



Legislative Fiscal Office  
 83<sup>rd</sup> Oregon Legislative Assembly  
 2025 Regular Session

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**Bill Title:** Relating to housing; declaring an emergency.

**Government Unit(s) Affected:** Housing and Community Services Department, Department of Revenue, Judicial Department, Cities, Counties, Special Districts

**Summary of Fiscal Impact**

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Housing and Community Services Department	\$ 10,000,000	\$ -	\$ -	\$ -	\$ 10,000,000	1	0.50
<b>Total Fiscal Impact</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,000,000</b>	<b>1</b>	<b>0.50</b>

2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Housing and Community Services Department	\$ -	\$ -	\$ 170,496	\$ -	\$ 170,496	1	0.50
<b>Total Fiscal Impact</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 170,496</b>	<b>\$ -</b>	<b>\$ 170,496</b>	<b>1</b>	<b>0.50</b>

- The fiscal impact in the 2025-27 biennium does not include duplicative Other Funds expenditure limitation necessary to expend General Fund revenue deposited by the measure into the Municipal Development Protection Fund. Additional Other Funds expenditure limitation will be needed to properly budget for the impact of the measure if it is adopted.

**Measure Description**

The measure directs the Housing and Community Services Department (HCSD) to purchase from a local government the right to collect a past-due debt from a housing developer if the debt is based on a deferred system development charge. For a debt to be eligible for purchase by HCSD, it must arise from an agreement occurring on or after the measure’s operative date between a local government and a developer to defer repayment until a specified number of days after any dwelling unit in the project is certified for occupancy, among other conditions. If purchased, HCSD shall pay the unpaid balance of the debt to the local government; and HCSD shall assess a 20% civil penalty on the past-due balance of the debt, assess 9% interest per annum on the balance of the debt and penalty, and make reasonable efforts to collect the debt, including assigning the debt to the Department of Revenue (DOR).

The measure establishes the Municipal Development Protection Fund, which is continuously appropriated to HCSD to administer the fund and to purchase and collect debts under the proposed program. The net amount of moneys collected shall be credited to the fund. The measure appropriates \$10 million General Fund to HCSD in the 2025-27 biennium for deposit into the Municipal Development Protection Fund. Each biennium, HCSD may use no more than 4% of the moneys in the fund at the beginning of the biennium on administrative costs associated with implementing the measure; however, HCSD may not expend more than \$200,000 on

administrative costs in the 2025-27 biennium. Assuming a sufficient beginning balance exists, the measure is estimated to have a fiscal impact of \$170,496 Other Funds in the 2027-29 biennium.

**Fiscal Analysis**

The fiscal impact of the measure is \$10 million General Fund and one permanent, part-time position (0.50 FTE) in the 2025-27 biennium; however, this does not include duplicative Other Funds necessary to expend the \$10 million General Fund deposited by the measure into the Municipal Development Protection Fund. Including duplicative Other Funds, the estimated fiscal impact is \$10 million Other Funds in the 2025-27 biennium and \$170,496 Other Funds in the 2027-29 biennium, assuming the latter amount does not exceed 4% of the moneys in the Municipal Development Protection Fund at the beginning of the 2027-29 biennium.

Housing and Community Services Department

To implement the proposed program, HCSD will need one permanent, part-time Program Analyst 4 position (0.50 FTE) to serve as the program manager, work with local governments on their intergovernmental agreements, review applications, and develop a process for developers owing debts related to deferred system development charges. The estimated cost of this position, including position-related services and supplies, is \$170,496 Other Funds in the 2025-27 and 2027-29 biennia. HCSD will also incur an estimated \$20,000 in legal services in the 2025-27 biennium. HCSD will use the remaining \$9.2 million to purchase debts from participating local governments and pursue payment from developers.

The Legislative Fiscal Office notes that this is a completely new body of work for HCSD, and the agency estimated the need for additional months for the Program Analyst 4 position and one additional, limited duration Procurement and Contract Specialist 3 position (0.50 FTE) to implement this measure. However, this fiscal impact assumes that HCSD could only budget for one part-time position (0.50 FTE) because the measure prohibits HCSD from expending more than \$200,000 on administrative costs in the 2025-27 biennium. It is worth noting, though, that HCSD would not necessarily be limited to only \$200,000 in administrative costs in the 2027-29 biennium, assuming a sufficient beginning balance exists in the 2027-29 biennium.

Local Governments

The measure is anticipated to have a minimal fiscal impact on local governments, including cities, counties, and special districts. While there would be some administrative cost associated with selling debts to HCSD, eligible local governments would receive a guaranteed source of revenue for any debts sold to HCSD for deferred system development charges owed under contract to the local government from a housing developer. It is also important to note that this is an optional program, so local governments are not required to participate in the program.

Other Agencies

The measure is anticipated to have a minimal fiscal impact on the Department of Revenue, which already collects debts as part of its regular agency operations. The measure is also anticipated to have a minimal fiscal impact on the Oregon Judicial Department, as the Department may experience an increase in civil case filings in circuit and appellate courts.

**Relevant Dates**

The measure declares an emergency and takes effect on passage.

The proposed program for HCSD to purchase and collect deferred debts related to system development charges becomes operative on January 1, 2026. The measure only applies to agreements between local governments and housing developers entered into on or after January 1, 2026.