

## **SB 48 -2, -3 STAFF MEASURE SUMMARY**

### **Senate Committee On Housing and Development**

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**Meeting Dates:** 3/5, 4/7

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#### **WHAT THE MEASURE DOES:**

The measure clarifies application procedures relating to urban growth boundaries (UGB) and UGB expansion, and requires Metro, when incorporating sites into their UGB under specific provisions, to designate those sites as an urban reserve.

#### Detailed Summary:

- Limits a housing developer's ability to apply updated land use regulations to pending applications for developments within an urban growth boundary (UGB).
- Requires that a UGB expansion application be evaluated on evidence, data, and factors provided at the time of the public notice issued by the city to select a site for inclusion within the city's UGB.
- Requires that if Metro adds one or more sites to its UGB under the provisions of section 58, Chapter 110, Oregon Laws 2024, the added sites be designated as an urban reserve.

*Revenue: May have revenue impact, but no statement yet issued*

*Fiscal: May have revenue impact, but no statement yet issued*

#### **ISSUES DISCUSSED:**

- Technical fixes in the bill brought forward by diverse group of stakeholders, including Oregon Cities and Counties, Tax Assessors, Department of Land Conservation and Development (DLCD), Metro, 1000 Friends of Oregon, Central Oregon Land Watch, Oregon Property Owners Association, and the Oregon Home Builders Association.
- Purpose and history of Senate Bill 1537 (2024)
- Process for one-time additions to a locality's urban growth boundary, including eligibility criteria and expansion criteria
- Practice of "capacity and willingness" letters from utility-providers rather than binding agreements
- Urban renewal areas

#### **EFFECT OF AMENDMENT:**

-2 The amendment clarifies certain definitions as used in Sections 49-59, chapter 110, Oregon Laws 2024. The amendment limits the conditions under which a jurisdiction is exempted from mandatory adjustments to their land use policies. The amendment allows a sponsoring jurisdiction of a Housing Project Revolving Loan Fund to repay the Housing and Community Services Department directly from an identified revenue or fund source, rather than utilizing payment-in-lieu fee.

#### Detailed Summary:

- Limits the period under which a jurisdiction is exempted from mandatory adjustments to their land use policies to the time between the initial application until a decision on the pending application is reached.

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- Clarifies the definition of "site" as used in Sections 49-59, chapter 110, Oregon Laws 2024, as lots or parcels that are continuous or are separated by a street or road.
- Clarifies that a continuous tract, when regarding requirements for cities to apply for an exemption that would allow them to apply for an Urban Growth Boundary (UGB) extension, consists of one or more parcels with or without common ownership, separated only by a street or road.
- Allows for the receipt of capacity and willingness letters from all urban services providers, or agreements among the city, owners of the site, and necessary utility providers, as constituting an acceptable mechanism to meet the requirements for the creation of a conceptual plan to apply for UGB expansion.
- Mandates that a judicial review of the decision issued by the Department of Land Conservation and Development regarding the application or UGB expansion may only be requested by the sponsoring jurisdiction or by the owner of the proposed site submitted to the department.
- Clarifies that assessors will provide sponsoring jurisdiction with estimate of increments based on information provided by a jurisdiction.
- Allows a sponsoring jurisdiction of a Housing Project Revolving Loan Fund (the Fund) to repay the Housing and Community Services Department directly from an identified revenue or fund source, rather than utilizing payment-in-lieu fee.
- Allows for use of the Fund and associated programs to be used in urban renewal areas if the sponsoring jurisdiction opts to repay from a different funding source.

Takes effect on 91st day sine die.

-3

### Detailed Summary:

- Limits the period under which a jurisdiction is exempted from mandatory adjustments to their land use policies to the time between the initial application until a decision on the pending application is reached.
- Clarifies the definition of "site" as used in Sections 49-59, chapter 110, Oregon Laws 2024, as lots or parcels that are continuous or are separated by a street or road.
- Clarifies that a continuous tract, when regarding requirements for cities to apply for an exemption that would allow them to apply for an Urban Growth Boundary (UGB) extension, consists of one or more parcels with or without common ownership, separated only by a street or road.
- Allows for the receipt of capacity and willingness letters from all urban services providers, or agreements among the city, owners of the site, and necessary utility providers, as constituting an acceptable mechanism to meet the requirements for the creation of a conceptual plan to apply for UGB expansion.
- Mandates that a judicial review of the decision issued by the Department of Land Conservation and Development regarding the application or UGB expansion may only be requested by the sponsoring jurisdiction or by the owner of the proposed site submitted to the department.

Defines "agency loan agreement" as an alternative payment mechanism for the sponsoring jurisdiction, using their full faith, credit, and taxing authority, as a payment option instead of a payment-in-lieu fee. Requires that this mechanism, as it relates to the Housing Project Revolving Loan Fund, be used only in urban renewal areas as defined by Oregon law.

Adds definitions to the parameters of the Housing Project Revolving Loan Program (the Program), including "project funding," "project funding agreement," "project grant," and "project loan." Updates terms of funding for the Project by including a project loan as well as a project grant. Clarifies that if a project site is within an Urban Renew Area, and therefore not utilizing the payment-in-lieu fee, these projects are not eligible for a project grant.

Requires the sponsoring jurisdiction to provide estimated real market value and tax lot information on the eligible housing project to the county tax officers of the county in which the project is located, and request that the tax

officer provide the tax increment information on the lot.

Takes effect on 91st day following adjournment sine die.

**BACKGROUND:**

On January 10, 2023, [Governor Kotek issued Executive Order 23-04](#), establishing an annual housing production target of 36,000 homes in Oregon. The Executive Order established the Governor’s Housing Production Advisory Council (HPAC), tasked with providing recommendations to achieve the housing production target. Citing a shortfall of more than 550,000 housing units across income levels to accommodate 20 years of population growth, the HPAC’s January 2024 report included recommendations on one-time urban growth boundary (UGB) amendments, funding for infrastructure and affordable housing, and adjustments to land use standards. These recommendations were incorporated into Senate Bill (SB) 1537 (2024), establishing the Housing Accountability and Production Office within the Department of Land Conservation and Development.

After the passage of SB 1537 (2024), advocates from municipal governments across the state noted the need to establish a “goal-post standard”—wherein applications are evaluated on factors present at time of application—for applications for UGB expansion. Changes in demographic factors during an application evaluation process created a moving target; a “goalpost standard” would reduce administrative burden and costs from repeated application.