

House Bill 3503

Sponsored by Representative CHAICHI; Representative HARTMAN

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 local rent control.

A BILL FOR AN ACT

1
2 Relating to local rent control; amending ORS 197.309 and section 9, chapter 552, Oregon Laws 2021;
3 and repealing ORS 91.225.

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 ORS 91.225 is repealed.**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 is amended to read:

7 197.309. (1) As used in this section:

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

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

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

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

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

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

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

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

31 (a) May not require more than 20 percent of housing units within a multifamily structure to be
32 sold or rented as affordable housing.

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

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

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

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

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

11 (C) Finance-based incentives.

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

18 (e) Does not apply to a CCRC, as defined in ORS 101.020, that executes and records a covenant
19 with the applicable city or county in which the CCRC agrees to operate all units within its structure
20 as a CCRC. Units within a CCRC that are offered or converted into residential units that are for
21 sale or rent and are not subject to ORS chapter 101 must comply with regulations, provisions or
22 requirements adopted by the city or county that are consistent with those applicable to a new
23 multifamily structure under subsection (3) or (4) of this section.

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

26 (a) Density adjustments.

27 (b) Expedited service for local permitting processes.

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

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

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

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

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

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

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

42 (b) If a multifamily structure described in paragraph (a) of this subsection has not been com-
43 pleted within the period required by the permit issued by the city or county, the developer of the
44 multifamily structure shall resubmit an application for a permit, as defined in ORS 215.402 or
45 227.160, as provided in ORS 215.416 or 227.178 (3), or, if such a permit is not required, a building

1 permit application under the regulation, provision or requirement adopted by the city or county
 2 under subsection (4) of this section.

3 (9)(a) A city or county that adopts or imposes a regulation, provision or requirement under
 4 subsection (4) of this section shall adopt and apply only clear and objective standards, conditions
 5 and procedures regulating the development of affordable housing units within its jurisdiction. The
 6 standards, conditions and procedures may not have the effect, either individually or cumulatively,
 7 of discouraging development of affordable housing units through unreasonable cost or delay.

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

9 (A) An application or permit for residential development in an area identified in a formally
 10 adopted central city plan, or a regional center as defined by Metro, in a city with a population of
 11 500,000 or more.

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

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

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

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

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

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

31 **SECTION 3.** Section 9, chapter 552, Oregon Laws 2021, is amended to read:

32 **Sec. 9.** (1) Notwithstanding ORS 197.250 or 197.612 or any statewide land use planning goal, the
 33 Department of Land Conservation and Development shall approve Stevens Road planning amend-
 34 ments provided the department determines, in its discretion, that the Stevens Road planning
 35 amendments, with respect to the Stevens Road tract, include:

36 (a) An inventory of significant historical artifacts, cultural sites and natural resources.

37 (b) Areas designated for recreational and open space.

38 (c) Land use regulations for the protection and preservation of significant resources and desig-
 39 nated areas identified in paragraphs (a) and (b) of this subsection.

40 (d) Land use regulations that comply with applicable wildfire planning and development re-
 41 quirements, including requirements in regulations adopted to implement a statewide planning goal
 42 relating to natural disasters and hazards.

43 (e) Areas designated for adequate employment lands that account for the city's most recent
 44 economic opportunity analysis, including consideration of subsequent economic development activ-
 45 ities and trends.

1 (f) Within areas zoned for residential purposes, without counting the lands designated under
 2 subsection (2) of this section, land use regulations for housing that:

3 (A) Ensure adequate opportunities for the development of all needed housing types, sizes and
 4 densities of market-rate housing, including middle housing as defined in ORS 197.758;

5 (B) Exceed the proportions of single-family attached and multifamily housing called for in the
 6 city's most recently adopted housing needs analysis under ORS 197.296 (3);

7 (C) Exceed a minimum density standard of nine residential units per gross residential acre; and

8 (D) On the date the Stevens Road planning amendments are approved, comply with land use
 9 regulations adopted by the city, or any minimum applicable rules adopted by the department, to
 10 implement ORS 197.758 and the amendments to ORS 197.312 by section 7, chapter 639, Oregon Laws
 11 2019.

12 (g) Sufficient areas designated for mixed use development to support and integrate viable com-
 13 mercial and residential uses along with transportation options, including walking, bicycling and
 14 transit use.

15 (h) Land use regulations ensuring that:

16 (A) Adequate capacity is available, or feasible with development, for water, sewer and storm
 17 water services; and

18 (B) Adequate consideration is given to the financing, scheduling and development of urban ser-
 19 vices, as defined in ORS 195.065.

20 (i) Land use regulations for transportation that:

21 (A) Ensure the development of adequate infrastructure to support walking, bicycling, public
 22 transit and motor vehicle movement; and

23 (B) Give adequate consideration to transportation networks that connect the Stevens Road tract
 24 to other areas within the urban growth boundary of the city.

25 (j) The adequate consideration of the recommendations and comments received under section 8
 26 (3) to (5), **chapter 552, Oregon Laws 2021** [of this 2021 Act].

27 (2) The department may not approve the planning amendments under subsection (1) of this sec-
 28 tion unless the planning amendments designate at least 20 net acres of land to be:

29 (a) Restricted so the area may be zoned, planned, sited or developed only for residential housing
 30 units at a minimum density of nine residential units per gross acre;

31 (b) Conveyed to the city at a price per acre established under section 4 (2)(b), **chapter 552,**
 32 **Oregon Laws 2021** [of this 2021 Act]; and

33 (c) Notwithstanding ORS [91.225 or] 197.309, preserved for a period of no less than 50 years as
 34 affordable to own or rent as follows:

35 (A) At least 12 net acres made affordable to:

36 (i) Households with incomes of 60 percent or less of the area median income, as defined in ORS
 37 456.270; or

38 (ii) If part of an income-averaging program approved by the Housing and Community Services
 39 Department, households whose incomes average 60 percent or less of the area median income.

40 (B) At least six net acres:

41 (i) Made affordable to households with incomes of 80 percent or less of the area median income;
 42 and

43 (ii) Made available, to the extent permitted by law, in a manner that gives a priority to house-
 44 holds in which at least one individual is employed by an education provider over other members of
 45 the public.

1 (C) At least two net acres in which at least 80 percent of the units in each contiguous devel-
2 opment tract are made affordable to households with 80 percent or less of the area median income,
3 of which at least one net acre is made available, to the extent permitted by law, in a manner that
4 gives a priority to households in which at least one individual is employed by an education provider
5 over other members of the public.

6 (3) Upon a partition or subdivision of the Stevens Road tract following the approval of the
7 planning amendments under subsection (1) of this section establishing one or more lots or parcels
8 described in subsection (2) of this section, the owner shall transfer those lots or parcels to the city.
9 For a period of 99 years after the purchase of property under this section, if the city resells any lot
10 or parcel, the city may recover only the city's costs of the purchase and resale of the property.

11 (4) Neither the city nor the Department of Land Conservation and Development is obligated to
12 adopt any specific findings or evaluate any specific criteria in exercising its discretion with respect
13 to any Stevens Road planning amendments under this section and may receive, solicit or consider
14 information from any source.

15 (5) As used in this section, "education provider" means a school district as defined in ORS
16 332.002, an educational program under the Youth Corrections Education Program or Juvenile De-
17 tention Education Program as both are defined in ORS 326.695, or an education service district as
18 defined in ORS 334.003.

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