

PRELIMINARY STAFF MEASURE SUMMARY

Senate Committee On Human Services and Early Childhood

Fiscal: May have fiscal impact, but no statement yet issued

Revenue: May have revenue impact, but no statement yet issued

Action Date:

Action:

Meeting Dates: 02/08

Prepared By: Cheyenne Ross, Committee Administrator

WHAT THE MEASURE DOES:

Allows local governments to affect price of new residential housing development or sale or rent, or to designate sale or rent to particular class or group, so long as no more than 30 percent of units are available at or below market rates and one or more development incentives are provided, as specified.

ISSUES DISCUSSED:

- Increasingly urgent need for affordable housing statewide
- Gentrification – the need for affordable housing in *desirable* locations, not just on the outskirts
- Lack of affordable housing as an economic development issue
- Each local area’s unique situation requires solutions capable of being tailored to its needs
- Local control – trusting counties and cities to make decisions about what works best for them
- Allows but does not require localities to practice inclusionary zoning
- Whether to exclude single family homes
- Origins of measure with Workforce committee; a redraft of HB 2564 (2015) extended to rentals and including abatements among possible developer incentives

EFFECT OF COMMITTEE AMENDMENT:

[-1 amendment]: Excludes residential lots/parcels of 10 acres or less.

[-2 amendment]: Restores ban on inclusionary zoning practice and makes it applicable to rentals. Carves-out exception for multifamily structures, as defined, of at least 20 units in areas with populations of 600,000 or less: permitting local governments to requires up to 20 percent to be sold or rented at below-market rates in exchange for specified developer incentives and/or payment in lieu of incentives. Permits local political subdivisions to impose construction tax, as specified, not to exceed one percent of permit valuation. Requires quarterly transfer of collected taxes to be deposited in local general fund and distributed as follows after recuperating capped costs: 85 percent toward developer incentives and 15 percent to Oregon Housing and Community Services for home ownership and down payment assistance, from tax collected on residential improvements; 50 percent to fund programs related to needed housing from tax collected on commercial improvements. Prescribes effective dates applicable to certain provisions. Makes effective 91st day after *sine die*.

BACKGROUND:

Inclusionary zoning, also called inclusionary housing, is a land-use practice that directs a certain amount of housing development be made available to people of low and moderate incomes. Currently, local governments are prohibited from imposing regulations or conditions on residential development that have the effect of setting a sales price or of designating a certain class of individuals as purchasers.

Senate Bill 1533 permits local governments to impose conditions that effectively set the sales *or rental* price of *new* residential housing or that direct the sale or rental of new housing to a particular group of people, limited to 30 percent of the available units, in exchange for incentives such as density adjustments, fee waivers and expedited processing.