

Senate Committee On Finance and Revenue

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Action Date: 02/23/16

Action: Do Pass With Amendments. (Printed B-Eng.)

Meeting Dates: 02/18, 02/22, 02/23

Vote:

Yeas: 5 - Baertschiger Jr, Boquist, Edwards, Hass, Riley

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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 as affordable housing. Defines affordable housing. 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 as affordable housing and apply only to multifamily structures containing at least 20 housing units. Requires city or county to provide developers the option to pay an in-lieu fee in amount determined by city or county. Requires city or county to offer developers that do not elect to pay in-lieu fee one or more of specified incentives. Requires adopted incentives, to be related in a manner determined by city or county, to the required percentage of affordable housing units. Allows city or county to offer other incentives to developers as part of regulation, provision or condition adopted. Requires city or county, with specified exceptions, that adopts regulation, provision or condition to adopt and apply clear objective standards regulating development of housing units and prohibits standards from discouraging development of housing units through unreasonable cost or delay.

Allows city or county to impose a construction tax that conforms to requirements provided in measure. Specifies distributions of construction tax receipts. Prohibits local government or local service district, or a special government body from imposing construction tax with exception for city, county or school district. Allows existing construction taxes to continue being imposed under specified limitations. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Expectation of amendments being placed on OLIS during committee meeting
- What language is potentially part of any package that will be part of later amendments and each testifying stakeholders position on the additional language being discussed
- Expectation of more amendments beyond the -A4 being discussed
- Metro's current construction excise tax (CET) and how the revenues are allocated or have been allocated
- Possibility of overlapping CET's imposed by various local governments
- Other bills relating to housing moving through 2016 legislature
- Balancing of incentive to avoid effects on market rates for housing
- Mathematics behind housing development
- Participants of the "agreement" as the term was used during testimony and their support or opposition to discussed language

- Experience of Bend in using grandfathered local construction tax revenues to support affordable housing programs
- Lack of affordable housing being a long developing multifaceted problem
- Cost of housing increasing at rate faster than average wage growth
- Effect decline of timber industry in Oregon has had on the availability of middle wage jobs and need for lower cost housing
- Acknowledgement that inclusionary housing policy may need adjustments in later years in response to future situations.

EFFECT OF COMMITTEE AMENDMENT:

Amendment replaced content of measure.

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.