



Eugene City Council

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EUGENE CITY COUNCIL AGENDA AMENDED

September 20, 2023

12:00 p.m. CITY COUNCIL WORK SESSION

City Council Wednesday work sessions will be held using virtual meeting technology. Information about online or other options for access and participation will be available at <https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials>

Note: This agenda has been amended to remove the word "water" from Attachment C for agenda Item 1

Meeting of September 20, 2023; Her Honor Mayor Lucy Vinis Presiding

Councilors

Randy Groves, President
Lyndsie Leech
Jennifer Yeh
Mike Clark

Matt Keating, Vice President
Emily Semple
Alan Zelenka
Greg Evans

12:00 p.m. CITY COUNCIL WORK SESSION

Mayor: I call the September 20 2023, City Council work session to order.

- 1. WORK SESSION: Systems Development Charges Updates -Adjustments to Transportation SDCs for Compact Developments & Legislation Update on HB 2984 (2023)**
- 2. WORK SESSION: City Climate Action Strategies Update**

The Eugene City Council welcomes your interest in these agenda items. This meeting location is wheelchair-accessible. For the hearing impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. Spanish-language interpretation will also be provided with 48 hours' notice. To arrange for these services, contact the receptionist at 541-682-5010. City Council meetings are telecast live on Metro Television, Comcast channel 21, and rebroadcast later in the week.

El consejo de la Ciudad de Eugene agradece su interés en estos asuntos de la agenda. El lugar de la reunión tiene acceso para sillas de ruedas. Se puede proveer a un intérprete para las personas con discapacidad auditiva si avisa con 48 horas de anticipación. También se puede proveer interpretación para español si avisa con 48 horas de anticipación. Para reservar estos servicios llame al 541-682-5010. Las reuniones del consejo de la ciudad se transmiten en vivo por Metro Television, Canal 21 de Comcast y son retransmitidas durante la semana.

For more information, contact the Council Coordinator at 541-682-5010,
or visit us online at www.eugene-or.gov.

September 20, 2023 Work Session

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Systems Development Charges Updates - Adjustments to Transportation SDCs for Compact Developments & Legislation Update on HB 2984 (2023)

Meeting Date: September 20, 2023
Department: Public Works
www.eugene-or.gov

Agenda Item Number: 1
Staff Contact: Jenifer Willer
Contact Telephone Number: 541-682-6036

ISSUE STATEMENT

At this work session, the City Council will consider two issues related to System Development Changes (SDCs).

City Council adopted the current Transportation SDC methodology on November 26, 2018. The methodologies include an adjustment, to lower the transportation SDCs, for “compact development” but also include caps that could limit the number of compact developments that can receive the adjustment. Staff will provide an update to City Council on the implementation of the Compact Development Adjustment (CDA) caps and assist City Council in discussing whether the caps should be changed or eliminated.

Additionally, in the 2023 legislative session, House Bill 2984 passed which required the City to take some action with respect to SDCs for the conversion of a building from a commercial use to a residential use. Staff will review current code and methodology as it applies to such building conversions and assist the City Council in discussing the possible actions to comply with the new legislation.

BACKGROUND

The City of Eugene collects SDCs associated with development as allowed by the Oregon Revised Statutes (ORS 223.297 – 223.314, Eugene Code, sections 7.700 – 7.40 and related provisions). SDC methodologies adopted by the City Council set the SDC fees for each type of new development based on its impacts on the transportation, parks and recreation, wastewater, and stormwater systems. The methodologies include specific reductions, credits, and adjustments for specific types of development, including “compact development.”

SDCs have been collected and used by the City of Eugene since 1978. They are presently collected for all new development in the City and are used to fund that portion of the construction of infrastructure required to support new development (i.e., transportation, wastewater, stormwater, and parks and recreation facilities). These SDCs help the City make improvements that increase the capacity of the public systems, and they recoup a portion of the community's investment in specific infrastructure reserve capacity that is already in place.

In 2022, City Council approved a Housing Implementation Pipeline (HIP), a 5-Year Internal Work Plan, in recognition that housing affordability and supply is a long-standing and growing issue in Eugene. Consistent with the HIP work plan, staff have evaluated the impact of caps (or maximum allotment) to the compact development adjustments applied to Transportation SDC fees.

Caps on Adjustments to Transportation SDCs for Compact Development

The SDC General Methodology, Section 7.0, describes available reductions, credits and adjustments. Appendix B of the SDC General Methodology, which documents the methodology used by the City to determine transportation SDCs, specifically describes the eligibility for allocation of an adjustment to a development's transportation SDC for compact development. These CDAs were adopted as part of the City's strategies to promote compact development and the goals of Envision Eugene.

There are four basic categories of compact development that may qualify for an adjustment:

- Location-Based (only one applies to a project)
 - o Eugene Downtown Plan boundary
 - o West University Commercial District
 - o Residential or mixed-use development along a key corridor
 - o Nodal development
- Transit Proximity
 - o Frequent Transit Network (FTN)
- Transportation Demand Management (TDM)
- Accessory Dwelling Units (ADUs)

When the transportation SDC compact development adjustments were adopted on November 26, 2018, City Council included caps on the total adjustments that could be made to address concerns related to the potential effect of these adjustments on transportation SDC revenue collection and provision of infrastructure. The adopted caps included a \$130,000 annual cap for the combined location-based, transit proximity, and transportation demand management compact development adjustments and a separate cap of \$40,000 per year that applies to compact development adjustments made for ADUs.

Each year these caps are adjusted in proportion to the inflationary transportation SDC adjustment for residential development, if any, and any unallocated portion of the \$130,000 / \$40,000 allowance is added to the cap for the next fiscal year. (SDC General Methodology, Section 7.3.1.; SDC Methodology, Appendix B, Section 4.4.4).

When City Council adopted the compact development adjustment caps, staff were asked to track and assess use of the adjustments and update City Council if demand for the adjustments exceeded the cap amounts. Attachment A to this AIS shows that from FY2019 to FY2023 demand for compact development adjustments exceed the total cap amount by \$91,152 for the combined location-based, transit proximity, and transportation demand management compact development adjustments and \$3,529 (projected) for ADU adjustments.

Comparing the total unmet demand for compact development adjustments of \$94,681 (\$91,152 + \$3,529) to total transportation SDC revenues of over \$13 million over the same period, removing

these caps would result in an approximate reduction in revenues of 0.7%.

Relatedly, the 2022 HIP Work Plan includes two high priority policies and programs pertinent to evaluation of compact development adjustment caps. The first is focused on supporting development of housing along key transportation corridors. Of the categories of development eligible for the adjustments that are capped at \$130,000, the adjustment is most often made for residential or mixed-use development along key transportation corridors. Elimination of the cap will ensure that all eligible projects along key transportation corridors receive this adjustment. The second is to identify opportunities to align SDC incentives with City housing goals as part of methodology updates. Elimination of both the \$130,000 and \$40,000 transportation SDC CDA caps would ensure that all eligible projects receive this adjustment.

In summary, elimination of caps on transportation SDC compact development adjustments is anticipated to have a relatively small impact (less than 1%) on overall transportation SDC revenues and would align with City goals by providing surety that transportation SDC compact development adjustments can be accessed by all qualifying projects. If City Council wishes to move forward with elimination of these caps, staff will continue to track usage of transportation SDC compact development adjustments to assess and flag if future use of these credits begins to substantially impact revenues and provision of infrastructure.

Elimination of the caps on the adjustments allowed to transportation SDCs for compact development would not change the SDC calculations or the methodology used to calculate the SDC, but there are sections of the methodology that would need to be updated by City Council by adoption of a resolution. See Attachment B to this AIS.

SDCs for the Conversion of a Building from Commercial Use to Residential Use - House Bill 2984 (2023)

[HB 2984](#) was passed by the Oregon Legislature in the 2023 Session and signed by the Governor on July 31, 2023, going into effect January 1, 2024. The legislation amends ORS 197.308 to allow for the conversion of commercial buildings to residential use in cities with populations over 10,000. One issue addressed in HB 2984 is assessment of system development charges for this type of conversion.

HB 2984 sets out two alternative provisions related to the SDCs that may be charged for a commercial to residential conversion. The first option is to adopt a specific policy for commercial to residential conversions. Such a policy must be adopted on or before December 31, 2023. If the City does not adopt a specific policy by December 31, 2023, the second provision of HB 2984 automatically will require the City to change its SDC methodologies so that such conversions are assessed only for the wastewater system and must include an offset for wastewater SDCs paid when the building was originally constructed.

Current Eugene Code and SDC methodologies do not include a specific policy regarding commercial to residential conversions. Rather, any such conversions are currently assessed SDCs based on the residential category of the proposed new use. These conversions are also eligible for any applicable reductions, credits, and adjustments to the calculated SDCs, including credits for a development's previous use (EC 7.730(3) and SDC General Methodology section 7.0 and sub-section 7.2.4.). Eugene's prior use credits are more generous than those references in the second

option set out in HB2984. For a complete conversion of a building, during calculation of SDCs, City staff review a development site's entire history and provide SDC credits based on the most intensive previous use for each SDC system (Transportation, Local Wastewater, Stormwater, Parks and Recreation).

As noted above, the 2022 HIP Work Plan includes an Overall Housing Goal to identify opportunities to align SDC incentives with City housing goals. The adoption of a policy that recognizes the City's current methodology, including the incentives already available, would preserve the City Council's ability to consider and perhaps modify those incentives in the future as anticipated in the HIP Work Plan. A resolution to adopt such a policy is provided at Attachment C to this AIS.

If the City Council wishes to adopt a different SDC policy for commercial to residential conversions, it would require a change to the City's SDC methodology. Such a change would require the City Manager to return with the agenda item at a future meeting to hold a public hearing on a resolution to amend the City's SDC methodology, and adoption must take place before December 31, 2023 as required in the legislation.

If the City Council does not adopt any policy specific to commercial to residential conversions before the end of the year, the City Manager will return in 2024 for a public hearing on a resolution to amend the City's SDC methodology so that such conversions are assessed only for the wastewater SDC system and providing a credit for wastewater SDCs paid when the building was originally constructed.

PREVIOUS COUNCIL DIRECTION

[November 26, 2018 Meeting](#)

Council ordinance and resolution adopting Transportation SDC Methodology (Resolution No. 5306) and SDC project plan (Resolution No. 5254) included discussion on how compact development adjustment caps are incorporated per earlier Council discussion.

- The Public Works Director explained caps were not to limit compact development, but to provide some certainty to plan and budget. There was a commitment to come back to Council if the caps were an issue.

COUNCIL OPTIONS

Caps on Adjustments to Transportation SDC for Compact Development options:

- A. Adopt the resolution at Attachment B to this AIS to eliminate the cap on compact development adjustments to transportation system development charges.
- B. Take no action.

