

SB 49 -1 STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

Prepared By: Kaia Maclaren, LPRO Analyst

Meeting Dates: 3/5, 3/10

WHAT THE MEASURE DOES:

The measure requires the Housing and Community Services Department to study housing.

Fiscal impact: May have fiscal impact, but no statement yet issued.

Revenue impact: May have revenue impact, but no statement yet issued.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 The amendment makes changes to housing production strategy (Oregon Revised Statute (ORS) 197A.100), local requirements for housing production (ORS 197A.400), local requirements to develop affordable housing (ORS 197A.465), as well as the membership requirements of the Building Codes Structures Board in the Department of Consumer and Business Services.

Detailed Summary:

Sections 1-2: Addresses housing production strategy. Requires, on or before January 1, 2034 or the due date of the city's production strategy, a city with a population of more than 10,000 people at the effective date of the act to remove minimum density requirements for all developed land, except when preventing the reduction of existing housing units. Requires a city with a population of greater than 25,000 people at the effective date of this act to have at least one area zoned to allow for each housing type developed by the Department of Land Conservation and Development (DLCD) under their model ordinances for cities greater than 25,000 people. Forbids cities from using this section to amend their estimate of housing capacity. Specifies that the requirements under Sections 1-2 only apply to land within a city's Urban Growth Boundary (UGB).

Section 3: Allows a city to defer the deadline for their housing production strategy until their next scheduled planning cycle if that city amends its land use regulations or comprehensive plan to allow for an increase in density of housing.

Section 4: Disallows a local reviewing body to reduce the density of a proposed project to less than the zoning density allowed on the developments' land.

Section 5: Amends the definition of "Affordable Housing" in the state laws governing local requirements for affordable housing to include both affordable to rent by households making 80 percent of the area median income or affordable to purchase based on income restrictions defined by the local government. . Allows Metro to adopt regulations, provisions or requirements creating incentives, commitments, or other voluntary regulations designed to increase the supply or moderate or lower cost housing. Allows Metro to enter into an affordable housing covenant. Specifies that a city or county that adopts land use regulations or plan provisions that have the effect of establishing a maximum sale or rental price for a housing unit or residential lot or parcel may not apply these standards to multifamily structures containing fewer than 10 housing units or fewer than 20 housing units if the structure is within the City of Portland. Requires a city that creates regulation establishing a maximum sale or rental price for a housing unit or residential lot or parcel to offer developers one or more of the following incentives:

SB 49 -1 STAFF MEASURE SUMMARY

- Whole or partial fee waiver, including impact fees or system development charges;
- immediate or structured cash payments; or
- full or partial exemption for ad valorem (established from value) property taxes, removing language qualifying the exemption.

Specifies that allowable incentives a city that creates regulation establishing a maximum sale or rental price for a housing unit or residential lot or parcel may offer developers must be towards the goal of incentivizing affordable housing. Specifies that none of the changes to incentives produced by this bill should restrict a local government from offering incentives on a voluntary basis to encourage a developer to (a) increase the number of affordable housing unit in a development, (b) decrease the sale or rental price of a housing unit, or (c) build affordable housing units.

Section 6 - 8: Requires that, if a locality adopts land use regulations or plan provisions that have the effect of establishing a maximum sale or rental price for a housing unit or residential lot or parcel, the locality must have adopted, by ordinance, an economic analysis of an inclusionary zoning program. Requires that the analysis include the average expected decrease in net present value of a multifamily structure that is expected to result from compliance. Includes specifications of inclusion in analysis.

Section 9-10: Requires that the Building Codes Structures Board (the Board) to include an architect with experience in multifamily residential design and a certified structural engineer specializing in the design of buildings more than three stories above grade. Removes from the Board requirements engineers with experience in multifamily residential design and general contractor specializing in the construction of buildings more than three stories above grade. Allows the Board contractor specializing in heavy industry to alternatively specialize in multifamily residential buildings more than three stories above grade. Allows a fire protection engineer to take the place of a representative of a fire protections agency. Allows an owner or a manager of a multi-family residential building to take the place of the owner or manager of a commercial office building. Specifies that the Board membership requirements in Sections 9-10 do not require the removal of any member before the end of their term. Repeals Section 10 on January 2, 2030.

BACKGROUND:

Oregon Housing and Community Services (OHCS) is Oregon's housing finance agency, responsible for program support and for distributing and overseeing funds provided by the State of Oregon. OHCS runs or oversees a variety of housing-stability programs, housing assistance for both renter and homeowners, development financing, and homelessness prevention, among others. The General Fund is a significant source of OHCS's budget, providing \$618.3 million of the total budget of \$3.4 billion in the 2023-2025 biennium. According to the [2023-2025 detailed budget analysis](#) by the Legislative Fiscal Office (LFO), the sharp increase in housing prices, interest rates, and costs associated with development have driven housing insecurity among Oregonians while also having significant impacts of the growing budget needs of OHCS. According to LFO, "[OHCS]'s budget has increased by nearly \$1.4 billion total funds since the 2003-2005 biennium. The change reflects increases in population growth, economic factors ranging from interest rates and lending environments to recessions (driving the need for additional housing assistance), and an increased focused on the contributions that stable housing can make to health outcomes, educational attainment, and lower levels of crime and recidivism."