

House Bill 2562

Sponsored by Representative MEEK (Presession filed.)

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 **as introduced**.

Makes percentage of partial property tax exemption for property of vertical housing development projects proportional to allocation of equalized floors to residential housing or low income residential housing, without rounding up or down.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to vertical housing development projects; creating new provisions; amending ORS 307.857
3 and 307.864; and prescribing an effective date.

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

5 **SECTION 1.** ORS 307.857 is amended to read:

6 307.857. (1) Following the designation of a vertical housing development zone under ORS 307.844,
7 a person proposing to undertake a proposed vertical housing development project and seeking the
8 partial property tax exemption set forth in ORS 307.864 [*shall*] **must** apply to the governing body
9 of the city or county that designated the zone for certification of the project. Each phase of a
10 phased development, whether vertical or horizontal, requires a separate application.

11 (2) The application must be satisfactory to the city or county in form and content and must
12 contain any information required by the city or county, including all of the following:

13 (a) The address and boundaries of the proposed vertical housing development project.

14 (b) A description of the existing state of the property.

15 (c) A description of the proposed project construction or rehabilitation, including the design of
16 the construction or rehabilitation, the cost of the construction or rehabilitation and the number of
17 floors and residential units to be constructed or rehabilitated.

18 (d) A description of the nonresidential uses to which any portion of the proposed project is to
19 be put, including the proportion of total square footage of the project proposed for nonresidential
20 uses.

21 (e) A description of the proposed portion of the project to be used for residential uses, including
22 the proportion of total square footage of the project proposed for residential uses.

23 (f) A description of the number and nature of residential units in the proposed project that are
24 to be low income residential housing, including the proportion of total square footage of the project
25 proposed for low income residential housing uses.

26 (g) The calculation and allocations described under subsection (4) of this section.

27 (h) Documentation establishing the costs of construction and rehabilitation with respect to the
28 project.

29 (i) A commitment that is satisfactory to the city or county, including documentation and evi-
30 dence of recording of the documentation, that the project will be maintained and operated in a

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 manner consistent with the application submitted under this section for the duration of the com-
 2 mitment. The duration of the commitment, including the eligibility of units in the project as low
 3 income residential housing, may not be less than the number of tax years for which the project is
 4 intended to be partially exempt from ad valorem property taxes under ORS 307.864.

5 (3) For purposes of this section, square footage does not include areas used for parking, patios
 6 or porches, unless these areas are demonstrated to the satisfaction of the city or county to be eco-
 7 nomically necessary to the project or the city or county otherwise determines that it is appropriate
 8 to include the areas in square footage.

9 (4)(a) Each application filed under this section [*shall*] **must** contain a calculation of equalized
 10 floors, an allocation of equalized floors to residential uses and an allocation of equalized floors to
 11 low income residential housing uses as determined under this subsection.

12 (b) An equalized floor is the quotient that results from the division of total square footage of a
 13 project by the number of actual floors of the project that are at least 500 square feet per floor, or
 14 as may be increased or otherwise qualified by the city or county by rule.

15 (c) To allocate equalized floors to residential uses, divide the total square footage of residential
 16 property in the project by the square footage of an equalized floor, **without rounding this quotient**
 17 **up or down.**

18 (d) To allocate equalized floors to low income residential housing use, divide the total square
 19 footage of low income residential housing property in the project by the square footage of an
 20 equalized floor, **without rounding this quotient up or down.** In determining the square footage
 21 of low income residential housing property, include that proportion of the square footage of resi-
 22 dential common space that is the same as the proportion of the total square footage of low income
 23 residential housing units to the total square footage of all residential housing units.

24 (e) Land that is necessary for a project having at least one equalized floor of low income resi-
 25 dential housing may be certified for partial exemption. Land that is not necessary for the project
 26 may not be certified for partial exemption.

27 (5)(a) For rehabilitation that does not involve displacement of tenants, the application must be
 28 filed on or before the date on which the rehabilitation is complete.

29 (b) The application must be filed on or before the date on which residential units that are a part
 30 of the vertical housing development project are ready for occupancy.

