



On behalf of the Oregon Homebuilders Association, the League of Oregon Cities, and the Association of Oregon Counties, we offer the following letter to help explain the purpose and intent of Senate Bill 974-B, which is the result of significant collaboration and negotiation between the residential construction industry and local government. As a result of this work, both AOC and OHBA are in support of the bill, and LOC is neutral.

The Problem

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. 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 communities plan for needed housing.

SB 974-B is the next 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. Most importantly, SB 974-B targets increasing housing production in the areas of highest need— residential lands inside our urban growth boundaries (UGBs).

Solutions in SB 974

1. Establishes a 120-day “shot clock” for reviewing final engineering plans:

SB 974-B establishes a 120-day deadline for reviewing final engineering plans, ensuring a predictable approval process for a critical phase of homebuilding. After approving a tentative plat and before issuing construction permits, local governments must review and approve highly detailed final engineering plans, which describe how and where necessary infrastructure improvements will be constructed.

Section 1 of SB 974-B attempts to streamline this review process by mirroring the existing 120-day timeline that local governments must follow when making land use decisions. However, recognizing that engineering review is an iterative process, SB 974-B diverges from existing law by requiring that the shot clock pause when officials request corrections or additional documentation and the application

is back in the builder's control. Additionally, recognizing that some complex infrastructure projects will require additional time, applicants can also extend the timeframe through written requests, but total extensions cannot exceed 245 days.

2. Expedites “upzoning” on land already planned or zoned for residential use inside the UGB:

Home development consists of two distinct phases: the "horizontal" phase, which involves securing legal approvals for land use and development, and the "vertical" phase, which pertains to obtaining construction permits for residential buildings. SB 974-B enhances efficiency in the “horizontal” phase by expediting the review of applications aimed at increasing residential density.

Specifically, Section 3 authorizes zone changes, planned unit developments, and variances to proceed under an expedited framework akin to the "limited land use" decision-making process, thereby reducing administrative complexity. Again, this expedited process is only available for land that is zoned or planned for residential use and is inside the UGB.

This provision applies within mixed-use zones, when they are intended for primarily residential use but does not permit the rezoning of land primarily designated for commercial, industrial, or institutional purposes. SB 974-B is not intended to turn mixed use residential zones into residential only zones. Rather, it facilitates the ability of local governments to "upzone" land already designated for residential use, ensuring the availability of higher-density housing while maintaining the integrity of existing land use classifications.

3. Eliminates certain aesthetic standards from the design review process:

SB 974-B prohibits local governments from applying purely aesthetic design standards to certain types of housing in new neighborhoods. By streamlining the review process, SB 974-B ensures housing projects are evaluated based on substantive considerations rather than subjective aesthetic preferences that contribute to unnecessary costs and delays.

While SB 974-B waives requirements for certain aesthetic preferences like columns, cornices, garage door colors, or roof decorations, it explicitly does not waive important requirements related to public health, safety, functionality and other important goals. Specifically, Section 8 does not require a local government to waive requirements related to setbacks, building height, accessibility, fire ingress or egress, public health or safety, state or federal water quality standards, hazardous or contaminated site cleanup or wildlife protection or that implement statewide land use planning goals relating to natural resources, natural hazards, the Willamette River Greenway, estuarine resources, coastal shorelands, beaches and dunes or ocean resources.

Last, Section 8 does not apply to multi-family housing or small-scale “infill” developments. Section 8 only requires local governments to waive the listed standard for applications of 20+ new single-unit, middle-housing, and manufactured housing. Multi-dwelling structures, including apartment buildings and mixed-use developments, remain exempt from the legislation. This allows cities with Central City Design Review or Historic Resource Review to continue regulating in accordance with ORS 197A.400 in existing neighborhoods.