HB2984 policy options:

- A. Adopt the resolution at Attachment C to this AIS to adopt a policy regarding system development charges that recognizes the City's existing methodology, exemptions, credits and adjustments for conversion of buildings from commercial to residential use in non-industrial zones.
- B. Provide direction for a different policy regarding system development charges for conversion of buildings from commercial to residential use in non-industrial zones.

CITY MANAGER'S RECOMMENDATIONS

The City Manager recommendation on caps on adjustments to Transportation SDCs for compact development: Adopt the resolution at Attachment B to this AIS to eliminate the cap on compact development adjustments to transportation system development charges.

The City Manager recommendation on HB2984: Adopt the resolution at Attachment C to this AIS to adopt a policy regarding system development charges for conversion of buildings from commercial to residential use in non-industrial zones.

SUGGESTED MOTIONS

Move to adopt the resolution at Attachment B to this AIS to eliminate the cap on compact development adjustments to transportation system development charges.

AND

Move to adopt the resolution at Attachment C to this AIS to adopt a policy regarding system development charges for conversion of buildings from commercial to residential use in non-industrial zones.

ATTACHMENTS

- A. Transportation SDC Compact Development Adjustment Usage
- B. Resolution Adopting Amendments to the System Development Charge Methodologies (General Methodology and Appendix B) Originally Adopted by Resolution No. 4900 to Eliminate Cap on Compact Development Adjustments
- C. Resolution Adopting a Policy Regarding System Development Charges for Conversion of Buildings from Commercial to Residential Use in Non-Industrial Areas
- D. House Bill 2984

FOR MORE INFORMATION

Staff Contact: Jenifer Willer, City Engineer
Telephone: 541-682-6036
Staff E-Mail: JWiller@eugene-or.gov

Transportation SDC Compact Development Adjustment Usage

Pursuant to adopted SDC Methodology, there are two capped amounts for adjustments to transportation SDCs for compact developments. Any unallocated adjustments may be added to the next fiscal year's transportation SDC compact development adjustment caps. The caps are adjusted for inflation, if any, each year at the same rate that the SDC fees are adjusted.

The baseline capped amounts, adjusted for inflation, for compact development adjustments in FY23 were:

- \$43,914 for ADUs and
- \$142,723 for combined location-based, transit proximity, and transportation demand management developments

Currently, applicants do not need to request an adjustment for applicable projects, staff apply the adjustment until the available cap is reached. If there are more qualifying projects than available cap in a year, the applicant may wait for the next fiscal year cap allowance to obtain the allotted adjustment.

Since adoption of the transportation SDC compact development adjustment, the use of the available adjustments has been as follows:

ADU Compact Development Adjustments			
Year	Available ADU CDA	Eligible ADU Adjustments	Deficit (-) Roll-Over (+) Amount
FY19	\$40,000	\$8,401	\$31,599
FY20	\$72,782	\$43,031	\$29,751
FY21	\$70,935	\$32,327	\$38,608
FY22	\$80,620	\$75,413	\$5,207
FY23	\$49,121	\$52,480*	-\$3,549*

*For FY23, the inflated baseline cap = \$43,914; the eligible and projected deficit are extrapolated based on applications received for the year as of 8/16/2023 and may change based on project modifications.

Non-ADU Compact Development Adjustment Availability (Location-Based, Transit Proximity, and Transportation Demand Management)			
Year	Available Non-ADU CDA	Eligible Adjustments Applied	Deficit (-) or Roll-Over (+) Amount
FY19	\$130,000	\$76,663	\$53,337
FY20	\$187,184	\$78,763	\$108,421
FY21	\$242,268	\$333,500	-\$91,152*
FY22	\$45,385*	\$28,558	\$17,277
FY23	\$160,000	\$160,000**	0**

*Eligible FY21 projects that exceeded available adjustment were rolled over to FY22, thus decreasing the available FY22 available amount.

**For FY23, the inflated baseline cap = \$142,723; the eligible and projected deficit are extrapolated based on applications received for the year as of 8/16/2023 and may change based on project modifications.

RESOLUTION NO. _____

A RESOLUTION ADOPTING AMENDMENTS TO THE SYSTEM DEVELOPMENT CHARGE METHODOLOGIES (GENERAL METHODOLOGY AND APPENDIX B) ORIGINALLY ADOPTED BY RESOLUTION NO. 4900 TO ELIMINATE CAP ON COMPACT DEVELOPMENT ADJUSTMENTS.

The City Council of the City of Eugene finds as follows:

A. The City of Eugene System Development Charge Methodologies document adopted by Resolution No. 4900, effective May 7, 2007, and has subsequently been amended, most recently by Resolution No. 5306 on July 13, 2020.

B. Since amendments made by Resolution No. 5254, effective January 1, 2019, the SDC methodologies have included an adjustment to lower the transportation SDCs for “compact developments,” but have also include monetary caps that could limit the number of compact developments that can receive the adjustment.

C. The City Council has expressed a commitment to encourage the types of housing that qualify for a compact development adjustment to transportation SDCs and finds that removal of the monetary caps is consistent with that commitment.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. Sections 7.3.1 and 7.3.2 of the General Methodology of the City of Eugene System Development Charge Methodologies are amended as follows:

7.3.1 Transportation System SDC Compact Development Adjustments

Compact development adjustments may be granted to reduce the amount owed for a transportation system SDC, as detailed in section 4.4 of the transportation methodology, located in Appendix B to this General Methodology.

7.3.2 Parks and Recreation System SDC Compact Development Adjustments

Compact development adjustments may be granted to reduce the amount owed for a parks and recreation system SDC, as detailed in section 1.3 of the parks and recreation methodology, located in Appendix E to the General Methodology.

Section 2. Section 4.4 of Appendix B of the City of Eugene System Development Charge Methodology is amended as follows:

4.4 Compact Development Adjustments

Eugene, certain types of compact development may receive one or more adjustments to reduce their calculated Transportation SDC. These compact development adjustments fall within one of the following categories, as summarized in Table B-10:

- Location-Based
 - Eugene Downtown Plan boundary
 - West University Commercial District
 - Residential or mixed-use development along a key corridor
 - Nodal development
- Transit Proximity
 - Frequent Transit Network (FTN)
- Transportation demand management (TDM)
- Accessory dwelling units (ADUs)

The location-based and transit proximity compact development adjustments are geographically based adjustments. The areas in which these geographic adjustments may apply are shown on the maps in Appendix B of the *Transportation SDC Project Plan*.

Compact development adjustments:

- Shall be applied to the calculated base transportation SDC fee, prior to the application of any credits or impact reductions;
- Are cumulative (using the categories listed in Table B-10), not to exceed 100% of the transportation SDC;
- May not to be applied to single-family detached or duplex housing; and

Section 3. Section 4.4.4 of Appendix B of the City of Eugene System Development Charge Methodologies is amended as follows:

4.4.4 Accessory Dwelling Unit Compact Development Adjustments

As part of the City's strategies to further efficient housing options and the goals of Envision Eugene, new accessory dwelling units (ADUs) shall be granted a reduction equal to 100% of the calculated transportation SDC. This reduction is available to any structure meeting the definition of "Accessory Dwelling Unit" provided in Appendix A to the City of Eugene's System Development Charge Methodologies, regardless of whether the structure is referred to as an "accessory dwelling unit" or an additional "one-family dwelling" on the same lot as another.

Section 4. The unamended portions of the City of Eugene System Development Charge Methodologies remain in full force and effect.

Section 5. This Resolution shall become effective immediately upon its passage by the City Council.

Section 6. The City Recorder, at the request of or with the consent of the City Attorney, is authorized to administratively correct any reference errors contained in this Resolution.

The foregoing Resolution adopted the ____ day of _____, 2023.

City Recorder

RESOLUTION NO. _____

**A RESOLUTION ADOPTING A POLICY REGARDING SYSTEM
DEVELOPMENT CHARGES FOR CONVERSION OF BUILDINGS FROM
COMMERCIAL TO RESIDENTIAL USE IN NON-INDUSTRIAL ZONES.**

The City Council of the City of Eugene finds that:

A. The Oregon Legislature adopted House Bill (HB) 2984 in the 2023 legislative session to encourage the conversion of commercial buildings for residential use. HB 2984 requires all local governments, with some exceptions, allow the conversion of a building or a portion of a building from a commercial use to a residential use without requiring a zone change or conditional use permit.

B. Among other things, HB 2984 requires cities with a population of 10,000 or greater to assess System Development Charges (SDCs) for such building conversions only pursuant to a “a specific adopted policy for commercial to residential conversions adopted on or before December 31, 2023,” or, if no such policy is adopted by December 31, 2023, to assess only water and wastewater SDCs to such conversions and in that case, to offset those SDCs by at least 100 percent of the water or wastewater SDCs paid when the building was originally constructed.

C. The City does not have “a specific adopted policy for *commercial to residential conversions*.” When a building, or part of a building, is converted from *any* use to *any other* use, the City’s current SDC regulations require payment of SDCs for wastewater, transportation, stormwater, and parks / recreation, but a credit is applied based on the present-day SDCs associated with the most recent verified use of the building (for a partial conversion) or the most intense previous use of the building (for a complete conversion), a more generous credit than the one described in HB 2984. (EC 7.730; Methodology 7.2.4).

D. In addition to the guaranteed credit described in C., above, and the potential for other credits and reductions (i.e. for constructing a qualified public improvement, a nearby capital improvement, or a stormwater system improvement), the conversion of a building from a commercial use to a residential use may also be eligible for the following types of SDC exemptions, reductions, and adjustments that are included in the City’s current SDC regulations:

- 1.** An exemption from payment of local wastewater, transportation, stormwater, and parks/recreation SDCs for housing for low-income persons. (EC 7.725)
- 2.** A reduction applied to SDCs for a private physical improvement constructed as part of the conversion or program instituted in connection with the conversion that reduces the residential use’s demand on the City’s transportation facilities and therefore reduces demand for future construction of a transportation capital project. (Methodology 7.0, 7.1)
- 3.** An adjustment to transportation SDCs for residential development located in the Downtown Plan Boundary, on or near a key transportation corridor, in a nodal development area, or near a Frequent Transit Network. (Methodology 7.0, 7.3, B-4.4)
- 4.** An adjustment to parks / recreation SDCs for multi-family residential units with two or more bedrooms, with a greater adjustment if located near a Frequent Transit Network. (Methodology 7.3, E-1.3.4)

E. The City Council desires to preserve the City’s full local authority to assess SDCs for the conversion of commercial buildings and finds that the current regulations SDC credits, exemptions, reductions, and adjustments offer substantial incentive to enable the City to take more time for a thoughtful examination of, and possible shift in, the way SDCs are assessed for these conversions.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:

Section 1. The City Council of the City of Eugene adopts the following policy:

As required by ORS 197.308(6), the City of Eugene affirms its current SDC regulations as they pertain to the conversion of a building from a commercial use to a residential use which require payment of SDCs for wastewater, transportation, stormwater, and parks / recreation, but also include a credit based on the present-day SDCs associated with the most recent verified use of the building (for a partial conversion) or the most intense previous use of the building (for a complete conversion) and offer numerous opportunities for other exemptions, reductions, and adjustments that may be amended from time to time.

