

**A-Engrossed  
House Bill 2997**

Ordered by the House April 11  
Including House Amendments dated April 11

Sponsored by Representative NOBLE (at the request of City of McMinnville Affordable Housing Task Force)

**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.

*[Defines "housing development."]* Authorizes cities *[and counties]* **with population greater than 30,000 but less than 40,000 within county with population greater than 105,000 but less than 125,000** to impose affordable housing conditions on housing developments.  
**Sunsets January 2, 2023.**

**A BILL FOR AN ACT**

1  
2 Relating to affordable housing conditions on housing developments.

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

4 **SECTION 1. (1) As used in this section:**

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

8 (b) **"Contiguous units" means units on the same lot or parcel or on lots or parcels that**  
9 **have a common boundary, including lots or parcels separated only by a public road.**

10 (c) **"Housing development" means multifamily housing or a collection of nonmultifamily**  
11 **residential housing units planned, owned or constructed together through one or more ap-**  
12 **plications or development projects under ORS 227.175 or a development agreement under**  
13 **ORS 94.504 to 94.528 and are developed for a project of 20 or more contiguous units.**

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

17 (2) **Notwithstanding ORS 91.225 and 197.309 (4), a city with a population greater than**  
18 **30,000 but less than 40,000 located in a county with a population greater than 105,000 but less**  
19 **than 125,000 may adopt a land use regulation, or impose as a condition for approving a permit**  
20 **under ORS 227.178 a requirement, that has the effect of establishing the sales or rental price**  
21 **for a new housing development, or that requires a new housing development to be designated**  
22 **for sale or rent as affordable housing.**

23 (3) **A regulation, provision or requirement adopted or imposed under subsection (2) of**  
24 **this section:**

25 (a) **May not require more than 20 percent of housing units within a housing development**  
26 **to be sold or rented as affordable housing;**

27 (b) **May apply only to housing developments containing at least 20 housing units;**

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

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

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

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

10 (C) Finance-based incentives.

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

17 (4) A regulation, provision or requirement adopted or imposed under subsection (2) of  
18 this section may offer developers one or more of the following incentives:

19 (a) Density adjustments.

20 (b) Expedited service for local permitting processes.

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

22 (d) Other incentives as determined by the city.

23 (5) Subsection (2) of this section does not restrict the authority of a city to offer devel-  
24 opers voluntary incentives, including incentives to:

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

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

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

30 (6)(a) A city that adopts or imposes a regulation, provision or requirement described in  
31 subsection (2) of this section may not apply the regulation, provision or requirement to any  
32 housing development for which an application for a permit, as defined in ORS 227.160, has  
33 been submitted as provided in ORS 227.178 (3), or, if such a permit is not required, a building  
34 permit application has been submitted to the city prior to the effective date of the regulation,  
35 provision or requirement.

36 (b) If a housing development described in paragraph (a) of this subsection has not been  
37 completed within the period required by the permit issued by the city, the developer of the  
38 housing development shall resubmit an application for a permit, as defined in ORS 227.160,  
39 as provided in ORS 227.178 (3), or, if such a permit is not required, a building permit appli-  
40 cation under the regulation, provision or requirement adopted by the city under subsection  
41 (2) of this section.

42 (7)(a) A city that adopts or imposes a regulation, provision or requirement under sub-  
43 section (2) of this section shall adopt and apply only clear and objective standards, conditions  
44 and procedures regulating the development of affordable housing units within its jurisdiction.  
45 The standards, conditions and procedures may not have the effect, either individually or cu-

1 mulatively, of discouraging development of affordable housing units through unreasonable  
2 cost or delay.

3 (b) Paragraph (a) of this subsection does not apply to an application or permit for resi-  
4 dential development in historic areas designated for protection under a land use planning  
5 goal protecting historic areas.

6 (c) In addition to an approval process for affordable housing based on clear and objective  
7 standards, conditions and procedures as provided in paragraph (a) of this subsection, a city  
8 may adopt and apply an alternative approval process for applications and permits for resi-  
9 dential development based on approval criteria regulating, in whole or in part, appearance  
10 or aesthetics that are not clear and objective if:

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

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

15 (C) The approval criteria for the alternative approval process authorize a density at or  
16 above the density level authorized in the zone under the approval process provided in para-  
17 graph (a) of this subsection.

18 (8) If a regulation, provision or requirement adopted or imposed by a city under sub-  
19 section (2) of this section requires that a percentage of housing units in a new housing de-  
20 velopment be designated as affordable housing, any incentives offered under subsection (3)(d)  
21 or (4) of this section must relate to the required percentage of affordable housing units in a  
22 manner determined by the city.

23 **SECTION 2.** Section 1 of this 2019 Act is repealed on January 2, 2023.  
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