

## **SB 684 A -A6 STAFF MEASURE SUMMARY**

### **Senate Committee On Finance and Revenue**

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**Prepared By:** Beau Olen, Economist

**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 5/7

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#### **WHAT THE MEASURE DOES:**

Adds mixed income housing to property which may qualify for the property tax exemption for Housing Authority Rental Properties. Increases allowable tenant income for property to qualify as mixed income housing. Eliminates requirement for a housing authority to adopt a resolution which declares the need for additional low income housing before including mixed income housing in their housing portfolio. Requires all units of multifamily mixed income housing financed by the newly established revolving loan fund—the Mixed Income Public Development Loan Fund—to be subject to an affordable housing covenant for at least 30 years. Takes effect January 1, 2026.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-A6 Clarifies that low-interest short-term loans made from the Mixed Income Public Development Loan Fund are subordinate to any existing or concurrently made private loan on the property. Clarifies that lending strategies the Housing and Community Services Department develops by rule and implements for purposes of the Mixed Income Public Development Loan Fund are within the department's existing statutory authority to make loans.

##### **BACKGROUND:**

A city or county can establish a housing authority and then must pass a resolution which declares there is a need for a housing authority to function in the city or county. About half of housing authority tenants pay rent equal to 30 percent of their income. This is the maximum amount that can be paid for housing authority property which is federally subsidized under the Housing Act of 1937. The other half of housing authority tenants live in property financed through a mix of commercial loans and government financing such as federal Low Income Housing Tax Credits, the Oregon Housing Fund, and the property tax exemption for Housing Authority Rental Properties.

Housing authority rental property is considered public property which may qualify for an exemption from all state and local taxes and special assessments. The exemption does not apply to commercial housing authority property which is leased to a taxable entity. A housing authority can agree to make payments in lieu of taxes or special assessments for improvements, services, and facilities furnished by the state or local governments that benefit housing authority property. The exemption does not have a sunset date.

Land burdened by an affordable housing covenant which requires housing to be affordable for low and moderate income households for at least 99 years is exempt from property tax. Improvements on the land must be owner occupied housing, or the land may be held for a reasonable period if owner-occupied housing will be built on the land. For owner-occupied condominium units burdened by an affordable housing covenant, 27 percent of the assessed value is exempt from property tax. The exemption does not have a sunset date.