31 (6) The city or county shall review each application submitted under this section and shall cer-
 32 tify or deny certification based on whether the proposed vertical housing development project meets
 33 the requirements described in ORS 307.858 and all criteria established by the city or county that
 34 are consistent with ORS 307.841 to 307.867.

35 (7) The city or county may request any documentation or undertake any investigation necessary
 36 to ascertain the veracity of any statement made on an application under this section.

37 (8) The certification issued by the city or county [*shall*] **must**:

38 (a) Identify the property included in the certified vertical housing development project;

39 (b) Identify the number of equalized floors [*of*] **in the project allocated to** residential housing
 40 [*in the project*] **under subsection (4)(c) of this section** and include a description of the property
 41 of each equalized floor;

42 (c) Identify the number of equalized floors [*of*] **in the project allocated to** low income residen-
 43 tial housing [*in the project*] **under subsection (4)(d) of this section** and include a description of the
 44 property of each equalized floor; and

45 (d) Contain any other information prescribed by the city or county.

1 (9) The determination of the city or county to certify or deny certification is a discretionary
 2 determination. The determination is final and is not subject to judicial or administrative review.

3 (10) The city or county may charge appropriate fees to offset the cost of administering the ap-
 4 plication and certification process under this section and any other related costs.

5 **SECTION 2.** ORS 307.864 is amended to read:

6 307.864. (1) For the first tax year in which, as of the assessment date, a vertical housing devel-
 7 opment project is occupied or ready for occupancy following certification under ORS 307.857, and
 8 for the next nine consecutive tax years:

9 (a) The property of the vertical housing development project, except for the land of the project,
 10 shall be partially exempt from ad valorem property taxes imposed by local taxing districts, other
 11 than the districts that elected not to participate in the vertical housing development zone pursuant
 12 to ORS 307.844 (4), [*according to the following schedule and*] as identified in the certification issued
 13 under ORS 307.857 (8)[.], **in a percentage equal to the lesser of:**

14 **(A) 20 percent multiplied by the quotient representing the allocation of equalized floors**
 15 **to residential housing or low income residential housing, determined under ORS 307.857 (4)(c)**
 16 **or (d), respectively; or**

17 **(B) 80 percent.**

18 [*(A) If the project consists of the equivalent of one equalized floor allocated to residential housing,*
 19 *the project shall be 20 percent exempt.*]

20 [*(B) If the project consists of the equivalent of two equalized floors allocated to residential housing,*
 21 *the project shall be 40 percent exempt.*]

22 [*(C) If the project consists of the equivalent of three equalized floors allocated to residential hous-*
 23 *ing, the project shall be 60 percent exempt.*]

24 [*(D) If the project consists of the equivalent of four or more equalized floors allocated to residential*
 25 *housing, the project shall be 80 percent exempt.*]

26 (b) The land of the vertical housing development project shall be partially exempt from ad
 27 valorem property taxes imposed by local taxing districts, other than the districts that elected not
 28 to participate in the vertical housing development zone pursuant to ORS 307.844 (4), in the same
 29 [*percentages*] **percentage** determined under paragraph (a) of this subsection, for [*each equalized floor*
 30 *allocated*] **the allocation of equalized floors** to low income residential housing, as identified in the
 31 certification issued under ORS 307.857 (8).

32 (2) In order for the property of a vertical housing development project to receive the partial
 33 property tax exemption described in subsection (1) of this section, the vertical housing development
 34 project property owner, project applicant or other person responsible for the payment of property
 35 taxes on the project must notify the city or county that the project is occupied or ready for occu-
 36 pancy, and the city or county must notify the assessor of the county in which the project is located,
 37 in the manner set forth in ORS 307.512, that the project is occupied or ready for occupancy and has
 38 been certified under ORS 307.857.

39 **SECTION 3. The amendments to ORS 307.857 and 307.864 by sections 1 and 2 of this 2021**
 40 **Act apply to property tax years beginning on or after July 1, 2021.**

41 **SECTION 4. This 2021 Act takes effect on the 91st day after the date on which the 2021**
 42 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**