



## SENATE MAJORITY OFFICE

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### NEWS RELEASE

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#### **Senate Democrats provide tools to communities seeking affordable housing**

*SB 1533 is product of discussions spearheaded by Sen. Michael Dembrow*

SALEM – The Oregon Senate Democrats voted to give cities and counties more tools to increase affordable housing statewide.

Senate Bill 1533 – which passed the Senate on a 20-8 vote today – lifts a statewide preemption on inclusionary zoning and allows communities to provide incentives to housing developers, as well as collect construction excise taxes to fund affordable housing initiatives. The bill is the product of bipartisan discussions with affordable housing advocates, local governments and the home-building, real estate and property management industries, led by Sen. Michael Dembrow (D-Portland).

“We are seeing a growing need for mixed-income developments in our cities, given the growing problem of middle-income workers and their families being priced out of the communities in which they work,” Dembrow said. “Whether we’re talking about new teachers or police officers, social workers or office workers, it’s vital that they be able to live in the communities in which they work. When workers have to commute long distances to get to work, that hurts their productivity; it’s bad for their families and bad for the environment. When they are able to work in the communities that they serve, it’s good for those communities.”

Inclusionary zoning – also called inclusionary housing – refers to regulations that require a certain amount of housing in new developments to be set aside for renters and purchasers at affordable rates. Currently, Oregon law prohibits local governments from imposing these kinds of conditions on residential development. Senate Bill 1533 does not require inclusionary zoning,

but allows cities or counties to adopt their own inclusionary zoning policies – within certain sideboards set forth in the bill – to address their affordable housing needs.

In cases where communities choose to implement inclusionary zoning, their policies can only apply to new multifamily structures containing at least 20 housing units, and can require up to 20 percent of housing units to be sold or rented as affordable housing. Any local policy must offer developers one or more incentives to offset the costs of ensuring that new housing developments include units that low- and middle income residents can afford. Local communities can continue to operate existing voluntary programs and can supplement required incentives with additional offsets to maximize affordability, or to expand development.

SB 1533 also allows cities and counties to impose new construction excise taxes within certain limitations. Local governments – with the exception of school districts and certain other jurisdictions – have been preempted from levying these taxes on residential and commercial construction since 2007. SB 1533 will allow cities and counties to begin collecting them, with proceeds funding developer incentives, down payment assistance programs and other local affordable housing resources.

SB 1533 now goes to the House of Representatives for consideration.

“We are seeing housing challenges all over the state, but every city is facing unique problems and I would say unique opportunities,” Dembrow said. “So, while it makes good sense for us to allow cities the tool of a workforce housing program, it does not make good sense to create a single cookie-cutter program for the entire state. You want a state policy that has sideboards and gives clear direction to the cities, but that allows them room to tailor their individual programs to their individual needs.”

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