

# House Bill 2466

Sponsored by Representative NATHANSON; Representatives HOLVEY, LIVELY, PHAM K, Senators CAMPOS, GOLDEN, MANNING JR, PROZANSKI (at the request of SquareOne Villages) (Pre-session 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**.

Extends low income rental housing property tax exemption to housing units owned by limited equity cooperative corporations.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to limited equity cooperative low income housing; creating new provisions; amending ORS  
3 307.515, 307.521 and 307.523; and prescribing an effective date.

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

5 **SECTION 1.** ORS 307.515 is amended to read:

6 307.515. As used in ORS 307.515 to 307.523:

7 (1) "Governing body" means the city or county legislative body having jurisdiction over the  
8 property for which an exemption may be applied for under ORS 307.515 to 307.523.

9 (2) "Lender" means the provider of a loan secured by the recorded deed of trust or recorded  
10 mortgage made to finance the purchase, construction or rehabilitation of a property used for low  
11 income housing under the criteria listed in or adopted under ORS 307.517 or 307.518 **or section 3**  
12 **of this 2023 Act.**

13 (3) "**Limited equity cooperative**" means a cooperative corporation formed under ORS  
14 chapter 62 whose articles of incorporation, in addition to the other requirements of ORS  
15 chapter 62, prohibit members from selling their ownership interests:

16 (a) To any person other than a low income person; or

17 (b) For a sales price that exceeds the sum of:

18 (A) The price the member paid for the ownership interest;

19 (B) The cost of any permanent improvements the member made to the housing unit  
20 during the member's ownership;

21 (C) Any special assessments the member paid to the limited equity cooperative during  
22 the member's ownership that were expended to make permanent improvements to the  
23 building in which the member's housing unit is located; and

24 (D) A return on the amounts described in subparagraphs (A) to (C) of this paragraph,  
25 computed by adjusting each amount by the percentage increase, if any, in the Consumer  
26 Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau  
27 of Labor Statistics of the United States Department of Labor, from the year in which the  
28 respective amount was paid.

29 [(3)] (4) According to the election of a governing body pursuant to ORS 307.519 (1), "low  
30 income" means:

**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 (a) Income at or below 60 percent of the area median income as determined by the Oregon  
 2 Housing Stability Council based on information from the United States Department of Housing and  
 3 Urban Development;

4 (b)(A) For the initial year that persons occupy property for which an application for exemption  
 5 is filed under ORS 307.521, income at or below 60 percent of the area median income as determined  
 6 by the Oregon Housing Stability Council based on information from the United States Department  
 7 of Housing and Urban Development; and

8 (B) For every subsequent consecutive year that the persons occupy the property, income at or  
 9 below 80 percent of the area median income as determined by the Oregon Housing Stability Council  
 10 based on information from the United States Department of Housing and Urban Development; or

11 (c) For housing units on property that is awarded tax credits through the federal Low-Income  
 12 Housing Tax Credit program and is a qualified low-income housing project meeting the requirements  
 13 of 26 U.S.C. 42(g)(1)(C), income at or below 80 percent of the area median income as determined by  
 14 the Oregon Housing Stability Council based on information from the United States Department of  
 15 Housing and Urban Development, provided the average area median income of all housing units on  
 16 the property is at or below 60 percent of the area median income as determined by the Oregon  
 17 Housing Stability Council based on information from the United States Department of Housing and  
 18 Urban Development.

19 **(5) “Rent” includes charges paid by the holder of a proprietary lease in a limited equity**  
 20 **cooperative for occupancy of a housing unit owned by the cooperative.**

21 **SECTION 2. Section 3 of this 2023 Act is added to and made a part of ORS 307.515 to**  
 22 **307.523.**

23 **SECTION 3. (1) Property or a portion of property owned by a limited equity cooperative**  
 24 **is exempt from taxation as provided under ORS 307.515 to 307.523 if:**

25 **(a) The property is occupied by low income persons holding a proprietary lease in the**  
 26 **limited equity cooperative;**

27 **(b) The charges paid by the occupant to the limited equity cooperative for occupancy**  
 28 **reflect the full value of the property tax exemption;**

29 **(c) The exemption has been approved as provided in ORS 307.523, pursuant to an appli-**  
 30 **cation filed before July 1, 2030;**

