

House Bill 2968

Sponsored by Representatives GAMBIA, JAVADI, HARTMAN; Representatives LIVELY, WRIGHT, Senator PHAM K (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act makes OHCS guarantee a local government's collection of a fee to be paid by a home builder on a delayed schedule. (Flesch Readability Score: 62.1).

Requires the Housing and Community Services Department to guarantee a housing developer's payment of system development charges that the local government has agreed to defer until after occupancy. Allows the department to assess a civil penalty and interest against defaulting developers. Allows the Department of Revenue to pursue collections against developers. Becomes operative on January 1, 2026.

Establishes the Municipal Development Protection Fund for such purposes. Appropriates moneys to the fund.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to housing; and declaring an emergency.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 and 3 of this 2025 Act are added to and made a part of ORS**
5 **chapter 458.**

6 **SECTION 2. (1) The Housing and Community Services Department shall purchase from**
7 **a local government the right to collect a past-due debt from a developer, if the debt is based**
8 **on a deferred system development charge as described in subsection (2) of this section. In**
9 **purchasing a debt under this section, the department shall pay the unpaid balance of the**
10 **debt.**

11 **(2) For a debt to be eligible for purchase by the department under this section, it must**
12 **arise from an agreement between a local government and a developer, in a form required by**
13 **the department, in which the parties agree that:**

14 **(a) The developer will construct one or more dwelling units.**

15 **(b) The local government will defer the collection of a system development charge, as**
16 **defined in ORS 223.299, from the developer until:**

17 **(A) The date 180 days after the date that any dwelling unit in the development project**
18 **has been certified for occupancy; or**

19 **(B) If the development project will be affordable housing, as defined in ORS 197A.445, a**
20 **date between 180 days and one year following the date that any dwelling unit in the devel-**
21 **opment project has been certified for occupancy.**

22 **(c) Except as provided in paragraph (d) of this subsection, the developer will not pay any**
23 **interest or fees on the system development charge based on the charge's deferral.**

24 **(d) If the debt becomes owed to the department under this section, the department will**
25 **assess:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (A) A 20 percent civil penalty on the past-due balance of the debt; and

2 (B) Interest, at the rate specified in ORS 82.010, on the balance of the debt and penalty.

3 (3) Upon purchasing a debt under this section, the department shall assess the civil
4 penalty and interest allowed under subsection (2)(d) of this section and make reasonable ef-
5 forts to collect the debt. Such efforts may include assigning the debt to the Department of
6 Revenue for collection under ORS 293.250.

7 (4) Payments made by the Housing and Community Services Department to purchase and
8 collect the debt under this section must be paid from available moneys in the Municipal De-
9 velopment Protection Fund established under section 3 of this 2025 Act. The net amount of
10 moneys collected under this section must be credited to the fund.

11 (5) Moneys received by a local government under this section must be treated as pay-
12 ments of the system development charge and used for the purposes allowed under ORS
13 223.307.

14 (6) As used in this section, “local government” means any local government as defined
15 in ORS 174.116 that is authorized to impose or collect a system development charge under
16 ORS 223.297 to 223.316.

17 **SECTION 3.** (1) The Municipal Development Protection Fund is established in the State
18 Treasury, separate and distinct from the General Fund.

19 (2) The Municipal Development Protection Fund consists of moneys collected by the
20 Housing and Community Services Department under section 2 of this 2025 Act and moneys
21 appropriated, allocated, deposited or transferred to the fund by the Legislative Assembly or
22 otherwise. Interest earned by the fund is credited to the fund.

23 (3) Moneys in the fund are continuously appropriated to the department to administer
24 the fund and the program described in section 2 of this 2025 Act. In each biennium, the de-
25 partment may not use more than four percent of the moneys in the fund at the beginning
26 of the biennium for the costs of administering the fund and of implementing section 2 of this
27 2025 Act.

28 **SECTION 4.** In addition to and not in lieu of any other appropriation, there is appropri-
29 ated to the Housing and Community Services Department, for the biennium beginning July
30 1, 2025, out of the General Fund, the amount of \$10,000,000, for deposit into the Municipal
31 Development Protection Fund established under section 3 of this 2025 Act.

32 **SECTION 5.** (1) Section 2 of this 2025 Act becomes operative on January 1, 2026.

33 (2) The Housing and Community Services Department may take any action before the
34 operative date specified in subsection (1) of this section that is necessary to enable the de-
35 partment to exercise, on and after the operative date specified in subsection (1) of this sec-
36 tion, all of the duties, functions and powers conferred on the department by sections 2 and
37 3 of this 2025 Act.

38 (3) On or before January 1, 2026, the department shall adopt rules and model forms of
39 agreements to implement section 2 of this 2025 Act.

40 (4) Section 2 of this 2025 Act applies only to agreements between a local government and
41 a developer entered into on or after January 1, 2026.

42 (5) Notwithstanding section 3 (3) of this 2025 Act, for the biennium beginning July 1, 2025,
43 the department may spend not more than \$200,000 from the Municipal Development Pro-
44 tection Fund established under section 3 of this 2025 Act for the costs of administering the
45 fund and the program described in section 2 of this 2025 Act.

1 **SECTION 6. This 2025 Act being necessary for the immediate preservation of the public**
2 **peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect**
3 **on its passage.**

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