



**House Committee on Housing and Development
Background Information on SB 974**

May 13, 2025

Chair Marsh, members of the Committee,

Thank you for the opportunity to provide additional information on the intent of SB 974 and the -A4 amendment. By way of background the Oregon Home Builders Association represents over 3,000 members engaged in residential construction and advocates for affordable home ownership opportunities for all. It is with this background in mind that we offer our strong support for SB 974 and its goal of expediting the review of applications for the development of housing in our urbanized areas.

As this committee well knows, Oregon is in the midst of an unprecedented housing crisis. This is in part due to our inability to produce enough housing to meet the demands of our communities. Builders, developers, and real estate professionals have been sounding the alarm on this issue for decades. Now, the impacts of our overburdened system are being felt across the state and Oregon's families are paying the price.

Over the last few Sessions, the Legislature has taken strides to address this crisis and reframe how local governments plan for needed housing. SB 974 is the next logical step in establishing a regulatory framework that not only allows for diverse and abundant housing, but one that prioritizes efficiency in areas planned or zoned for residential use. Specifically, SB 974 tackles one of the biggest issues affecting production – slow, costly, and unpredictable timelines for reviewing development applications.

There are generally two phases of home development: (1) the “horizontal” process of obtaining legal approvals to develop land for new homes; and (2) the “vertical” process of obtaining construction permits to construct houses from the ground up. SB 974 focuses on expediting and the timeline for reviewing the various applications needed to develop land for housing in the following ways:

1. Requires the “entitlements” phase of the application to be processed through an expedited procedure:

SB 974 focuses on applications for housing development on land inside Urban Growth Boundaries (UGB) that are already zoned or planned for future residential use. SB 974 creates a term for these types of projects (“urban housing applications”) and allows them to be processed as “limited land use decisions” instead of “land use decisions.”

By doing so, urban housing applications are reviewed through a streamlined limited land use process and follow a less formal and shorter review process compared to land use decisions. For example, they still require notice and public comments, but do not require a formal public hearing before the City Council. Additionally, both types of decisions can be appealed to the Land Use Board of Appeals (LUBA), but limited land use decisions do not require the same level of findings or procedural rigor as land use decisions.

2. Requires the “final engineering review” phase of the application to be processed within a set timeframe:

After an urban housing application receives its initial approval, the application is still subject to final engineering review as a condition of that approval. During this phase of the process, the applicant hires licensed engineers to submit technical engineering plans and reports showing that the infrastructure supporting the new neighborhood will be sufficient to service the neighborhood and meet public health and safety regulations.

Unlike the entitlements phase of review, this process has no set timeframe for review. SB 974 imposes a “shot clock” that requires a local government to review this portion of the application within a clear timeframe and grants the builder the right to seek mandamus relief if the timeframe is not met. After this review is complete and the local government signs off on the adequacy of the plans, the builder then receives permits to construct the infrastructure and move through the building phase.

3. Requires local governments to waive certain aspects of the “design review” phase of the application to reduce time and costs:

Across Oregon, local governments have adopted prescriptive design requirements that dictate everything from exterior materials to architectural details. While these regulations are often justified as measures to preserve community character, they frequently serve as barriers to affordability and cause significant delays. As one builder testified during the public hearing, one city in which she builds has a 17-page checklist dictating design requirements. Eliminating some of these requirements would greatly speed up the review processing for housing applications.

Accordingly, SB 974 requires local governments to waive certain design criteria that serve primarily an aesthetic purpose and are not related to core functional requirements, public health, safety, and other important regulations. By eliminating these requirements for new neighborhoods, SB 974 saves applicants and builders time and money by allowing them to focus on critical regulations necessary for safety and functionality, and not those which dictate aesthetic preferences. SB 974 will benefit a variety of housing types, including single-family homes, middle housing, and manufactured housing.

Beyond expediting the review process, eliminating certain aesthetic preferences has the co-benefit of reducing costs for homebuyers and enabling consumer preference. This is

why other states have already taken the step of eliminating design review for certain housing projects. For example:

- **Oklahoma** - *In Tuttle, Oklahoma, a vinyl siding ban raised home prices by \$2,000–\$3,000, pricing out approximately 4,500 lower-income families. In May of 2020, SB 1713 was passed to law after a signature from the Oklahoma Governor. The bill, “prohibits a municipality from adopting or imposing design element requirements for single family residential buildings, unless the building is historic or subject to local ordinances relating to zoning, public safety, redevelopment or tax increment finance district.”*
- **Arkansas** - *In 2019, Arkansas enacted SB 170, which prevents cities and counties from regulating building design that would needlessly raise the cost of housing. This bill came in response to Springdale, Arkansas’ City Council’s proposed changes to its residential design standards, which would have prohibited vinyl, wood and aluminum siding, and regulated roof pitch, front-facing garages and wrought iron fencing.*
- **Texas** - *The state of Texas prohibited local restrictions on building materials with HB 2439, which went into effect in September 2019. HB 2439 states that a government entity may not adopt or enforce anything that prohibits or limits the use of a building material that is approved for use by a national model code, nor establish a standard more stringent than a standard referenced by a national model code.*
- **North Carolina** – *North Carolina passed a bill in 2015 that amended the state’s zoning powers to address the residential design standards issue. SB 25 dictates that any zoning and development regulation relating to building design may not be applied to structures subject to the North Carolina Residential Code for One- and Two-Family Dwellings. Building design includes items such as exterior building color; type and style of exterior cladding material; style and materials of roof structures and porches; etc.*

Attached to this letter is a walkthrough of how the design review portion can be implemented along with SB 1537(2024). Thank you for allowing us the opportunity to provide this additional information. Please do not hesitate to reach out with any questions or concerns.

SB 1537 & SB 974-A4 “Crosswalk” & Implementation Guide

	SB 1537 (2024)	SB 974-A4
Type of Relief <i>Adjustment</i> <i>v. Waiver</i>	<p>Allows a builder to apply for up to 10 unique “adjustments” to siting standards and certain design criteria as outlined in the bill if the application meets certain eligibility requirements.</p> <p><u>SECTION 38</u> (1)(a) “Adjustment” means a deviation from an existing land use regulation.</p> <p>(b) “Adjustment” does not include: (C) A <u>complete waiver of land use regulations</u> or any changes beyond the explicitly requested and allowed adjustments.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> SB 1537 allows a builder the option to apply for an adjustment to a standard. </div>	<p>Requires local government to waive the application and review of certain design criteria for applications of 20+ eligible units.</p> <p>“A local government may apply residential design standards to an urban housing application only if the application is for the development of fewer than 20 residential units.”</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> SB 974 requires a JX to waive a standard completely. </div>
Eligibility <i>High-Density Housing</i> <i>v. Low-Density Housing</i>	<p>An application is only eligible for the benefits of SB 1537 if the application meets several requirements in subsection (2), including meeting the minimum density standards under section 55 (3)(a)(C):</p> <ol style="list-style-type: none"> a. 17 dwelling units per net residential acre if sited within the Metro urban growth boundary; b. 10 units per net residential acre if sited in a city with a population of 30,000 or greater; c. 6 units per net residential acre if sited in a city with a population of 2,500 or greater and less than 30,000; or d. 5 units per net residential acre if sited in a city with a population less than 2,500 	<p>Requires local government to waive the application and review of certain design criteria for applications of 20+ residential units.</p> <p>“(B) Residential units means all new single-unit dwellings, manufactured dwellings and units of middle housing, as defined in ORS 197A.420.”</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> Eligible Projects (20+): <ul style="list-style-type: none"> Single-Family Housing Middle Housing Manufactured Housing </div>

	<p>Eligible Projects:</p> <ul style="list-style-type: none"> • Multi-Family Housing • High-Density Middle Housing • High-Density Manufactured Housing • Low-Density Middle and Manufactured (in small cities) • Single-Family Housing (for specific standards in certain areas) 	
<p>Types of Design Standards Addressed</p> <p><i>Potential overlap in yellow</i></p>	<p>SB 1537 granted adjustments for both siting standards and design standards. The design standards include both functional standards and aesthetic standards.</p> <p>(a) Facade materials, color or pattern.</p> <p>(b) Facade articulation.</p> <p>(c) Roof forms and materials.</p> <p>(d) Entry and garage door materials.</p> <p>(e) Garage door orientation, unless the building is adjacent to or across from a school or public park.</p> <p>(f) Window materials, except for bird-safe glazing requirements.</p> <p>(g) Total window area, for up to a 30 percent adjustment, provided the application includes at least 12 percent of the total facade as window area.</p> <p>(h) For manufactured dwelling parks, middle housing as defined in ORS 197A.420, multifamily housing and mixed-use residential (NOT single-family housing):</p> <p>(A) Building orientation requirements, not including transit street orientation requirements.</p> <p>(B) Building height transition requirements, not more than a 50 percent adjustment from the base zone.</p> <p>(C) Requirements for balconies and porches.</p> <p>(D) Requirements for recesses and offsets.</p>	<p>SB 974 only waives a subset of design criteria that have no bearing on functionality and are only aesthetic standards:</p> <p>(A) ‘Residential design standards’ means standards intended to preserve the desired character, architectural expression, decoration or aesthetic quality of new homes, including standards regulating:</p> <p>(i) Facade materials, color or patterns;</p> <p>(ii) Roof decoration, form or eave overhang;</p> <p>(iii) Accessories, materials or finishes for entry doors or garages;</p> <p>(iv) Window elements including trim, recesses, shutters or grids;</p> <p>(v) Fence type, design or finishes;</p> <p>(vi) Architectural details;</p> <p>(vii) Covered porches or balconies;</p> <p>(viii) Variety of design or floorplan; or</p> <p>(ix) Front or back yard area landscaping materials or vegetation</p> <p>Requires waiver of subset of design criteria just related to aesthetics.</p>

