

HB 3268 -3 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Meeting Dates: 3/9, 3/23

WHAT THE MEASURE DOES:

Establishes Rural System Development Charges Program within Housing and Community Services Department (OHCS). Directs OHCS to pay system development charges (SDCs) assessed by rural government located outside Metro with a population of 15,000 or fewer if located inside a county, or 40,000 or fewer if located outside a county. Directs OHCS to allocate program funds to SDCs triggered by a building permit for the construction of multifamily housing or addition of multifamily dwelling units which include an affordability covenant of no less than 10 years. Allows OHCS, under guidance from Housing Stability Council, to adopt criteria for funding awards which prioritize affordable housing that reduces burdens on public infrastructure, increases the number or duration of affordable units, or preserves a percentage of units for veterans. Requires OHCS to report, by September 15 of each even numbered year, to interim committee of Legislative Assembly related to housing on program administration and expenditures. Establishes Rural System Development Charges Fund within State Treasury, and appropriates, for the biennium beginning July 1, 2023, \$1.5 million in General Fund moneys to fund. Repeals provisions of Act June 30, 2029; redirects any remaining fund balance to General Fund. Takes effect on 91st day following adjournment sine die.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

- Infrastructure barriers to housing development in rural communities
- 10-year affordability period vs. 30-year period
- Extension of proposed program to Special Districts
- Estimated impact of requested funding
- Eligibility of mixed-income properties for partial funding

EFFECT OF AMENDMENT:

-3 Includes special districts in definition of rural government. Increases, for projects eligible under measure, affordability period from 10 years to 30 years. Increases appropriation to Rural System Development Charges Fund from \$1.5 million to \$3 million in General Fund moneys for the biennium beginning July 1, 2023.

BACKGROUND:

System development charges (SDCs) are one-time impact fees on new development intended to help local governments fund infrastructure. State law creates a framework for SDCs, which may be used for capital improvements related to water supply, treatment, and distribution; wastewater collection, treatment, and disposal; drainage and flood control; transportation; or parks and recreation.

A December 2022 report prepared for Oregon Housing and Community Services (OHCS) found System Development Charges are rising faster than inflation, affect smaller and lower-income housing units when SDCs are passed through to home or rental unit prices, and can increase the difficulty of securing development financing for affordable housing.

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House Bill 3268 establishes the Rural System Development Charges Program within OHCS and directs the agency to allocate program funds to pay system development charges for affordable multifamily housing projects. The measure allocates \$1.5 M in General Fund moneys to the fund, and requires OHCS to deliver a biennial report to the Legislative Assembly.