Section 2. This Resolution shall become effective immediately upon its passage by the City Council.

The foregoing Resolution adopted the ____ day of _____, 2023.

City Recorder

82nd OREGON LEGISLATIVE ASSEMBLY--2023 Regular Session

Enrolled

House Bill 2984

Sponsored by Representative MARSH; Representatives ANDERSEN, DEXTER, FAHEY, HELM, MCLAIN, Senators ANDERSON, DEMBROW, GOLDEN, JAMA, PATTERSON (Presession filed.)

CHAPTER

AN ACT

Relating to housing; amending ORS 197.308.

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

SECTION 1. ORS 197.308, as amended by section 4, chapter 47, Oregon Laws 2022, is amended to read:

197.308. (1) As used in this section[,]:

(a) “Affordable housing” means residential property:

[(a)] (A) In which:

[(A)] (i) Each unit on the property is made available to own or rent to families with incomes of 80 percent or less of the area median income [*as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development*]; or

[(B)] (ii) The average of all units on the property is made available to families with incomes of 60 percent or less of the area median income; and

[(b)] (B) Whose affordability [*is enforceable*], including **affordability under a covenant** as described in ORS 456.270 to 456.295, **is enforceable** for a duration of no less than 30 years.

(b) “Area median income” means the median income for the metropolitan statistical area in which housing is located as determined by the Housing and Community Services Department and adjusted for household size based on information from the United States Department of Housing and Urban Development.

(2) A local government shall allow affordable housing[, and may not require a zone change or conditional use permit for affordable housing,] if the proposed affordable housing is on property that is:

(a) Owned by:

(A) A public body, as defined in ORS 174.109; or

(B) A nonprofit corporation that is organized as a religious corporation; or

(b) Zoned:

(A) For commercial uses;

(B) To allow religious assembly; or

(C) As public lands.

(3) A local government shall allow the conversion of a building or a portion of a building from a commercial use to a residential use.

[(3)] (4) [Subsection (2)] **Subsections (2) and (3)** of this section:

[(a) Does not apply to the development of housing not within an urban growth boundary.]

(a) Prohibit the local government from requiring a zone change or conditional use permit before allowing the use.

(b) *[Does]* **Do** not trigger any requirement that a local government consider or update an analysis as required by a statewide planning goal relating to economic development.

[(c) Applies on property zoned to allow for industrial uses only if the property is:]

[(A) Publicly owned;]

[(B) Adjacent to lands zoned for residential uses or schools; and]

[(C) Not specifically designated for heavy industrial uses.]

[(d)] (c) [Does] **Do** not apply on lands where the local government determines that:

(A) The development on the property cannot be adequately served by water, sewer, storm water drainage or streets, or will not be adequately served at the time that development on the lot is complete;

(B) The property contains a slope of 25 percent or greater;

(C) The property is within a 100-year floodplain; or

(D) The development of the property is constrained by land use regulations based on statewide land use planning goals relating to:

(i) Natural disasters and hazards; or

(ii) Natural resources, including air, water, land or natural areas, but not including open spaces or historic resources.

(5) The development of housing under subsection (2) of this section may occur only:

(a) Within an urban growth boundary; and

(b) On lands zoned to allow for industrial uses only if the property is:

(A) Publicly owned;

(B) Adjacent to lands zoned for residential uses or schools; and

(C) Not specifically designated for heavy industrial uses.

(6) The development of housing under subsection (3) of this section:

(a) Applies only within an urban growth boundary of a city with a population of 10,000 or greater;

(b) May not occur on lands zoned to allow industrial uses;

(c) May require the payment of a system development charge as defined in ORS 223.299 only if:

(A) The charge is calculated pursuant to a specific adopted policy for commercial to residential conversions adopted on or before December 31, 2023; or

(B) The charge is for water or wastewater and includes an offset for at least 100 percent of the water or wastewater system development charges paid when the building was originally constructed; and

(d) May not be subject to enforcement of any land use regulation that establishes a minimum number of parking spaces that is greater than the lesser of:

(A) The amount that may be required for the existing commercial use; or

(B) The amount that may be required in lands zoned for residential uses that would allow the converted development.

[(4)] (7) A local government shall approve an application at an authorized density level and authorized height level, as defined in ORS 227.175 (4), for the development of affordable housing, at the greater of:

(a) Any local density bonus for affordable housing; or

(b) Without consideration of any local density bonus for affordable housing:

(A) For property with existing maximum density of 16 or fewer units per acre, 200 percent of the existing density and 12 additional feet;

(B) For property with existing maximum density of 17 or more units per acre and 45 or fewer units per acre, 150 percent of the existing density and 24 additional feet; or

(C) For property with existing maximum density of 46 or more units per acre, 125 percent of the existing density and 36 additional feet.

[(5)(a)] **(8)(a)** Subsection [(4)] **(7)** of this section does not apply to housing allowed under subsection (2) of this section in areas that are not zoned for residential uses.

(b) A local government may reduce the density or height of the density bonus allowed under subsection [(4)] **(7)** of this section as necessary to address a health, safety or habitability issue, including fire safety, or to comply with a protective measure adopted pursuant to a statewide land use planning goal. Notwithstanding ORS 197.350, the local government must adopt findings supported by substantial evidence demonstrating the necessity of this reduction.

SECTION 1a. If House Bill 3442 becomes law, section 1 of this 2023 Act (amending ORS 197.308) is repealed and ORS 197.308, as amended by section 4, chapter 47, Oregon Laws 2022, and section 1, chapter __, Oregon Laws 2023 (Enrolled House Bill 3442), is amended to read:

197.308. (1) As used in this section[,]:

(a) “Affordable housing” means residential property:

[(a)] **(A)** In which:

[(A)] **(i)** Each unit on the property is made available to own or rent to families with incomes of 80 percent or less of the area median income [*as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development*]; or

[(B)] **(ii)** The average of all units on the property is made available to families with incomes of 60 percent or less of the area median income; and

[(b)] **(B)** Whose affordability [*is enforceable*], including **affordability under a covenant** as described in ORS 456.270 to 456.295, **is enforceable** for a duration of no less than 30 years.

(b) “Area median income” means the median income for the metropolitan statistical area in which housing is located as determined by the Housing and Community Services Department and adjusted for household size based on information from the United States Department of Housing and Urban Development.

(2) A local government shall allow affordable housing[, *and may not require a zone change or conditional use permit for affordable housing,*] if the proposed affordable housing is on property that is:

(a) Owned by:

(A) A public body, as defined in ORS 174.109; or

(B) A nonprofit corporation that is organized as a religious corporation; or

(b) Zoned:

(A) For commercial uses;

(B) To allow religious assembly; or

(C) As public lands.

(3) A local government shall allow the conversion of a building or a portion of a building from a commercial use to a residential use.

[(3)] **(4)** [Subsection (2)] **Subsections (2) and (3)** of this section:

[(a) *Does not apply to the development of housing not within an urban growth boundary.*]

(a) Prohibit the local government from requiring a zone change or conditional use permit before allowing the use.

(b) [Does] **Do** not trigger any requirement that a local government consider or update an analysis as required by a statewide planning goal relating to economic development.

[(c) *Applies on property zoned to allow for industrial uses only if the property is:*]

[(A) *Publicly owned;*]

[(B) *Adjacent to lands zoned for residential uses or schools; and*]

[(C) *Not specifically designated for heavy industrial uses.*]

[(d)] **(c)** Except as provided in paragraph [(e)] **(d)** of this subsection, [*does*] **do** not apply on lands where the local government determines that:

(A) The development on the property cannot be adequately served by water, sewer, storm water drainage or streets, or will not be adequately served at the time that development on the lot is complete;

(B) The property contains a slope of 25 percent or greater;

(C) The property is within a 100-year floodplain; or

(D) The development of the property is constrained by land use regulations based on statewide land use planning goals relating to:

(i) Natural disasters and hazards; or

(ii) Natural resources, including air, water, land or natural areas, but not including open spaces or historic resources.

~~[(e)]~~ **(d)** ~~[Does]~~ **Do** apply to property described in paragraph ~~[(d)(C)]~~ **(c)(C)** and (D)(i) of this subsection if more than 60 percent of the lands within the urban growth boundary that the property is within are located within a tsunami inundation zone or if more than 30 percent of the lands within the urban growth boundary that the property is within are located within a 100-year floodplain.

(5) The development of housing under subsection (2) of this section may occur only:

(a) Within an urban growth boundary; and

(b) On lands zoned to allow for industrial uses only if the property is:

(A) Publicly owned;

(B) Adjacent to lands zoned for residential uses or schools; and

(C) Not specifically designated for heavy industrial uses.

(6) The development of housing under subsection (3) of this section:

(a) Applies only within an urban growth boundary of a city with a population of 10,000 or greater;

(b) May not occur on lands zoned to allow industrial uses;

(c) May require the payment of a system development charge as defined in ORS 223.299 only if:

(A) The charge is calculated pursuant to a specific adopted policy for commercial to residential conversions adopted on or before December 31, 2023; or

(B) The charge is for water or wastewater and includes an offset for at least 100 percent of the water or wastewater system development charges paid when the building was originally constructed; and

(d) May not be subject to enforcement of any land use regulation that establishes a minimum number of parking spaces that is greater than the lesser of:

(A) The amount that may be required for the existing commercial use; or

(B) The amount that may be required in lands zoned for residential uses that would allow the converted development.

~~[(4)]~~ **(7)** The development of housing allowed under subsection ~~[(3)(e)]~~ **(4)(d)** of this section may only occur:

(a) Within an urban growth boundary located no more than 10 miles from the Pacific Ocean;

(b) In areas that require compliance with minimum federal regulations under the National Flood Insurance Program or with local floodplain development regulations adopted by the applicable local government, provided that the local regulations are equal to or more stringent than the minimum federal regulations;

(c) In locations that do not include floodways or other areas with higher risks of greater water velocity and debris flow;

(d) In communities with emergency response, evacuation and post-disaster plans that have been updated for the housing development; and

(e) In areas that are not public parks.

~~[(5)]~~ **(8)** A local government may prohibit affordable housing or require a zone change or conditional use permit to develop affordable housing in areas described in subsection ~~[(3)(e)]~~ **(4)(d)** of this section.