	<div>Allows adjustment of proscribed design standards that deal with functionality and aesthetics.</div>	
--	--	--

Does an overlap between SB 1537 and SB 974 create implementation conflicts? No. While some of the language overlaps, there is no legal conflict between the two. SB 974 mandates a **full waiver** of certain applicable criteria, meaning local governments eliminate the standard entirely. Because the waived requirement no longer applies, builders have no need to request an adjustment under SB 1537, and local governments will not review or make a decision based on those criteria. This simplifies the process, reducing workload for both local governments and builders.

Here is a non-exhaustive list of examples:

Example 1: Low-density project with 20+ single family homes:

- Does not qualify for 1537, only would qualify for 974.
- Listed design criteria in 974 waived. Applicant would not submit materials related to these standards. Staff would not review or make decision based on these criteria.
- Applicant would not apply to “adjust” standards because SB 1537 is not an available tool.

Example 2: New multi-family apartment building:

- SB 974 not available. None of the design criteria would be waived.
- If an applicant needs an adjustment from any of the criteria, the applicant will apply for an adjustment under the SB 1537 process.
- Staff will review for eligibility. If an applicant is eligible, local gov will grant adjustment.

Example 3: New manufactured dwelling park of 20+ units in the Metro area:

- Does not qualify for 1537 because of density minimums, only would qualify for 974.
- Applicant would not submit materials related to these standards or apply to adjust standards because SB 1537 is not an available tool.
- Listed design criteria in 974 waived. Staff would not review or make decision based on these criteria.

Example 4: 20+ townhouses in Metro:

- Qualifies for SB 974. Listed design criteria in 974 waived. Applicant would not submit materials related to these standards. Staff would not review or make a decision based on these criteria.

- Applicant could also qualify for additional adjustments under SB 1537. If an applicant needs an adjustment from any of the criteria not already waived, the applicant will apply for an adjustment under the SB 1537 process.
- Staff will review for eligibility. If an applicant is eligible, local gov will grant the adjustment.

Example 5: New manufactured dwelling park of 20+ in a small city:

- Qualifies for SB 974. Listed design criteria in 974 waived. Applicant would not submit materials related to these standards. Staff would not review or make a decision based on these criteria.
- Applicant could also qualify for additional adjustments under SB 1537. If an applicant needs an adjustment from any of the criteria not already waived, the applicant will apply for an adjustment under the SB 1537 process.
- Staff will review for eligibility. If an applicant is eligible, local gov will grant the adjustment.

Summary of Examples:

Housing Type	SB 974 Applies?	SB 1537 Applies?	Waiver vs. Adjustment	Process Impact
Low-density project (20+ single-family homes w/ duplexes)	✓ Yes	✗ No	Waivers apply; no adjustments eligible	Local gov waives 974 standards
New multi-family apartment building	✗ No	✓ Yes	Application eligible for adjustments.	Applicant submits adjustment request, local gov reviews eligibility
Manufactured dwelling park in Metro area (low density)	✓ Yes	✗ No	Waivers apply; no adjustments eligible	Local gov waives 974 standards
20+ townhouses in Metro (high-density)	✓ Yes	✓ Yes	Some waivers apply; additional adjustments possible	Local gov waives 974 standards, applicant may request adjustments for eligible criteria not waived
20+ Manufactured dwelling units (small city)	✓ Yes	✓ Yes	Some waivers apply; additional adjustments possible	Local gov waives 974 standards, applicant may request adjustments for eligible criteria not waived