SB 1095 A STAFF MEASURE SUMMARY

Senate Committee On Housing and Development

Action Date:	03/31/25
Action:	Do pass with amendments and requesting referral to Finance and Revenue. (Printed A-Engrossed.)
Vote:	5-0-0-0
Yeas:	5 - Anderson, Broadman, Nash, Patterson, Pham
Fiscal:	Fiscal impact issued
Revenue:	Revenue impact issued
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Meeting Dates:	3/3, 3/31

WHAT THE MEASURE DOES:

The measure authorizes cities and counties to impose a fee on noncommercial residences that are vacant for more than 180 days per calendar year.

Detailed Summary:

Authorizes cities and counties to impose a fee on noncommercial residences that are vacant for more than 180 consecutive or cumulative days in a calendar year.

- Defines "vacant" as unoccupied, other than by reason of health, active military service or a first responder's duties in an officially declared emergency; empty of personal property; or occupied without the knowledge or consent of the owner.
- Allows the fee to give rise to a lien on the home.
- Provides a fee exemption for residences that contain more units than a quadplex, other than condominiums, and for newly constructed, converted, or rehabilitated residences that have not been occupied since the construction, conversion, or renovation.
- Allows the ordinance or resolution to include additional exemptions and exclusions from the fee.
- Requires that fee revenues be used only for
  - the administration of the vacant home fee program; and
  - the development and construction of affordable housing units for households with an annual income of between 80 and 130 percent of the area median income.

Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Ability of local governments to levy fees on vacant homes
- Expansion of tax instrument to other types of properties, such as retail and commercial properties
- Infrastructural burden of extended vacancies on localities
- Advantages and disadvantages of second homes for local governments

EFFECT OF AMENDMENT:

The amendment provides a fee exemption for residences that contain more units than a quadplex, and for newly constructed, converted, or rehabilitated residences that have not been occupied since the construction, conversion, or renovation.

BACKGROUND:

Documented underproduction of housing in Oregon since the financial crisis of 2008 coupled with high population growth (nearly 11 percent between 2010 and 2020), has led to upward market pressure on housing costs. According to ECONorthwest, Oregon now has the second most constrained housing market in the country. The mismatch of supply of housing and demand for it has increased the gap between average renter-income and housing costs, such that between 2020 and 2022, an additional $2 of income went towards rent for ever additional $1 wage increase. According to the Oregon Housing Needs Analysis, Oregon needs to build an additional 29,500 homes per year to make up for the shortfall driving up cost of housing. According to this analysis, some of the pressure on housing markets comes from the loss of homes to short-term rentals, vacation, or second homes, which do not contribute to reducing the demand for housing. The impact of second homes on the housing market is especially strong in tourist-heavy parts of Oregon, including Deschutes, Clatsop, Jefferson, Tillamook, Lincoln and Wallowa Counties. Oregon needs to build an additional 17,300 homes to offset losses to these arrangements.