

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Action Date: 02/29/16

Action: Do Pass The B-Eng Bill.

Meeting Dates: 02/29

Vote:

Yeas: 7 - Barnhart, Gilliam, Hoyle, Huffman, Rayfield, Smith Warner, Williamson

Nays: 2 - Kennemer, Wilson

Prepared By: Erin Seiler, Committee Administrator

WHAT THE MEASURE DOES:

Allows city or county to adopt land use regulation or functional plan provision, or impose as 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 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 option to pay 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 manner determined by city or county, to 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 construction tax that conforms to requirements provided in this Act. Specifies distributions of construction tax receipts. Prohibits local government or local service district or 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:

- Lack of affordable housing being a long-developing multifaceted problem
- Cost of housing increasing at rate faster than average wage growth
- Providing local governments tools to address affordable housing
- Ability of people to live and work in same community
- Multifaceted and multidisciplinary approach necessary to address lack of affordable housing
- Legislative history of inclusionary zoning
- Distribution of construction excise tax revenue

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. Senate Bill 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.