[(6)] **(9)** A local government shall approve an application at an authorized density level and authorized height level, as defined in ORS 227.175 (4), for the development of affordable housing, at the greater of:

- (a) Any local density bonus for affordable housing; or
- (b) Without consideration of any local density bonus for affordable housing:
 - (A) For property with existing maximum density of 16 or fewer units per acre, 200 percent of the existing density and 12 additional feet;
 - (B) For property with existing maximum density of 17 or more units per acre and 45 or fewer units per acre, 150 percent of the existing density and 24 additional feet; or
 - (C) For property with existing maximum density of 46 or more units per acre, 125 percent of the existing density and 36 additional feet.

[(7)(a)] **(10)(a)** Subsection [(6)] **(9)** of this section does not apply to housing allowed under subsection (2) of this section in areas that are not zoned for residential uses.

(b) A local government may reduce the density or height of the density bonus allowed under subsection [(6)] **(9)** of this section as necessary to address a health, safety or habitability issue, including fire safety, or to comply with a protective measure adopted pursuant to a statewide land use planning goal. Notwithstanding ORS 197.350, the local government must adopt findings supported by substantial evidence demonstrating the necessity of this reduction.

Passed by House March 28, 2023

Received by Governor:

Repassed by House June 23, 2023

.....M.,....., 2023

Approved:

.....
Timothy G. Sekerak, Chief Clerk of House

.....M.,....., 2023

.....
Dan Rayfield, Speaker of House

.....
Tina Kotek, Governor

Passed by Senate June 21, 2023

Filed in Office of Secretary of State:

.....M.,....., 2023

.....
Rob Wagner, President of Senate

.....
Secretary of State

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: City Climate Action Strategies Update

Meeting Date: September 20, 2023
Department: Public Works
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Ian Penn
Contact Telephone Number: 541-682-5513

ISSUE STATEMENT

This work session, initiated in response to a Council motion on July 10, 2023, is intended to provide Council with an overview of ongoing work by staff on climate action planning and implementation and an opportunity to discuss efforts to align City climate work with existing and forthcoming state and federal programs and resources designed to reduce significant amounts of greenhouse gas emissions. As context for this discussion, staff will highlight ongoing work to track and pursue grants and other incentive opportunities at the state and federal level, ongoing partnership and cooperation conversations within the Eugene community and across the region to leverage potential funding opportunities, and community engagement on building decarbonization. Staff will also highlight some of the key aspects of the two climate-related bills passed during the most recent legislative session expected to help leverage federal funding opportunities and support Climate Action Plan (CAP 2.0) implementation.

BACKGROUND

The City's Climate Recovery Ordinance (Ordinance No: 20567) includes the following goals:

1. The City organization to be carbon neutral by 2020,
2. The City organization to reduce fossil fuel use by 50 percent by 2030 compared to 2010 levels,
3. Community-wide reduction of fossil fuel use by 50 percent by 2030 compared to 2010 levels, and
4. Reduce community-wide greenhouse gas emissions by 7.6 percent annually through 2100.

The City's Internal Climate Action Plan and the CAP 2.0 are roadmaps to reaching CRO goals. The CAP 2.0 was approved by City Council in July 2020 and focuses specifically on actions to help achieve goals three and four of the CRO. The full plan can be found here:

<https://www.eugeneor.gov/4284/Climate-Action-Plan-20>.

The most recent community greenhouse gas (GHG) inventory, covering 2021, showed that community fossil fuel use has decreased by 14 percent since 2010. The 2021 community GHG inventory also showed that 30 percent of Eugene's emissions are from buildings and 54 percent are from passenger and freight transportation. The City continues to implement community-

focused transportation projects, housing, planning and development projects to help meet Eugene's GHG emission reduction goals.

In 2022, consulting firm The Good Company conducted an analysis for the City that was a survey of best practices that could help Eugene decarbonize residential, commercial, and industrial building energy use by 2045. The findings of this analysis were presented to Council over two work sessions, the first in July 2022 that focused on residential building decarbonization and the second, in October 2022, that covered commercial and industrial building stock and energy use.

Key findings from the Good Company report included recommendations to engage in "listening and learning to determine a reasonable path forward" for Eugene residents and businesses on building decarbonization and to "invest in understanding what technology, financial support and timeframes are reasonable." In November 2022, staff presented to Council a proposed framework for engagement covering a range of building electrification and decarbonization-related measures. The ordinance to prohibit fossil fuel infrastructure in new low rise residential buildings becoming an election measure limited staff ability to do outreach and engagement on a full suite of building decarbonization approaches. With repeal of the ordinance in July 2023, staff have begun moving forward with education, outreach and engagement on building decarbonization.

In addition to community-focused outreach on building decarbonization, staff are having ongoing conversations with local and regional partners, state and national organizations and various state agencies leading efforts to bring federal resources to Oregon. These discussions have focused on: better understanding how federal resources are being made available; how to leverage those resources locally; exploring community and regional partnership opportunities to pursue state and federal funding opportunities; and tracking how Eugene residents and businesses can directly take advantage of opportunities and resources available through federal climate investment.

Federal Investments in Climate

Often referred to as the Bipartisan Infrastructure Law, the Infrastructure Investment and Jobs Act (IIJA) was passed by Congress and signed into law by President Biden in November 2021. IIJA is a five-year comprehensive federal investment in transportation, energy, water, broadband and more and is investing significant resources into infrastructure across the country.

In August 2022, the President signed the Inflation Reduction Act of 2022 (IRA) into law. The law makes significant investments in climate action through direct funding and tax-based incentives. Finding opportunities to capitalize on and leverage these federal investments will support implementation of climate adaptation and mitigation measures by providing funding to seed programs intended to reduce GHG emissions from buildings and transportation while supporting a just transition to a clean energy economy. Many of the provisions in the IRA complement the funding and investments in climate change and community resilience under the IIJA.

State of Oregon Climate Bills – 2023 Legislative Session

On July 27, 2023, Governor Kotek signed the "Climate Resilience Package" (HB 3409 and HB 3630) into law. This Package is a compilation of more than a dozen bills with a focus on community resiliency, climate adaptation, incentivizing electrification of transportation and reducing GHG

emissions in the building sector. Many of the investments in this package are designed to help Oregon leverage federal funds available under the IIJA and IRA.

This work session will review how the City's ongoing climate action planning and work is focusing on aligning with federal and state programs and incentives and provide an overview of the recently passed "Climate Resilience Package." Staff will also discuss outreach and engagement on building decarbonization and highlight how building decarbonization outreach and engagement and ongoing discussions about opportunities to leverage state and federal resources have used existing data and information to focus on key areas of GHG emissions reduction potential.

RELATED CITY POLICIES

[CAP 2.0](#). The CAP 2.0 was created through a data-driven process, capturing the actions designed to meet our climate change goals. The Plan captures the actions the Eugene community is prepared to implement to address climate risks, as well as community ideas for what other actions could help create an equitable and livable community for everyone.

[Envision Eugene](#). The Envision Eugene Comprehensive Plan is the City's long range land use plan that serves as the guiding policy document for land use planning in Eugene's urban growth boundary and addresses the future of Eugene through goals and policies regarding land use.

[Eugene 2035 Transportation System Plan \(TSP\)](#). The TSP establishes a system of transportation facilities and services that will serve the needs of Eugene residents, businesses, and visitors over the next 20 years.

[Housing Implementation Pipeline \(HIP\)](#). The HIP is the 5-year internal work plan to coordinate current and future resources, goals, and priorities with a systems-thinking approach to housing across the full spectrum from people experiencing homelessness to overall housing supply.

PREVIOUS COUNCIL DIRECTION

[December 9, 2020 Work Session](#)

City Council directed staff to put together a CAP2.0 Implementation Plan.

[September 22, 2021 Work Session](#)

Staff provided an overview of the CAP2.0 Additional Strategies.

[November 17, 2021 Work Session](#)

This work session focused on furthering work towards CAP 2.0 goals to reduce community fossil fuel use and GHG emissions. Council passed a motion to direct the City Manager to provide Council with a roadmap for how the City can achieve decarbonization of the existing commercial, industrial, and residential building stock by 2045 with particular consideration for how low-income and historically marginalized households would be impacted. VOTE PASSED 6:2

July 20, 2022 Work Session

City Council held a work session that included presentations from The Good Company on preliminary findings of the Draft Report “City of Eugene Community Decarbonization by 2045 for Existing Residential, Commercial, and Industrial Buildings Energy Use – Part 1 Residential.”

July 25, 2022 and July 27, 2022 Work Sessions

Starting on July 25, 2022 and continuing into the July 27, 2022 work session, the Council discussed details of prohibiting natural gas and other fossil fuel infrastructure. This discussion was held over two full work sessions and included the following motions related to building electrification and decarbonization:

1. Direct the City Manager to return to Council in the Fall with a proposal for engaging the community in developing a plan for the transition of buildings to be decarbonized that has at its foundation social, environmental, and economic equity with emphasis on engagement of historically marginalized communities and their representatives. VOTE PASSED 6:2
2. Prior to the drafting of an electrification ordinance, the City Manager engage the business community with an outreach process to discuss and solicit their input. VOTE PASSED 7:0

October 26, 2022 Work Session

On October 26, 2022, City Council held a work session to discuss the findings of the report “City of Eugene Community Decarbonization by 2045 for Existing Residential, Commercial, and Industrial Buildings Energy Use” completed by The Good Company. The work session focused specifically on decarbonization of commercial and industrial buildings.

November 28, 2022 Work Session

On November 28, 2022, City Council held a work session to discuss a proposed plan for developing and implementing a community engagement strategy to gather information and feedback from the community on existing building decarbonization and new building electrification. The work session focused on strategies and audiences for engagement, the importance of education as part of outreach and engagement and identifying potential pathways to incentivize building decarbonization activities.

July 10, 2023 Work Session

On July 10, 2023, City Council held a work session to discuss Referendum Petition 2023-1 and the fossil fuel infrastructure ordinance that was passed on February 6, 2023. After Council repealed the fossil fuel infrastructure ordinance, Council voted to schedule a work session to discuss how to proceed on near-term climate actions that align with new and existing federal and state programs, funding, and incentives. VOTE PASSED 7:1

COUNCIL OPTIONS

Informational only.

CITY MANAGER’S RECOMMENDATION

Informational only.

SUGGESTED MOTION

None.

ATTACHMENTS

- A. Oregon Department of Energy: 2023 Legislative Session Report
- B. White House Fact Sheet Highlighting Potential Benefits of the Inflation Reduction Act for Oregon

FOR MORE INFORMATION

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2023 Legislative Session Report



OREGON DEPARTMENT OF ENERGY

ODOE LEGISLATIVE REPORT – 2023



Thanks to ODOE Staff for their Contributions to this Report:

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ODOE Executive Team: Janine Benner, Linda Bures, Todd Cornett, Jenny Kalez, Ruchi Sadhir, Michael Williams, Maxwell Woods, Alan Zelenka

Thanks to the leadership of our legislative team for the 2023 session: James Cogle, Stacey Heuberger, Mary Knight, Tom Jackman, Matt Hendrickson, Tom Jackman, Mary Knight, Michelle Miller Harrington, Ruchi Sadhir, Wendy Simons, Monty Schindler, and Christy Splitt

For questions about this report or if you see that there's a bill we ought to have included or something else of concern, please email our Government Relations Coordinator, Christy Splitt at christy.splitt@energy.oregon.gov.

