

HB 3275 -1 STAFF MEASURE SUMMARY

House Committee On Housing

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Sub-Referral To: House Committee On Revenue

Meeting Dates: 3/25, 4/6

WHAT THE MEASURE DOES:

Provides property tax exemption for land owned by an eligible covenant holder who is burdened by an affordable housing covenant requiring permanent affordability. Specifies that exempt land must be held or improved for the construction or rehabilitation of owner-occupied housing. Provides a property tax exemption of 27 percent for owner-occupied condominium unit burdened by an affordable housing covenant requiring permanent affordability, subject to certain conditions. Applies provisions of this Act to property tax years beginning on or after July 1, 2021. Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Supporting stable and affordable homeownership for Black, Indigenous, and people of color, and families experiencing generational poverty
- Certain counties exempt the land under the home from property taxes; desire to create consistency across state
- Intention of stakeholders to work with county assessors to implement changes proposed by bill
- Technical fixes necessary to achieve intended purpose of tax exemption

EFFECT OF AMENDMENT:

-1 Provides a property tax exemption of 27 percent of the real market value of an owner-occupied condominium unit burdened by an affordable housing covenant requiring permanent affordability. Applies provisions of this Act to property tax years beginning on or after July 1, 2022.

Revenue impact statement issued; fiscal impact issued

BACKGROUND:

Deed restrictions and affordability covenants were codified in statute in 2007, with the Legislative Assembly's enactment of House Bill 3485. The statutory language regarding affordable housing covenants was established with the intent of expanding options for low- and moderate-income homebuyers by authorizing the provision of public funds for long-term affordable homeownership.

Community land trusts provide permanently affordable housing for residents by retaining the title to the land and providing the home or building owner with a 99-year ground lease, or by selling the property with a deed restriction ensuring permanent affordability. Land trusts utilize a variety of financial tools in acquisition of the land, including private financing, local government subsidies, and relationships with land bank entities.

House Bill 3275 exempts the land under a home that is subject to an affordable housing covenant from property taxation subject to certain conditions. It provides a partial exemption for a condominium unit under an affordable housing covenant, subject to certain conditions.