

House Bill 2003

Sponsored by Representatives POWER, PILUSO, GORSEK; Representatives ALONSO LEON, DOHERTY, HERNANDEZ, HOLVEY, KENY-GUYER, MALSTROM, MCLAIN, NOSSE, RAYFIELD, SANCHEZ, SMITH WARNER (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Repeals prohibition on city or county ordinance or resolution controlling rent charged for rental of dwelling unit.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to local regulation of rents; amending ORS 197.309; repealing ORS 91.225; and declaring
3 an emergency.

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

5 **SECTION 1. ORS 91.225 is repealed.**

6 **SECTION 2.** ORS 197.309, as amended by section 1, chapter 59, Oregon Laws 2016, is amended
7 to read:

8 197.309. (1) As used in this section:

9 (a) "Affordable housing" means housing that is affordable to households with incomes equal to
10 or higher than 80 percent of the median family income for the county in which the housing is built.

11 (b) "Multifamily structure" means a structure that contains three or more housing units sharing
12 at least one wall, floor or ceiling surface in common with another unit within the same structure.

13 (2) Except as provided in subsection (3) of this section, a metropolitan service district may not
14 adopt a land use regulation or functional plan provision, or impose as a condition for approving a
15 permit under ORS 215.427 or 227.178 a requirement, that has the effect of establishing the sales or
16 rental price for a housing unit or residential building lot or parcel, or that requires a housing unit
17 or residential building lot or parcel to be designated for sale or rent to a particular class or group
18 of purchasers or renters.

19 (3) The provisions of subsection (2) of this section do not limit the authority of a metropolitan
20 service district to:

21 (a) Adopt or enforce a use regulation, provision or requirement creating or implementing an
22 incentive, contract commitment, density bonus or other voluntary regulation, provision or require-
23 ment designed to increase the supply of moderate or lower cost housing units; or

24 (b) Enter into an affordable housing covenant as provided in ORS 456.270 to 456.295.

25 (4) [*Notwithstanding ORS 91.225,*] A city or county may adopt a land use regulation or functional
26 plan provision, or impose as a condition for approving a permit under ORS 215.427 or 227.178 a re-
27 quirement, that has the effect of establishing the sales or rental price for a new multifamily struc-
28 ture, or that requires a new multifamily structure to be designated for sale or rent as affordable
29 housing.

30 (5) A regulation, provision or requirement adopted or imposed under subsection (4) of this sec-

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 tion:

2 (a) May not require more than 20 percent of housing units within a multifamily structure to be
3 sold or rented as affordable housing;

4 (b) May apply only to multifamily structures containing at least 20 housing units;

5 (c) Must provide developers the option to pay an in-lieu fee, in an amount determined by the city
6 or county, in exchange for providing the requisite number of housing units within the multifamily
7 structure to be sold or rented at below-market rates; and

8 (d) Must require the city or county to offer a developer of multifamily structures, other than a
9 developer that elects to pay an in-lieu fee pursuant to paragraph (c) of this subsection, at least one
10 of the following incentives:

11 (A) Whole or partial fee waivers or reductions.

12 (B) Whole or partial waivers of system development charges or impact fees set by the city or
13 county.

14 (C) Finance-based incentives.

15 (D) Full or partial exemption from ad valorem property taxes on the terms described in this
16 subparagraph. For purposes of any statute granting a full or partial exemption from ad valorem
17 property taxes that uses a definition of “low income” to mean income at or below 60 percent of the
18 area median income and for which the multifamily structure is otherwise eligible, the city or county
19 shall allow the multifamily structure of the developer to qualify using a definition of “low income”
20 to mean income at or below 80 percent of the area median income.

21 (6) A regulation, provision or requirement adopted or imposed under subsection (4) of this sec-
22 tion may offer developers one or more of the following incentives:

23 (a) Density adjustments.

24 (b) Expedited service for local permitting processes.

25 (c) Modification of height, floor area or other site-specific requirements.

26 (d) Other incentives as determined by the city or county.

27 (7) Subsection (4) of this section does not restrict the authority of a city or county to offer de-
28 velopers voluntary incentives, including incentives to:

29 (a) Increase the number of affordable housing units in a development.

30 (b) Decrease the sale or rental price of affordable housing units in a development.

31 (c) Build affordable housing units that are affordable to households with incomes equal to or
32 lower than 80 percent of the median family income for the county in which the housing is built.

33 (8)(a) A city or county that adopts or imposes a regulation, provision or requirement described
34 in subsection (4) of this section may not apply the regulation, provision or requirement to any
35 multifamily structure for which an application for a permit, as defined in ORS 215.402 or 227.160,
36 has been submitted as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required,
37 a building permit application has been submitted to the city or county prior to the effective date
38 of the regulation, provision or requirement.

39 (b) If a multifamily structure described in paragraph (a) of this subsection has not been com-
40 pleted within the period required by the permit issued by the city or county, the developer of the
41 multifamily structure shall resubmit an application for a permit, as defined in ORS 215.402 or
42 227.160, as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required, a building
43 permit application under the regulation, provision or requirement adopted by the city or county
44 under subsection (4) of this section.

45 (9)(a) A city or county that adopts or imposes a regulation, provision or requirement under

1 subsection (4) of this section shall adopt and apply only clear and objective standards, conditions
2 and procedures regulating the development of affordable housing units within its jurisdiction. The
3 standards, conditions and procedures may not have the effect, either individually or cumulatively,
4 of discouraging development of affordable housing units through unreasonable cost or delay.

5 (b) Paragraph (a) of this subsection does not apply to:

6 (A) An application or permit for residential development in an area identified in a formally
7 adopted central city plan, or a regional center as defined by Metro, in a city with a population of
8 500,000 or more.

9 (B) An application or permit for residential development in historic areas designated for pro-
10 tection under a land use planning goal protecting historic areas.

11 (c) In addition to an approval process for affordable housing based on clear and objective stan-
12 dards, conditions and procedures as provided in paragraph (a) of this subsection, a city or county
13 may adopt and apply an alternative approval process for applications and permits for residential
14 development based on approval criteria regulating, in whole or in part, appearance or aesthetics
15 that are not clear and objective if:

16 (A) The developer retains the option of proceeding under the approval process that meets the
17 requirements of paragraph (a) of this subsection;

18 (B) The approval criteria for the alternative approval process comply with applicable statewide
19 land use planning goals and rules; and

20 (C) The approval criteria for the alternative approval process authorize a density at or above
21 the density level authorized in the zone under the approval process provided in paragraph (a) of this
22 subsection.

23 (10) If a regulation, provision or requirement adopted or imposed by a city or county under
24 subsection (4) of this section requires that a percentage of housing units in a new multifamily
25 structure be designated as affordable housing, any incentives offered under subsection (5)(d) or (6)
26 of this section shall be related in a manner determined by the city or county to the required per-
27 centage of affordable housing units.

28 **SECTION 3. This 2017 Act being necessary for the immediate preservation of the public**
29 **peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect**
30 **on its passage.**