Contact us: <https://www.oregon.gov/energy/About-Us/Pages/Contact-Us.aspx>

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INTRODUCTION

Oregon’s 2023 legislative session adjourned on June 25. There were 2970 bills, memorials, and resolutions introduced during the session. Of those, the legislature passed 653. At the time of initial publication of this document, the Governor is still in the process of signing bills. This report will be updated accordingly.



ODOE at the Capitol

The Oregon Department of Energy helps Oregonians make informed decisions and maintain a resilient and affordable energy system. We advance solutions to shape an equitable clean energy transition, protect the environment and public health, and responsibly balance energy needs and impacts for current and future generations.

On behalf of Oregonians across the state, the Oregon Department of Energy achieves its mission by providing:

- A Central Repository of Energy Data, Information, and Analysis
- A Venue for Problem-Solving Oregon's Energy Challenges
- Energy Education and Technical Assistance
- Regulation and Oversight
- Energy Programs and Activities

With all these roles in mind, we track each legislative session carefully. This session, the [Oregon Department of Energy shared](#) energy data, information, and analysis and provided energy education about federal funding opportunities for energy and climate change, energy facility siting, energy planning, and more. We also tracked bills that make changes to regulatory roles and add new programs and activities at the agency, and we provided technical advice to legislators and staff along the way.

As the legislative session closed on June 25, the legislature had passed several bills giving the Oregon Department of Energy new work to do toward achieving our mission. Most of this work is in a three-bill “Climate Package,” which is fully summarized starting on page 7. For example, one of those bills, HB 3630, includes several new tasks: a community navigator program to help environmental justice communities connect to technical resources and funding opportunities for energy projects, a grant program to support county energy resilience planning, direction to work with interested parties and sister agencies to craft a state energy strategy, and a kick-start to agency work establishing two federal home energy efficiency programs. The agency was also directed to establish a Building Performance Standard to reduce emissions from existing large buildings, update the work of the Oregon Global Warming Commission, and much more. In addition, the Oregon Solar + Storage Program and the Rental Home Heat Pump Program were extended, and the Community Renewable Energy Grant Program budget was increased by 80 percent for the next two years.

About the 2023 Legislative Session Report

This document is designed with several purposes in mind:

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- For energy stakeholders to use as a quick reference of energy bills during the 2023 session
- For the general public to use as a place for quick, easy-to-read summaries of bills that relate to energy and other issues that relate to the mission or work of the Oregon Department of Energy
- To serve as a record of the bills ODOE tracked most closely during the Legislative session

Following this introduction, there are three sections:

- *Bills Passed* that relate to energy or the work of the Oregon Department of Energy
- *Budget Bills* that relate to energy or the work of the Oregon Department of Energy
- *Bills Considered* that relate to energy in Oregon, but did not pass

For each bill listed, there is a summary, the effective date, and related Oregon Revised Statute chapter. For more information, click the hyperlinks on the right above each bill summary to go to the Oregon Legislative Information System overview page for each bill. From there, you can find the text of each measure, testimony, and votes on the bills as they moved (or did not move) through the process.

One of ODOE's roles is to provide analysis of energy issues to inform state energy planning, regulation, program administration, and policy development. In that vein, we have also provided a narrative summary of the energy landscape as the 2023 legislative session came to a close.

This is an online report, which means that ODOE can update it – if you see that there's a bill we ought to have included or something else of concern, please email christy.splitt@energy.oregon.gov.

A Brief Overview of Energy Issues in the 2023 Legislative Session

The 2023 Legislative Session was in some ways a return to normalcy after the COVID-19 pandemic. Once again, committee meetings were in-person, and the building was bustling with lobbyists, staff, and members of the public after relative quiet for the last three sessions. But that bustle was happening in a smaller space and with even more noise than usual; a major, multi-year seismic retrofit of the Capitol left half of it closed and all of it a construction zone.

Like the 2022 session, there was a remarkable amount of change. There were 22 new legislators experiencing their first session, joining 11 who were new a year ago – so it was the first long legislative session for over one-third of the legislators. Last year, there was new leadership atop the House. This year, there was new leadership in the Senate, with a new Senate President, Rob Wagner, and a new Senate Majority Leader, Kate Lieber. Oregon also had a new Governor, Tina Kotek.

Despite new legislators and new leadership, partisan tensions remained high. Tactics to slow the legislative process as a form of protest continued. The minority party also objected to bill summaries that failed to meet a state statute requiring them to pass the Flesch Readability Test. When two especially controversial bills passed the House, rancor reached its apex. To avoid a final vote on both bills, 10 members of the State Senate denied quorum for nearly six weeks – the longest legislative walkout in American history.

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The walkout framed what happened as the clock started to run out on session. While business continued as usual in many ways, with committees working bills and budgets, tactics to allow for a speedier end to session should the 10 senators come back emerged. Many bills were packaged together in the budget process, creating omnibus bills on topics such as education and workforce, housing, and rural economic development. In the end a deal was reached, the Senate reconvened, and those packages – including one addressing climate change and energy – may have helped session end ahead of the constitutional deadline for adjournment.

The 2023 session followed energy-packed [2021](#) and [2022](#) sessions. Conventional wisdom at the Capitol says that if there was recent major legislation on an issue, it is quieter on that topic the next time around. But with the urgency of climate change clear, every session seems to be an energy session now. Legislators on both sides of the aisle are interested in the clean energy transition and dealing with the effects of climate change, such as wildfire and drought. The Climate Package developed in the last week of session combined 20 bills into two, HB 3409 and HB 3630, with some funding in the budget reconciliation bill.

One area of significant interest in the 2023 session can be viewed as a climate trifecta: energy efficiency. Weatherization can help keep smoky air out, while heat pumps can offer more efficient winter heating with life-saving summer cooling – mitigation, adaptation, and lower energy bills. Several concepts passed that will improve both home and commercial building efficiency (HB 3409 and HB 3630). These concepts were the result of the Resilient Efficient Buildings Task Force and designed to leverage major investments in energy efficiency in the federal Inflation Reduction Act, passed in August 2022. You can read more about them in the Climate Package summary starting on page 7.

There was also momentum around planning for climate change and a clean energy future. Legislation passed to create a state energy strategy that will evaluate trade-offs and consider pathways to meet Oregon's energy and climate objectives (HB 3630), consider ways to measure and encourage climate solutions on natural and working lands (HB 3409), and bolster the Oregon Global Warming Commission's scope of work — complete with a name change to the Oregon Climate Action Commission (HB 3409). The Climate Package also included provisions to help communities build their own energy projects and become more resilient in the face of natural disasters and power outages.

The question of how the state can balance its legacy of protecting farm and forestland with the demand for new clean energy development was also at the forefront in 2023. Multiple placeholder bills (bills with the intent to add policy later) were introduced at the start of session awaiting amendments as conversations unfolded. Some of these placeholders were meant to capture the results of stakeholder conversations that had started in late summer 2022. Those conversations became negotiations and continued right up to deadline week – when bills have to move out of committee in their first chamber. In the end, a rulemaking at the Department of Land Conservation and Development will take on low-conflict solar development (HB 3409), counties will take on review and regulation for more solar projects (HB 3179), and facility and transmission siting will certainly be central to a state energy strategy (HB 3630).

Other topics were subject of multiple bills that did not pass but may resurface in future legislative sessions. The state will have to decide how to adapt to lower gas tax revenues, the state's primary source of funding for transportation maintenance and construction, as the transportation sector transitions away from gasoline. Legislative attempts to address this issue fell short this year. Conversations about disposal and recycling of clean energy technology, like wind turbines, solar panels,

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and lithium batteries have come up for several sessions now. We have included a section on bills that didn't pass starting on page 26 to provide a sense of what policy issues or concepts may be considered in the future.

The 2023 Legislative Session was not without surprises. The biggest surprise was likely the May Revenue Forecast, which sets the amount of money legislators have for the two-year state budget. Throughout session, budget cuts were expected. But instead, the May forecast found that the state had more resources than anticipated. While most of that overage will come back to taxpayers with a kicker next year, some of it was able to go into the 2023-2025 budget. This led to an unexpected \$90 million investment in climate programs over the next two years – the Climate Package – which funded most of the bills mentioned above. The Climate Package also included additional investments in existing programs like the Oregon Solar + Storage Rebate Program (\$10 million, SB 5506) and the Community Renewable Energy Grant Program (\$20 million, SB 5506).

Bill Information: Effective Dates, Operational Dates, Publication

Normal Effective Dates

ORS 171.022 provides that unless otherwise stated, all bills take effect on January 1 of the year after the bill is signed into law. This means that unless a bill specifically names a different effective date or has an emergency clause, the bill will take effect on January 1 of the next year.

Emergency Clause

The Oregon Constitution prohibits a bill from taking effect “until ninety days from the end of the session” unless an emergency is declared. An emergency clause will appear in the bill if it is to take effect before the 91st day after adjournment sine die. Bills with emergency clauses are not subject to a referendum of the voters; all other bills are subject to possible referral under the Oregon Constitution. Because of this provision, the Constitution gives the Governor the power to veto an emergency clause without affecting the rest of the bill. The Constitution also prohibits the use of an emergency clause in bills that regulate taxation or exemption. An emergency clause must apply to an entire bill.

Operative Date

If a bill requires administrative preparation before the bill is fully operative, an operative date is used to delay operation of all or part of the bill. If an operative date is used, the entire bill takes effect on its effective date. However, a specified part of an Act does not become operational until a later specified date. It is important to distinguish between items that are authorized on and after the effective date, and items that are not authorized until the operative date.

Example of an emergency clause for a bill that will take effect on its passage:

SECTION 30. This 2023 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect on its passage.

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LEGISLATION PASSED

The Climate Package

With the session in doubt due to lack of quorum in the Senate, a decision was made to combine bills related to climate change into one package to reduce the number of bills that would need to pass should the session have to end in short order. The resulting two bills, HB 3409 and HB 3630, along with some expenditures in SB 5506, the end of session bill, resulted in a \$90 million investment in addressing climate change. These investments, along with underlying programs and policies, became known as the “Climate Package.”

This report includes references to the “Climate Package” omnibus bills and to the underlying bills that make up the Climate Package. This is because it will be necessary to look back at the underlying bills to view more in-depth public hearings and work sessions, testimony, committee deliberations, and other pieces of legislative history.

