

SB 48 A STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

Action Date: 04/09/25

Action: Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)

Vote: 5-0-0-0

Yeas: 5 - Anderson, Broadman, Nash, Patterson, Pham

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/5, 4/9

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)

SB 48 A STAFF MEASURE SUMMARY

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.
- 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:

- Technical fixes for Senate Bill 1537 (2024)
- Stakeholder group engagement

EFFECT OF AMENDMENT:

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 excepted from mandatory adjustments to their land use policies. The amendment 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:

- 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.
- 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.

SB 48 A STAFF MEASURE SUMMARY

- 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.
- 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. 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.

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 and the Housing Project Revolving Loan Fund (called the [Moderate Income Revolving Loan \(MIRL\) Fund](#)) within Oregon Housing and Community Services. After the passage of SB 1537, 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 applications. A need was similarly established for an alternative mechanism to repay a Housing Project Revolving Loan Fund project grant; Urban Renew Areas already have their property tax increments and exemptions dedicated to the renewal funding and therefore cannot participate in the payment-in-lieu fee financing.