including,
11 but not limited to, the costs of land, labor and materials, utility rates, the costs of
12 infrastructure and costs associated with regulatory compliance.

13 (E) The cost of carrying system development charge interest according to the size and
14 nature of the development and the potential cost savings to private parties of deferring sys-
15 tem development charge fee payments.

16 (F) The cost to public agencies of deferring system development charge fee payments,
17 including potential unintended consequences of deferred payments and the need for remedies
18 to address noncompliance.

19 (G) The potential costs and benefits to the public from system development charge fee
20 payment deferrals and the transfer of carrying costs.

21 (b) How the availability of funding for capital improvements as defined in ORS 223.299,
22 including federal, state, local and private sources, has affected system development charge
23 fee rates.

24 (c) How the effects of Ballot Measures 5 and 50 on ad valorem property tax rates affect
25 rate setting for system development charge fees.

26 (d) The costs of providing capital improvements as defined in ORS 223.299 needed for
27 housing.

28 (e) The costs to public agencies of providing services needed for planning, inspecting and
29 issuing permits for housing and how the costs affect system development charge fee rates.

30 (f) With respect to transparency, the degree to which:

31 (A) Public entities provide the public with sufficient information to understand system
32 development charges, including how fee rates are set and how fee revenue is used, and
33 whether the information is easily accessible and understandable.

34 (B) Private entities provide clear explanations to customers regarding the purposes and
35 costs of system development charges.

36 (3) The Housing and Community Services Department shall submit, in the manner pro-
37 vided in ORS 192.245, to the interim legislative committees related to housing and economic
38 recovery and prosperity:

39 (a) A preliminary report, no later than December 31, 2021; and

40 (b) A final report, no later than June 1, 2022.

41 SECTION 2. Section 1 of this 2021 Act is repealed on January 2, 2024.

42 SECTION 3. Section 4 of this 2021 Act is added to and made a part of ORS 223.297 to
43 223.314.

44 SECTION 4. (1) Any city, county or special district that maintains a public website shall
45 include the following information on its website in a manner that is readily accessible to the

1 **general public, for system development charges that it assesses:**

2 (a) **The current system development charge fee rates for each type of development;**

3 (b) **Details of the methodology used to determine the fee rates set forth pursuant to**
4 **paragraph (a) of this subsection;**

5 (c) **A list of capital improvement projects that will receive funding from system develop-**
6 **ment charge fee revenue; and**

7 (d) **Contact information for a local official responsible for answering questions about**
8 **system development charges.**

9 (2) **Any city, county or special district that does not maintain a website shall make the**
10 **information described in subsection (1) of this section available to the general public free of**
11 **charge upon request.**

12 **SECTION 5. (1) Section 4 of this 2021 Act becomes operative on January 1, 2022.**

13 (2) **Notwithstanding the operative date set forth in subsection (1) of this section, a city,**
14 **county or special district may take any action before the operative date set forth in sub-**
15 **section (1) of this section that is necessary for the city, county or special district to comply**
16 **with section 4 of this 2021 Act on and after the operative date set forth in subsection (1) of**
17 **this section.**

18 **SECTION 6. In addition to and not in lieu of any other appropriation, there is appropri-**
19 **ated to the Housing and Community Services Department, for the biennium beginning July**
20 **1, 2021, out of the General Fund, the amount of \$911,604, to carry out the provisions of sec-**
21 **tion 1 of this 2021 Act.**

22 **SECTION 7. This 2021 Act being necessary for the immediate preservation of the public**
23 **peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect**
24 **on its passage.**

25