HB 3630/SB 852: Community Navigator[HB 3630/SB 852](#)

ORS Chapter: To Be Assigned
Effective Date: July 31, 2023

Since 2021, the state legislature created new energy incentive programs and Congress passed both the Infrastructure Investment and Jobs Act and the Inflation Reduction Act — investments that will bring state and federal dollars for energy projects to Oregon communities. In many cases these communities, especially rural and Tribal communities, do not have the resources, time, or capacity to learn about and apply for these funds. Language in those new federal and state laws makes clear that energy dollars should flow to the communities that need them most.

SB 852 was absorbed into HB 3630, Section 1. The bill establishes a program to provide information about potential funding resources and other technical assistance to Tribal governments, local governments, rural communities, and other environmental justice communities as they work to develop energy projects or build energy-related capacity. To serve this need, ODOE has already hired for a full-time position to help communities navigate funding opportunities for projects and capacity-building.

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HB 3630/HB 2534: State Energy Strategy[HB 3630/HB 2534](#)**ORS Chapter: To Be Assigned****Effective Date: September 24, 2023**

HB 2534 was amended into HB 3630, Sections 2-4, without any changes. The bill directs ODOE to develop a comprehensive state energy strategy for Oregon that identifies options and implementation gaps to achieve the state's policy objectives. The state energy strategy must be informed by stakeholder perspectives, existing climate and energy laws, resource plans, studies, and policy goals. The bill lists several factors that ODOE must consider when identifying optimized pathways, such as energy demands, resource choices, environmental justice, resilience, and land use considerations. ODOE is required to engage with other state agencies, Tribes, and stakeholders representing a diverse range of perspectives, backgrounds, and interests, and the department may convene an advisory work group to inform its work. The strategy must reflect the best available information and forecasts, and other state agencies are directed to share information with ODOE as needed.

HB 3630 requires ODOE to produce a report describing the state energy strategy and submit it to the legislature by Nov. 1, 2025. ODOE is required to periodically update the state energy strategy to reflect new information and policy objectives. The bill authorizes ODOE to contract with third parties for technical assistance and facilitation services.

While this is not mentioned in the legislation, the State of Oregon has included developing a state energy strategy as part of its application for a Climate Pollution Reduction Grant from US EPA as part of the Inflation Reduction Act.

HB 3630/HB 3378: County Resilience Planning Grants[HB 3630/HB 3378](#)**ORS Chapter: To Be Assigned****Effective Date: September 24, 2023**

HB 3630, Sections 5-7 and 10, provide support to Oregon counties to develop and adopt energy resilience plans to be incorporated into county natural hazard mitigation plans. This concept was initially included in HB 3378. The bill specifically directs ODOE to establish a program to award \$50,000 in technical assistance grants to support development of county energy resilience plans.

To qualify for grants, energy resilience plans must:

- Be based on a plan for short, medium and long term power outages.
- Identify and map energy infrastructure, natural hazard risks and – in consultation with representatives from local environmental justice communities – areas that experience social vulnerability.
- Identify potential locations for community resilience centers, prioritizing areas that experience social vulnerability.

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- Inventory the energy consumption needs of critical public services facilities.
- Identify critical public services that could enhance community resilience if served with a backup power system.
- Identify opportunities to align energy infrastructure development with critical public services.
- Identify schedules, priorities, and potential funding sources for developing energy resilience.
- Identify other actions and resources needed to implement the energy resilience plan.

The program sunsets on January 2, 2026 and ODOE is required to report on program results by September 15, 2025.

HB 3630/HB 3166: Home Energy Programs and a One-Stop Shop

[HB 3630/HB 3166](#)

ORS Chapter: To Be Assigned

Effective Date: July 31, 2023

Sections 8-9 of HB 3630, also found in HB 3166, are intended to prepare Oregon to receive funding under two rebate programs for energy efficiency retrofits in existing homes that were part of the Inflation Reduction Act. The first program is the High Efficiency Electric Home Rebate program (HEEHR). This is a point-of-sale rebate program that allocates \$56,714,440 to Oregon for qualifying electrification projects in low- (defined as up to 80 percent Area Median Income) and moderate-income (80 - 150 percent AMI) households. Qualifying projects include heat pumps, heat pump water heaters, electric stoves, heat pump clothes dryers, associated electrical upgrades, and weatherization. The second program is the Home Energy Performance-Based, Whole-House Rebates program (HOMES). Oregon will receive \$57,046,250 for this program, which will support performance-based rebates for residential energy efficiency retrofits that save a minimum of 20 percent of household energy use.

The bill directs ODOE, in consultation with Oregon Housing and Community Services Development (OHCS), to establish these two programs after consultation with stakeholders and while ensuring that the measure maximizes benefits by leveraging federal and state resources.

The new federally funded programs, combined with Oregon's new heat pump program and a variety of existing incentives and rebates, has created a need for a more streamlined approach to connecting Oregonians with available funds for energy-related projects. This bill aims to address this by tasking ODOE with creating a single resource that Oregonians can use to navigate the variety of incentives and rebates available to them. This "one-stop shop" is directed to provide information, technical assistance, and assistance in identifying contractors and financing options related to energy efficiency incentives and programs.

ODOE is responsible for coordinating the exchange of data and information necessary to administer the resource. This includes coordination with federal agencies, utilities, and energy efficiency program providers. All entities involved in exchanging, coordinating, and maintaining these data are subject to best practices and regulations per federal and state laws, including the Oregon Consumer Information

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Protection Act and ORS 192.355. ODOE may contract with a nonprofit or other entity to conduct this work.

HB 3409/SB 868: Energy Efficiency – Heat Pumps, Education, and Training

[HB 3409/SB 868](#)

ORS Chapter: To Be Assigned

Effective Date: September 24, 2023

HB 3409 includes the full text from SB 868. Sections 1-5 set guidelines to align existing and new programs related to the resilience, energy efficiency, and GHG emissions of homes and commercial buildings with overall state climate goals. The provisions also aim to maximize Oregon’s allocation from federal funding and guide the use of state and federal funds.

The bill sets a heat pump deployment target of 500,000 new heat pumps by 2030, with a priority on installations in low-income and environmental justice communities throughout the state. It requires that ODOE report to the legislature on the progress toward this goal every two years beginning September 15, 2025. The bill appropriated \$525,467 to ODOE to carry out the provisions of this section of the bill.

Sections 4 and 5 establish the Energy Efficient Technologies Information and Training program and fund to prioritize workforce and contractor training, education and awareness of programs, rebates, and the need for heat pumps and other energy efficiency upgrades. There is \$2,000,000 appropriated to start this fund.

For more information on energy efficient building technologies, please refer to the 2022 Biennial Energy Report’s [Energy Resource & Technology Review: Energy Efficient Building Technologies](#).

HB 3409/SB 869: Energy Efficiency in New Buildings

[HB 3409/SB 869](#)

ORS Chapter: 442

Effective Date: January 1, 2024 and September 24, 2023

Sections 6 and 7 of HB 3409 give general directives to the Department of Consumer and Business Services (DCBS) to use existing authority to facilitate greenhouse gas (GHG) emissions reductions in buildings consistent with state GHG reduction goals, and to prioritize, consider, and integrate these goals in agency operations.

- The measure directs DCBS to set goals for improved energy efficiency in new residential and commercial buildings by consulting with its boards, committees, and ODOE. These goals should achieve a 60 percent reduction in annual energy consumption by 2030 compared to 2006-era codes. Beginning December 31, 2023, and every three years after, DCBS is to report to a legislative committee their progress and options toward achieving the specified goals.

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DCBS is also directed to update the reach code described in ORS 455.500 each time the statewide and specialty codes are updated, and to investigate the potential benefits and feasibility of updating ventilation standards and specifying standards for air cleaners in building mechanical systems.

In Section 7, DCBS is directed to provide a report to the Legislature by December 31, 2024 that includes DCBS's findings, recommendations, and options for reducing GHG emissions from materials used in building construction, after consultation with DEQ.

Section 6 becomes operative on January 1, 2024, although DCBS may act before this operative date. Section 7 becomes operative on the 91st day after sine die.

Sections 6 and 7 of HB 3409 were originally found in SB 869.

HB 3409/SB 870: Building Performance Standard

[HB 3409/SB 870](#)

ORS Chapter: 442

Effective Date: July 27, 2023

Sections 8-17 of HB 3409 create a Building Performance Standard (BPS) program to regulate the energy consumption of many existing commercial buildings in Oregon. These sections were taken from SB 870. Under this new program, buildings would be grouped into two tiers.

Tier 1 includes hotel, motel, and nonresidential buildings equal to or larger than 35,000 square feet (excluding parking garages). Tier 1 building owners are required to comply with a building performance standard by the following dates:

- 200,000+ square feet: June 1, 2028
- 90,000 ≤ square feet < 200,000: June 1, 2029
- 35,000 ≤ square feet < 90,000: June 1, 2030

Tier 2 includes hotel, motel, and nonresidential buildings larger than 20,000 square feet and less than 35,000 square feet, in addition to multifamily residential, schools, dormitories, universities, and hospitals that are equal to or greater than 35,000 square feet (excluding parking garages). By July 1, 2028, Tier 2 covered commercial building owners must submit energy benchmarking reports to ODOE.

Building Performance Standards generally require energy tracking, management, energy auditing, and identification and implementation of energy measures to achieve target energy performance levels for a building. ODOE will be tasked with rulemaking to establish a program and to set appropriate building energy targets for Tier 1 buildings. ODOE will also establish a program for energy benchmarking (energy use reporting) for Tier 2 buildings, as well as convene an advisory group to help the agency create a recommended building performance standard for Tier 2 buildings. It is expected that Tier 1 and Tier 2 buildings will include tens of thousands of buildings across the state. This will require creating a comprehensive database to support building reporting and program administration, as well as

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multimodal outreach, training, and education to stakeholders and building owners on project requirements.

BPS program administration will also include a regulatory and compliance component and this bill would provide ODOE with the authority to impose civil penalties on building owners for non-compliance.

This bill also directs ODOE to establish and administer a \$2 million incentive program for early and voluntary adopters of Tier 1 and Tier 2 building requirements.

For more information on building performance standards, please refer to the Oregon 2022 Biennial Energy Report policy brief entitled [Energy Efficiency Policy Opportunities in Existing Buildings](#).

HB 3409/SB 871: State Building Efficiency

[HB 3409/SB 871](#)

ORS Chapter: 442

Effective Date: September 24, 2023

Sections 18-21 of HB 3409, which includes some contents of SB 871, direct Oregon's Department of Administrative Services to take several actions related to efficiency in state-owned buildings.

