

PRELIMINARY STAFF MEASURE SUMMARY**Senate Committee On Finance and Revenue****Fiscal:** Fiscal impact issued**Revenue:** Revenue impact issued**Action Date:****Action:****Meeting Dates:****Prepared By:** Kyle Easton, Economist**WHAT THE MEASURE DOES:**

Allows city or county to adopt land use regulation or functional plan provision, or impose as a condition of approving permit, requirements that effectively establish sales or rental price for multifamily structure or require multifamily structure to be designated for sale or rent to particular class or group of purchasers or renters based on income. Limits adopted city or county regulation, provision or requirement to requiring no more than 20 percent of housing units within a multifamily structure to be sold or rented at below-market rates. Specifies that adopted regulation, provision or requirements apply only to multifamily structures containing at least 10 or 20 housing units depending upon whether city or county has a population equal to or less than 600,000 or greater than 600,000 respectively. Requires city or county to offer affected developers in-lieu payments and other incentives.

Eliminates construction tax preemption upon local governments and local service districts. Creates structure and limitations of construction taxes imposed by local governments and local service districts. Limits tax to one percent of the permit valuation of improvements to residential, commercial and industrial real property. Requires revenue from construction tax to be used to fund developer incentives, programs related to needed housing, home ownership down payment assistance programs as administered by Housing and Community Services Department and general fund of local government or local service district imposing tax. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

BACKGROUND:

Inclusionary zoning, also called inclusionary housing, involves land-use regulations that direct a certain amount of housing development be made available to people of low and moderate incomes. Currently, Oregon law prohibits local governments 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.

SB 1036 (2007) allowed school districts to impose a tax on new construction based upon the square footage of the new construction improvements and required revenue from the tax to be used for school district capital improvements. SB 1036 also preempted local governments from imposing a construction tax until 2018, but grandfathered in local government construction taxes that were either in effect as of May 1, 2007 or in the process of being adopted.