



January 28, 2025

Chair Nathanson
House Committee on Revenue
900 Court Se. NE
Salem, OR 97301

RE: Eugene Support for HB3232-modifications to ORS 307.515

The Low-Income Rental Housing Property Tax Exemption (LIRHPTE) program of ORS 307.515 to 307.523 provides a 20-year property tax exemption for rental housing that is affordable to low-income households or for property held to develop such housing. Eugene adopted the program in 1990. This critical tool helps address the growing demand for affordable housing, particularly in Eugene, where rising costs and inflation are making it harder for lower- and moderate-income households to find housing within their financial reach.

Over the last 35 years, the City of Eugene's participation in the LIRHPTE program has been vital in maintaining affordable rents for over 2,000 homes. Because the exemption is renewable, more than 500 units have had their LIRHPTEs renewed, ensuring continued affordability for another 20 years.

In 2023, the Oregon State Legislature expanded the LIRHPTE program to include limited equity cooperatives (LECs) as eligible developments. LECs are homeownership opportunities in which residents purchase a share in the development and collectively manage the development. These cooperatives offer housing at below-market rates and cap the equity members can accumulate when they re-sell their shares and move.

In partnership with the Bethel and 4J school districts, the City of Eugene has already made the necessary code changes to make local LECs eligible for this exemption. However, the current law includes a date restriction that prevents some otherwise qualified cooperatives from accessing the program. The current law says only LEC housing units that were constructed or converted to LEC ownership after the local governing body adopted the property tax exemption program are eligible for the exemption.

For instance, the East Blair Housing Cooperative in Eugene has been providing 22 units of affordable housing since 1981. Despite its long history of serving households with low incomes, the cooperative is ineligible for the LIRHPTE program because it was established before 1990, the year Eugene adopted the ordinance.

If passed, HB3232 would remove this date restriction, allowing eligible limited equity cooperatives—such as East Blair Housing Cooperative—to benefit from LIRHPTE, ensuring they can continue to provide affordable housing for households with low incomes.

The City of Eugene strongly supports this update to the LIRHPTE program and believes it will enhance efforts to preserve and expand affordable housing across Oregon.

Respectfully,
submitted electronically
Ethan Nelson, Intergovernmental Relations Manager