



Legislative Fiscal Office
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Bill Title: Relating to local requirements to develop affordable housing.

Government Unit(s) Affected: Cities, Judicial Department, Counties, Land Use Board of Appeals, Metro, Department of Land Conservation and Development

Summary of Fiscal Impact:

The measure is estimated to have a fiscal impact on local governments - see explanatory analysis.

Measure Description

The measure authorizes cities and counties to adopt land use regulations requiring new multiunit housing developments to include affordable units or pay an in-lieu fee and establishes conditions for applying those requirements. Within the Portland metropolitan statistical area (Portland MSA), rental housing affordability requirements are enforceable only if supported by a recently adopted economic analysis and accompanied by offsets, such as tax exemptions, fee reductions or direct payments that compensate for expected loss in value.

The measure specifies analytical standards, limits on appeals, applicability thresholds based on project size and location, and exemptions for certain developments. Within the Portland MSA, a city or county adopting an inclusionary housing requirement must support the regulation with an economic analysis that may assume loss in value based on net present value or current market value of expected changes in rent or sales price, or a combination of both.

Fiscal Analysis

The measure may have a fiscal impact on local governments adopting affordable housing requirements for new multiunit developments.

Local Governments

The measure is expected to have a fiscal impact on cities and counties within the Portland MSA that have adopted or choose to adopt affordable housing programs. The City of Portland has already adopted inclusionary housing regulations requiring developments of 20 or more units to provide affordable units at or below 80% of median family income and would incur costs to update policies, conduct required economic analyses, and adjust offsets or incentives, resulting in increased administrative costs. Other cities and counties would incur costs only if they establish a program, including expenses related to economic analysis, code amendments, program administration, and potential revenue impacts from tax abatements or fee reductions.

Other entities

The measure will have a minimal impact on the Oregon Judicial Department. The measure will have no fiscal impact on the Department of Land Conservation and Development, Land Use Board of Appeals, and Metro.

Relevant Dates

The measure takes effect on January 1, 2027.