

SB 48 A STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

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Meeting Dates: 6/16, 6/18

WHAT THE MEASURE DOES:

The measure clarifies application procedures relating to urban growth boundaries (UGBs) and UGB expansion and allows a sponsoring jurisdiction of a Housing Project Revolving Loan Fund project in an urban renewal district to repay the Housing and Community Services Department by pledging its full faith and credit, taxing authority, or alternative revenue source, rather than utilizing payment-in-lieu fee.

Detailed Summary:

Land Use and Urban Growth Boundary Applications (Sections 1-8)

Requires that an urban growth boundary (UGB) expansion application be evaluated on evidence, data, and factors provided at the time a city issues public notice of their intention to add a site to that city's UGB.

Restricts the option to have an application reviewed under the current standards, as opposed to standards under which the initial application was filed, to only those housing projects that are within a UGB.

Requires that if Metro adds one or more sites to its UGB under the provisions of an urban growth boundary exchange (Section 58, Chapter 110, Oregon Laws 2024), the added sites must be drawn from the urban reserve.

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

Requires a city seeking to add, or petition to add, a site must show that it does not already have within its existing UGB an undeveloped tract larger than 20 net residential acres that consists of one or more lots or parcels with or without common ownership and that abut each other or are separated by only a street or a road.

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.

Allows for the receipt of assurances in the form of capacity and willingness letters—instead of binding agreements—from 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.

Moderate Income Housing Project Revolving Loan Fund (Sections 9-22)

Makes an 'agency loan agreement' 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.

- Authorizes a sponsoring jurisdiction to enter into an agency loan agreement with the Housing and Community Services Department.
- Requires the jurisdiction to pledge its full faith and credit, taxing authority, and any alternative revenue as a guarantee for repaying a project loan.

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- Classifies repayments received on these project loans as an alternative source of revenue.
- Excludes eligible housing project property subject to an agency loan agreement from the property tax exemption.
- Allows properties to qualify for other property tax benefits such as limits, partial exemptions, special assessments, credits, or deferrals that are otherwise available.
- Authorizes sponsoring jurisdiction to award project funding to a developer for eligible housing projects in urban renewal areas that are part of an agency loan agreement.
- Requires repayments of an agency loan be deposited into the Housing Project Revolving Loan Fund.
- Clarifies that if a project site is within an urban renewal area, and therefore not utilizing the payment-in-lieu fee, these projects are not eligible for a project grant (only a project loan).

Requires that this mechanism, as it relates the to the Housing Project Revolving Loan Fund, be used only in urban renewal areas as defined by Oregon law.

Requires that the sponsoring jurisdiction 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, instead of amount, information on the lot.

Adds definitions to the parameters of the Housing Project Revolving Loan Program (the Program), including "agency loan," "project funding," "project funding agreement," "project grant," and "project loan." Updates terms of funding for the Program by including a project loan as well as a project grant.

Allows loan repayment to begin at date agreed to by the parties.

Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Fiscal Impact of the measure
- Program utilization
- Circumstances under which a jurisdiction might pledge general revenue as a source of loan repayment

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The measure was introduced to incorporate recommendations from municipal governments, and includes technical adjustments to programs and land use rules that were enacted by the passage of SB 1537. The changes are anticipated to reduce administrative burdens and costs from repeated applications, and allow for an alternative mechanism to repay a Housing Project Revolving Loan Fund project grant, essentially making it easier for local governments and developers to access development financing.

On April 9, 2025, the Senate Committee on Housing and Development moved the bill with a unanimous do-pass recommendation.