

HB 4063 STAFF MEASURE SUMMARY

House Committee On Housing

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/7

WHAT THE MEASURE DOES:

Clarifies public improvements and conditions of development a local government may require as an assessment of “substantial completion” prior to land use approval of a residential subdivision, including road construction and paving, necessary offsite improvements for emergency services, and water and sewage disposal. Clarifies a city or county’s determination of substantial completion does not require the plat of a residential subdivision to be recorded. Requires a city or county to assign where necessary temporary addresses to lots in a residential subdivision utilizing preliminary, tentative, or proposed plat information, and requires applicants to notify the city or county whenever lot numbering or subdivision names change during development.

Directs the Oregon Business Development Department, in contract with a third-party consultant, to work in cooperation with three participating jurisdictions in a pilot program to identify: current processes for approving residential construction projects; sources and causes of delays, interruptions, or defects in the processes, resource constraints that contribute to the defects, and to identify, test and recommend solutions to reduce or eliminate the identified defects. Requires department to submit a report and recommendations to an interim committee of the Legislative Assembly no later than September 1, 2022. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Land use planning in Oregon involves broad public participation and local control. Local jurisdictions are required to prepare comprehensive land use plans that are consistent with a set of statewide planning goals, overseen by the Land Conservation and Development Commission (LCDC). Comprehensive plans are acknowledged by LCDC and implemented through local land use regulations that include zoning, regulation of subdivisions, and any other ordinances the local government deems necessary to give effect to its comprehensive plan, such as for noise, signage, or tree removal. Developers must apply for local approval of projects. Every application must have at least one public hearing to receive public input, and local governments may approve or reject the application. Projects may then be appealed to a specialized tribunal called the Land Use Board of Appeals (LUBA).

As part of a March 2021 technical report on the Regional Housing Needs Analysis methodology (directed by the legislative assembly in House Bill 2003 (2019), ECONorthwest estimated that statewide, 443,000 new single family and multi-family units across all affordability levels are needed to accommodate population growth in Oregon by 2040. The report estimates a shortfall of 110,000 units meet current housing demand due to underproduction. In its May and December 2021 economic forecasts, Oregon Office of Economic Analysis reported that housing inventory is the biggest challenge to single-family housing affordability, pointing to rising construction and lumber costs, increased interest rates and lengthy development timelines.

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In an effort to address development and permitting timelines, House Bill 2306 (2019) required local governments to issue certain residential building permits that would otherwise have been denied for failure to meet conditions of development, when public improvements are substantially complete, and a bond or other approved financial guarantee has been secured. Substantially complete means certain systems meet applicable standards, including water, fire hydrants, sewage, storm drainage, curbs, and streets and street signs.

House Bill 4063 clarifies the public improvements and conditions of development a local government may require as an assessment of “substantial completion” prior to land use approval of a residential subdivision. The measure directs the Oregon Business Development Department via a third-party contractor, to work with at least three participating jurisdictions to analyze current processes for approving residential construction projects, identify barriers to and opportunities for reduced construction permitting and timelines, and report recommendations to an interim committee of the legislative assembly by September 15, 2022.