31 **(d) The housing units on the property were constructed, or converted to limited equity**  
 32 **cooperative ownership, after the local governing body adopted the provisions of ORS 307.515**  
 33 **to 307.523; and**

34 **(e) The information disclosed on the application filed pursuant to ORS 307.521 meets any**  
 35 **other criteria adopted by the governing body.**

36 **(2) A governing body that adopts the provisions of ORS 307.515 to 307.523 may adopt ad-**  
 37 **ditional criteria for exemption that do not conflict with the criteria described in subsection**  
 38 **(1)(a) to (d) of this section.**

39 **SECTION 4. ORS 307.521 is amended to read:**

40 307.521. (1) A person seeking the exemption granted under ORS 307.515 to 307.523 must file an  
 41 application for exemption with the governing body. The exemption, if granted, shall be for a period  
 42 of 20 years.

43 (2) The application must be filed as set forth in ORS 307.523 and must include the following in-  
 44 formation, as applicable:

45 (a) A description of the property or a portion of the property for which the exemption is re-

1 requested;

2 (b) A description of the purpose of the project and whether all or a portion of the property is  
3 being used for that purpose;

4 (c) A certification of income levels of low income occupants;

5 (d) A description of how the tax exemption will benefit project residents;

6 (e) If the exemption is an exemption described in ORS 307.518, evidence satisfactory to the  
7 governing body that the corporation is a nonprofit corporation and meets the criteria for a public  
8 benefit corporation or a religious corporation;

9 **(f) If the exemption is an exemption described in section 3 of this 2023 Act, evidence**  
10 **satisfactory to the governing body that the housing units are owned by a limited equity co-**  
11 **operative that meets the criteria for a cooperative corporation under ORS chapter 62;**

12 [(f)] (g) A description of the plans for development of the property if the property is being held  
13 for future low income rental housing development; and

14 [(g)] (h) A description of how the applicant and the property, respectively, meet any additional  
15 criteria adopted by the governing body pursuant to ORS 307.517 (2) or 307.518 (2) **or section 3 (2)**  
16 **of this 2023 Act.**

17 (3) The applicant shall verify the information in the application by oath or affirmation.

18 (4)(a) Prior to accepting an application under ORS 307.515 to 307.523, a local jurisdiction shall  
19 adopt standards and guidelines to establish the policies governing the consideration of applications  
20 under ORS 307.515 to 307.523.

21 (b) Policies considered may include, but are not limited to:

22 (A) Rent regulatory agreements or other enforcement mechanisms to demonstrate that the re-  
23 quired rent payment reflects the full value of the property tax exemption.

24 (B) Enforcement mechanisms to ensure that housing that is exempt under ORS 307.515 to 307.523  
25 is maintained in decent, safe and sanitary conditions for the occupants.

26 (C) Methodology and timing for submitting evidence of use of rentals received from low income  
27 persons.

28 **SECTION 5.** ORS 307.523 is amended to read:

29 307.523. (1) Application shall be made on or before December 1 of the calendar year immediately  
30 preceding the first assessment year for which exemption is requested, and shall be accompanied by  
31 the application fee required under ORS 307.527. However, if the property is acquired after November  
32 1, the application shall be made within 30 days after the date of acquisition.

33 (2) Within 60 days of the filing of an application under ORS 307.521, the governing body shall  
34 take final action upon the application as provided under ORS 307.527, and certify the results of the  
35 action to the county assessor, as set forth in ORS 307.512.

36 (3) Upon receipt of certification under subsection (2) of this section, the county assessor shall  
37 exempt the property from taxation to the extent certified by the governing body.

38 (4) Notwithstanding the dates specified in ORS 307.517 and 307.518 **and section 3 of this 2023**  
39 **Act**, property granted exemption pursuant to an application filed under ORS 307.517 or 307.518 **or**  
40 **section 3 of this 2023 Act** before July 1, 2030, shall continue to receive the exemption on the same  
41 terms, including duration, on which the exemption was granted.

42 **SECTION 6.** **Section 3 of this 2023 Act and the amendments to ORS 307.515, 307.521 and**  
43 **307.523 by sections 1, 4 and 5 of this 2023 Act apply to property tax years beginning on or**  
44 **after July 1, 2024.**

45 **SECTION 7.** **This 2023 Act takes effect on the 91st day after the date on which the 2023**

1 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

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