The bill directs DAS, in cooperation with ODOE, to develop a methodology and work plan for state agencies to implement a comprehensive assessment of energy use and greenhouse gas emissions in state buildings. These assessments must do the following:

- Examine and quantify GHG emissions using existing data where feasible.
- Identify equipment and usage contributing to emissions from each building.
- Determine and quantify useful life of equipment.

DAS may use a contractor to conduct these assessments. Agencies must cooperate with DAS or the contractor for the assessments. DAS, with support from ODOE, shall create a searchable and modifiable database that maintains the information from the assessment.

DAS, in collaboration with DEQ and ODOE, will oversee all capital projects involving major building renovations or new construction, more than \$1 million, and implement guidelines for sustainable design that apply to these projects. The bill also directs DAS and ODOE to participate on behalf of the state in the National Building Performance Standards Coalition.

The bill also updates ORS 469.754, which sets rules for states to engage in energy projects. The key change is that 100 percent of net savings from energy efficiency projects are now deposited in a revolving fund, instead of 50 percent.

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HB 3409/HB 3016: Community Green Infrastructure[HB 3409/HB 3016](#)

ORS Chapter: 442

Effective Date: July 27, 2023

HB 3409, Sections 22-27 (originally HB 3016), make a series of findings about the benefits of green infrastructure to communities and creates the Community Green Infrastructure Grant Program to be administered by the Department of Land Conservation and Development. Eligible entities to receive grants include public bodies, local workforce development boards, manufactured dwelling park nonprofit cooperatives, Tribes, watershed councils, and nonprofit or faith-based organizations. Eligible applicants may partner with state agencies or private businesses owning business sites or rental property in Oregon and must consult with local government bodies and electric and water utilities where the project will be located. Projects must be located in Oregon and must benefit an environmental justice community. The bill provides a list of factors for prioritizing applications, including projects that involve low-maintenance and drought-resistant tree plantings and native or pollinator-friendly species and projects that include partnerships with “green communities nurseries” as defined by the bill.

HB 3409/HB 3590: Woody Biomass for Low-Carbon Fuels[HB 3409/HB 3590](#)

ORS Chapter: 442

Effective Date: September 24, 2023

HB 3409 Section 30 directs the College of Forestry at Oregon State University to develop methods and data to establish clean fuels pathways for low carbon fuels derived from woody biomass, with a particular focus on wood slash piles that would otherwise be burned. The College must coordinate with the Oregon Department of Environmental Quality (ODEQ) to ensure its methods and data are consistent with those used to determine lifecycle greenhouse gas emissions and carbon intensities under Oregon’s clean fuels program. The college must also collaborate with the Oregon Department of Forestry (ODF). The College must submit a report to the legislature by July 31, 2025. HB 3409 Section 105 appropriated \$3 million from the General Fund to the College to carry out the directives in section 30.

HB 3409 Section 31 revised ORS 530.050 to authorize the State Forester to establish a woody biomass conversion program to market woody biomass conversion offtakes; offtakes refer to the energy available after biomass has been converted feedstock to energy. To establish such a program, the bill allows the State Forester to enter into contracts or agreements to create opportunities for woody biomass conversion offtakes, and to sell or purchase offtakes for at least fair market value.

HB 3409 Sections 30-31 were originally found in HB 3590.

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HB 3409/HB 2714: Medium- and Heavy-Duty Zero-Emission Vehicle Rebates[HB 3409/HB 2714](#)

ORS Chapter: 442

Effective Date: January 1, 2024

HB 3409, in Sections 32-34 (previously HB 2714), directs DEQ to establish a rebate program for purchasers of qualifying medium- or heavy-duty ZEVs. It also establishes a Zero-Emission Medium and Heavy-Duty Vehicle Incentive Fund.

The bill defines a “qualifying vehicle” but allows DEQ to specify design features for the program, establish procedures to prioritize available moneys for specific qualifying vehicles, and limit the number of rebates available for each type of qualifying vehicle. It allows DEQ to hire or contract with a third-party nonprofit organization to implement and serve as the administrator of the program.

The bill requires DEQ to prescribe the rebate application procedure and the Environmental Quality Commission to set rebate amounts annually. The Commission may establish separate rebate amounts for different classes of vehicles and an additional rebate for fleet owners that purchase qualifying vehicles that will be registered, or frequently operated, in areas disproportionately burdened by air pollution. More than 50 percent of the vehicle operation must occur in Oregon and in each of the three years following receipt of a rebate, the recipient shall maintain records of the miles driven or hours of use for the qualifying vehicle and whether the miles used occurred in Oregon and report this annually to DEQ.

Other features of the program align with existing light duty programs, such as: the applicant must apply for a rebate within six months after the date of purchase and either retain registration of the qualifying vehicle for a minimum of 36 consecutive months or reimburse the administrator for the rebate in a prorated amount.

Administrative costs of the program are limited to 15 percent, and 40 percent of funds must be spent in communities disproportionately burdened by diesel pollution, and the bill appropriates \$3,000,000 for the biennium beginning July 1, 2023.

HB 3409/HB 3181: Low-Conflict Solar Siting[HB 3409/HB 3181](#)

ORS Chapter: 442

Effective Date: September 24, 2023

Sections 35-37 of HB 3409, which were inspired by HB 3181 and a several-month conversation around energy facility siting, require the Department of Land Conservation and Development (DLCD) to conduct a rulemaking on solar energy facilities. Section 35 directs DLCD to create rules that allow local governments to permit solar facilities and prioritize solar facility siting that does not conflict with natural resource lands and areas of valuable habitat. It also directs DLCD to consider solar facilities as a “rural industrial use” for purposes of a goal exception under Chapter 660 of Oregon’s administrative rules.

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Sections 36 directs DLCD to create a Rules Advisory Committee (RAC) to make recommendations for these solar siting rules from Section 35. The RAC will include members from tribes, state agencies, local governments, solar development interests, energy and conservation advocates, environmental justice advocates, and various other industry groups. This group is also to make recommendations as to additional data that could be included in the [Oregon Renewable Energy Siting Assessment](#) tool. DLCD is required to adopt rules by July 1, 2025 and submit a final report to the Legislature no later than December 31, 2025.

HB 3409/SB 522: Oregon Global Warming Commission Modernization

[HB 3409/SB 522](#)

ORS Chapter: 442

Effective Date: January 1, 2024

Sections 39-52 of HB 3409 rename the Oregon Global Warming Commission (OGWC) as the Oregon Climate Action Commission (OCAC). These sections, which were initially found in SB 522, also mark an update to the Commission's governing statute for the first time since 2007. These changes were inspired by the Commission's recent [Oregon Climate Action Roadmap to 2030](#).

The bill amends ORS 468A.215 to increase the size of the OGWC/OCAC from 25 members to 35 members. It adds three new voting members, one of whom must have significant experience in environmental justice; one of whom must be appointed as a youth representative who must be 16 to 24 years old when appointed and will have a two-year term; and one of whom must have significant experience in the fishing industry (replacing one formerly at-large seat). The bill also adds eight new non-voting members, including the directors of the Oregon Departments of Land Conservation and Development, Business Development, Administrative Services, Consumer and Business Services, Fish and Wildlife, and Housing and Community Services, as well as the Oregon Health Authority and the Oregon Watershed Enhancement Board.

Sections 39-52 of HB 3409 direct state agencies to provide regular reports to the OCAC on their efforts and progress in reducing greenhouse gas (GHG) emissions and preparing for the effects of climate change. The bill also adds a directive in ORS 468A.250 for the OCAC to prepare detailed forecasts of expected GHG emissions reductions. The bill changes the date by which the OCAC must submit a report to the legislature from March 31 of odd-numbered years to December 1 of even-numbered years. Finally, it requires DEQ, in consultation with the OCAC, to evaluate opportunities to address [consumption-based emissions](#) (i.e., GHG emissions due to the state's consumption of goods and services).

While the bill was ultimately amended to remove updated GHG emission reduction goals that reflected the Commission's Roadmap to 2030 recommendations, the Commission is now specifically directed to periodically make recommendations to the Legislature on updating the goals in the future based on best available science.

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HB 3409/SB 530: Climate Solutions on Natural and Working Lands[HB 3409/SB 530](#)

ORS Chapter: 442

Effective Date: September 24, 2023

HB 3409 Sections 53-67, originally found in SB 530, were inspired by the Oregon Global Warming Commission's [Natural and Working Lands Proposal](#). The bill declares a state policy to implement strategies to advance natural climate solutions and improve understanding of natural climate solutions. The bill also declares a state policy to direct state agencies to incentivize and implement natural climate solutions by taking a variety of actions and achieving a variety of policy objectives.

HB 3409 establishes the \$10 million Natural and Working Lands Fund, appropriated to the Oregon Watershed Enhancement Board (OWEB), for allocation to certain state agencies to provide incentives and conduct research related to natural climate solutions. The bill directs the newly renamed Oregon Climate Action Commission (OCAC) to annually determine allocation amounts and provide factors that must be evaluated when determining allocation amounts. OWEB is directed to transfer money at OCAC's instruction. ODOE is directed to provide staff support to the OCAC in carrying out its responsibilities under these provisions.

The bill directs every agency receiving an allocation from the Natural and Working Lands Fund to provide an accounting of funding uses to the OCAC, and the OCAC must provide an annual report to the legislature summarizing the uses of the Fund and identifying additional funding needs. This report is due by September 15th of each year, starting in 2024. The OCAC must submit a separate report to the legislature by December 1st of each even-numbered year that provides information on funded and planned projects, projects in environmental justice communities, and funding sources (state, federal, and private) for projects funded by the Natural and Working Lands Fund. ODOE is directed to provide staff support to the OCAC for these two reports.

Sections 53-67 of HB 3409 direct ODOE and the OCAC, in coordination with the Departments of Forestry, Agriculture, and Fish and Wildlife, as well as OWEB (and other state agencies and relevant federal agencies as directed), to take the following actions:

- Establish a net carbon sequestration and storage baseline for natural and working lands;
- Develop activity-based metrics for evaluating progress and community impact metrics for evaluating implementation impacts on landowners, land managers, and communities;
- Establish carbon sequestration and storage goals no later than Jan. 1, 2025, and update those goals as new information becomes available; and
- Develop a natural and working lands net carbon sequestration and storage inventory, which ODOE must update and describe in biennial reports to the OGWC.

The bill also directs ODOE, in coordination with the OCAC, to study workforce and training programs needed to support natural climate solutions on natural and working lands. ODOE must submit a report on its findings to the legislature by Sept. 15, 2024. This report may include recommendations for legislation.

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The bill gives the OCAC discretion to appoint a natural and working lands advisory committee. This committee must have at least 15 members representing tribes, local governments, and specified stakeholder interests. ODOE must provide staff support for this committee.

The OCAC is directed to establish a process for consultation with the nine federally recognized Tribes, including identifying relevant indigenous practices and knowledge.

The bill allows the OCAC and ODOE to contract out work laid out in these sections.

