

COLUMBIA COUNTY

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Date: March 17, 2025

Subject: Support for House Bill 3545 with Proposed Amendments

Chair Marsh, Vice-Chair Anderson, Vice-Chair Breese-Iverson, and members of the committee,

The goals of Columbia County's lands program are twofold. The County's goal is to sell property received through tax foreclosure and distribute proceeds to the many taxing districts that rely on the County to collect their limited tax dollars. Second, the County wants properties to go back onto the tax rolls for the same reason.

Columbia County has recently encountered an issue with HOA assessments substantially interfering with the County's goals. In 2021, the County acquired a small parcel of bare land in a community called Fishhawk Lake through tax foreclosure. At the time of acquisition, the assessed value of the property was \$11,150 with an annual tax less than \$150.00. The County received no communication from the HOA until early 2023 when we received an invoice for HOA dues and assessments of approximately 400.00. The invoice was promptly paid. The County received no further communication from the HOA until we received a demand letter from the HOA's attorney in September 2024 seeking \$18,432.71, including a balance forward from the prior owner, dues, late fees, interest, and attorney fees.

Fishhawk Lake is a small recreational planned community in both Columbia and Clatsop Counties. The lake has needed substantial repair in recent years and has led to large assessments. The HOA decided to assess all parcels equally. Some of those parcels have homes. Many are bare lots; some may not even be buildable. The bare lots such as the one the County took in 2021, have low property values. Our belief is that owners of these properties are deciding to walk away from the property by not paying HOA fees and defaulting on taxes.

While the HOA can foreclose on its lien for HOA fees against the prior owner, it would then be responsible for taxes. As a lien holder, the HOA also receives notice of a tax foreclosure and can pay the taxes to protect its lien. In our case, the HOA could have paid the approximately 130.00 annual property tax to keep it out of foreclosure. However, there is currently little incentive for the HOA to step in to keep property out of foreclosure knowing that the government will ultimately be responsible.

In looking at County parcels in the community 8 are currently delinquent. Only one of those parcels has a home. All of the others have a low assessed value and annual property taxes under \$500.00. 6 of the 8 have annual taxes under \$150.00. Two of them started the foreclosure process last year and another will start the foreclosure process this summer. The County is looking to head off a situation where the local taxing districts are subsidizing the HOA. Taxing districts are all finding it hard to operate with limited tax dollars. They should not be in a position of subsidizing private HOAs with no ability to recoup the amount paid in HOA fees, much less the tax dollars that have been lost.

The County is in support of House Bill 3545 but it does not go far enough to address the problem Columbia and Clatsop Counties are facing at Fishhawk Lake. Because the value of the parcels are typically low and back taxes and HOA liens are expected to exceed the value, the Counties won't realistically be able to sell the parcels. After 6 months the proposed bill would put the Counties back in the same position we currently face.

This will put us in the position of deciding not to take deed to the parcels which will essentially put them in limbo with no taxes being paid and no HOA fees being paid.

To address this problem Columbia County is proposing amendments to HB 3545. The County is proposing two new sections.

The first will limit the amount of the total assessment the County is responsible to pay to the assessed value of the property on the date the County takes deed. By limiting the government liability and HOA lien on the property we believe it will be possible to sell the property to a new owner and also will incentivize the HOA to foreclose on its lien before property goes into tax foreclosure.

Second, the County is proposing to add a new section that will allow the County to sell the property directly back to the HOA for the amount of the HOA assessments without going through the normal Sheriff's Sale process.

Finally, the County proposes that the legislation apply to property that the Counties currently own through foreclosure to address the problem at hand at Fishhawk Lake.

The County does not believe that the bill with these amendments will significantly impair the typical HOA or condominium association because assessments won't typically exceed the value of their property.

Respectfully,

A handwritten signature in black ink, appearing to read 'Casey Garrett', with a stylized, cursive script.

Casey Garrett,
COLUMBIA COUNTY COMMISSIONER

ATTACHMENTS:

PROPOSED AMENDMENT TO PRINTED HOUSE BILL 3545

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On the printed bill, line 5, add after 2, "to 4"; delete after Act, "is" and insert "are".

After line 17, insert:

"SECTION 3. Notwithstanding Section 2, the cumulative Assessment for a subject property shall not exceed the assessed value of the subject property on the date on which the subject property is deeded to the county.

SECTION 4. Notwithstanding ORS 275.110 to ORS 275.225, a governing body of a county may authorize the sale of a subject property to the entity making an Assessment at no cost in consideration for release from liability for payment of Assessments."

Line 18, delete "SECTION 3.", and insert "SECTION 5."

Line 18, after "applies to" and insert "any".

Line 19, after "ORS 312.200", delete "on" and insert "before".

Line 20, delete "SECTION 4." and insert "SECTION 6."