

HB 2705 A STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

Action Date: 03/23/23

Action: Do pass with amendments and be referred to Tax Expenditures by prior reference.
(Printed A-Eng.)

Vote: 11-0-0-0

Yeas: 11 - Boice, Cate, Dexter, Fahey, Gamba, Hartman, Helfrich, Helm, Javadi, Levy E, Wright

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

Prepared By: Claire Adamsick, LPRO Analyst

Meeting Dates: 2/21, 3/23

WHAT THE MEASURE DOES:

Allows city or county utilizing property tax exemption for affordable multiunit rental housing to establish schedule in which percentage of exemption granted increases directly with percentage of units rented to households earning at or below 120 percent of area median income. Clarifies percentage of exemption granted to eligible rental property remains in effect for entire 10-year exemption period. Requires governing body to notify county assessor if eligible rental property does not meet requirements of locally adopted ordinance or resolution, and describes tax due on such properties unable to claim exemption. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Extending time frame of exemption to increase affordability period
- Creating incentives for market production of mixed income housing
- Clarifying exemption is for real market vs. assessed value

EFFECT OF AMENDMENT:

Clarifies local government ordinance or resolution may adopt one of two specified tax schedules. Clarifies percentage of exemption granted to eligible rental property remains in effect for entire 10-year exemption period. Requires governing body to notify county assessor if eligible rental property does not meet requirements of locally adopted ordinance or resolution, and describes tax due on such properties unable to claim exemption.

BACKGROUND:

ORS 308.701 defines multiunit rental housing as a residential property consisting of four or more dwelling units, and that does not include assisted living facilities. In 2017, the Legislative Assembly enacted House Bill 2377, which authorized a city or county government to adopt an ordinance or resolution granting a property tax exemption for newly rehabilitated or constructed multiunit rental housing. The measure required a participating city or county to establish a schedule in which the number of years for which an exemption is provided increases directly with the percentage of units that are affordable to and rented to households with an annual income at or below 120 percent of the area median income. The measure established a sunset date of January 2, 2027 for initial year exemption qualification.

House Bill 2705 A allows a city or county utilizing the property tax exemption for affordable multiunit rental housing to establish a schedule in which the percentage of the exemption granted increases at a rate proportionate to the percentage of units rented to households earning at or below 120 percent of area median income. The measure allows the tax exemption to be granted for up to 10 consecutive tax years.