HB 3409/SB 5506/HB 3418: Renewable Energy Incentive Program Updates

[HB 3409/SB 5506/HB 3418](#)

ORS Chapter: 442

Effective Date: January 1, 2024

HB 3409, Section 68, extends the sunset of the [Oregon Solar + Storage Rebate Program](#) to January 2, 2029. SB 5506, generally known as the End of Session Bill, also included an additional investment of \$10 million in the program.

Existing language in Section 1 of Oregon Laws 2019 Chapter 655 requires that a contractor purchase, construct, and install a paired solar and storage system together. HB 3409 amends the language and requires that only the purchase need occur at the same time. The solar electric system and energy storage system must still be paired once fully installed.

Section 70 relates to the Renewable Energy Development Grant Program. HB 3409 requires the agency to waive the requirement that a renewable energy production system awarded a Renewable Energy Development Grant begin construction within 12 months of the grant award if the delay was due to supply chain or workforce disruption or shortages related to the COVID-19 pandemic, and construction began between March 1, 2020, and March 31, 2022.

Sections 68-70 on HB 3409 were initially found in HB 3418.

HB 3409/HB 3056: Cooling Relief Updates

[HB 3409/HB 3056](#)

ORS Chapter: 442

Effective Date: July 27, 2023

HB 3049, Sections 71-78, makes changes to the Heat Relief Bill, SB 1536, passed in 2022. It extends the Oregon Rental Home Heat Pump Program by one year until January 2, 2026. The bill also corrects a drafting error by removing a reference to loans and it amends existing budget reservation language to require that 25 percent of the available funds for rebates and grants in a calendar year benefit the owners of units occupied by low- or moderate-income households.

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The bill adjusts the existing reporting requirement for eligible entities in the Community Heat Pump Deployment Program to report the status and use of grant funds to the Oregon Department of Energy. Annual reports will be required for the period July 1 to June 30 and will be due on a schedule determined by the Oregon Department of Energy. It also amends the timing of the Oregon Department of Energy's first biennial report to the Legislative Assembly, adjusting it from December 31, 2023 to October 15, 2023.

Section 24, chapter 86, of the Oregon Laws 2022 is amended to incorporate changes to the definition of an 'extreme heat event' and the use of 'forecast zone' rather than 'county' where the premises is located. This change affects the Community Cooling Spaces grant. The bill also modifies website requirements for Oregon Housing and Community Services related to extreme heat events.

The reporting deadline on the Oregon Rental Home Heat Pump Program, community cooling spaces, and cooling needs study detailed in Section 29, chapter 86, Oregon Laws 2022 is extended to December 31, 2023, from September 15.

Sections 71-78 on HB 3409 were initially found in HB 3056.

HB 3409/HB 3196: Climate Protection Program Fees

[HB 3409/HB 3196](#)

ORS Chapter: 442

Effective Date: January 1, 2024

The Climate Protection Program is a regulatory program administered by the Oregon Department of Environmental Quality that sets a declining limit on greenhouse gas emissions from fossil fuels used in Oregon, including gasoline, diesel, propane, and natural gas used in transportation, buildings, and industrial processes. Regulated fuel suppliers and natural gas distributors have the option to meet a portion of their compliance obligations through community climate investments that reduce emissions and provide meaningful co-benefits in environmental justice communities across the state. HB 3409 Sections 79-80, originally HB 3196, authorizes the Environmental Quality Commission to establish a fee to be paid by community climate investment entities that will be used by DEQ for administration and oversight related to community climate investments.

HB 3409/HB 2647: Reducing Harmful Algal Blooms

[HB 3409/HB 2647](#)

ORS Chapter: 442

Effective Date: January 1, 2024

HB 3409, sections 82-85 (originally HB 2647), directs the Oregon Health Authority in coordination with Oregon DEQ to identify drinking water sources that are either susceptible to harmful algal blooms or

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downstream of water bodies that are susceptible to harmful algal blooms, and to develop a system for regular monitoring and testing and protocols for issuing public advisory alerts. The bill also directs Oregon DEQ to work with OHA to develop and maintain a coordinated state agency monitoring and response strategy, to produce timely and high-quality data to help determine the level of public health risk, to identify sources of pollutants causing blooms, and to develop and implement pollution reduction strategies.

HB 3409/HB 2990: Resilience Hubs

[HB 3409/HB 2990](#)

ORS Chapter: 442

Effective Date: January 1, 2024

HB 3409, sections 86 and 107, establish a new grant program for planning and developing resilience hubs and networks. The grant program would be administered by the Oregon Department of Human Services with support from ODOE and the Oregon Health Authority.

Resilience hubs and networks are intended to:

- Facilitate communication and coordination of community services.
- Serve as a gathering place in the event of a disruption in the community.
- Enhance the ability of a community to respond to a disruption.
- Operate on a day-to-day basis to distribute food, water, information, charging stations, and medical supplies.
- Support community cache sites and community members who shelter in place.
- Provide childcare, training, food distribution and other services for unmet social needs in the event of an emergency.
- Provide heating, cooling, air filtration and weather protection.
- Accommodate individuals with accessibility needs.

The program will allow eligible applicants to apply for grants for expenses related to planning and organizing Resilience Hubs, to support and expand development and operation of Resilience Hubs and Networks, and to provide resources and services needed by the community to prepare for and respond to disasters.

Individuals and organizations can apply for these grants. Applications must include a description of the purpose of the funds, a plan for enhancing resilience, any additional resources being invested, and a description of the project's ability to serve vulnerable populations and disadvantaged communities.

The Department of Human Services is directed to adopt rules and is appropriated \$10,187,615 to provide grants in the new program.

The Inflation Reduction Act Delivers Affordable Clean Energy for Oregon

The Inflation Reduction Act is the most significant legislation in U.S. history to tackle the climate crisis and strengthen American energy security. It will lower energy costs for households and businesses, create manufacturing jobs for American workers, and deliver a clean, secure, and healthy future for our children and grandchildren. The savings, jobs, and other benefits provided by this legislation will reach communities across Oregon.

President Biden promised to combat the existential threat of climate change and build a clean energy future that creates jobs, advances environmental justice, and lowers costs for families. He's following through on that promise with the Inflation Reduction Act and Bipartisan Infrastructure Law.

- **LOWER ENERGY COSTS:** The Inflation Reduction Act will make it more affordable for Oregon families to purchase energy efficient appliances when they need to, make repairs around their homes, and save money on their utility bills each month, through:
 - Rebates covering 50-100% of the cost of installing new electric appliances, including super-efficient heat pumps, water heaters, clothes dryers, stoves, and ovens. In Oregon, hundreds of thousands of low- and moderate-income households are eligible for rebates.
 - Rebates for households to make repairs and improvements in single-family and multi-family homes to increase energy efficiency.
 - Tax credits covering 30% of the costs to install solar panels and battery storage systems, make home improvements that reduce energy leakage, or upgrade heating and cooling equipment. No income limits apply. For solar, uptake projections estimate that over 75,000 additional Oregon households will install rooftop panels as a result.
 - Tax credits covering 30% of the costs of community solar projects—owned by local businesses that sign up families to save on their electric bills—with additional bonus credits of 20% for projects at affordable housing properties and 10% for projects in low-income communities.
 - Grants to help state and local governments adopt the latest building energy codes, which would save the average new homeowner in Oregon 5.1% on their utility bills—\$81 annually.
- **GOOD-PAYING JOBS:** In 2021, there were already 53,869 Oregon workers employed in clean energy jobs. The Inflation Reduction Act will expand these opportunities, bringing an estimated \$1.2 billion of investment in large-scale clean power generation and storage to Oregon between now and 2030. It provides a historic set of tax credits that will create jobs across solar, wind, storage, and other clean energy industries. These credits include bonuses for businesses that pay a prevailing wage, so that Oregon workers earn a good paycheck as we build the clean energy future in America.
- **DOMESTIC MANUFACTURING:** Manufacturers employ 187,300 workers in Oregon, and the Inflation Reduction Act will help us make the technologies of the future at home—supporting local economies and strengthening supply chains. The Inflation Reduction Act will boost U.S. manufacturing of clean energy and transportation technologies, as well as investments for a new Advanced Industrial Facilities Deployment Program to position

America to lead the growing global market for clean steel, aluminum, cement, and more.

- **SMALL BUSINESSES:** Oregon is home to 396,925 small businesses, representing 99.4% of all businesses in the state, and the Inflation Reduction Act will help them save money. Commercial building owners can receive a tax credit up to \$5 per square foot to support energy efficiency improvements that deliver lower utility bills. Other programs that will benefit small businesses include tax credits covering 30% of the costs of installing low-cost solar power and of purchasing clean trucks and vans for commercial fleets.
- **ELECTRIC VEHICLES:** The Inflation Reduction Act will make it easier and cheaper to purchase an electric vehicle, with upfront discounts up to \$7,500 for new EVs and \$4,000 for used EVs, helping middle-class Americans skip the gas pump and save on fuel costs. In Oregon, millions of people will be eligible for these discounts. Oregon recently [submitted](#) a state plan for using funds from President Biden's Bipartisan Infrastructure Law to build out EV charging stations along highways.
- **CLEANER AIR:** The Inflation Reduction Act will significantly reduce pollution, resulting in 100,000 fewer asthma attacks in America in 2030, and position the U.S. to achieve President Biden's climate goals. Lowering greenhouse gas emissions will not only avoid costly climate impacts from more extreme weather, but also improve local air quality—preventing premature deaths and reducing air pollution. In addition to reducing pollution across the economy, the Act will benefit communities most in need of cleaner air, with in environmental justice block grants, investments for cleaner buses and trucks, and a Clean Energy and Sustainability Accelerator that will prioritize emissions-reducing projects in disadvantaged communities.
- **RURAL OPPORTUNITIES:** The Inflation Reduction Act supports climate-smart agriculture practices, which will help Oregon's 37,100 farms lead on climate solutions and reward their stewardship. Electric cooperatives, which serve about 215,000 homes, businesses, and other customers in Oregon, will for the first time be eligible for direct-pay clean energy tax credits. And this legislation dedicates investments for rural electric cooperatives to boost resiliency, reliability, and affordability, including through clean energy and energy efficiency upgrades.
- **RESILIENT COMMUNITIES:** The Inflation Reduction Act will upgrade affordable housing, including projects that boost resilience in the face of intensifying extreme weather. In Oregon, tens of thousands of people live in affordable housing units that are eligible for upgrades like flood-proofing and storm resistance, as well as clean energy and electrification. A new Neighborhood Access and Equity Grant Program includes support for transportation projects and planning to protect against flooding, extreme heat, and more. The Inflation Reduction Act also invests in strengthening America's forests, including programs focused on preventing wildfires and for tree planting projects that help protect communities from extreme heat.