

REVENUE: Revenue Statement Issued

FISCAL: No Fiscal Impact

Action: Do pass the A-engrossed bill
Vote: 8-0-1
Yeas: Berger, Bruun, Gelser, Olson, Read, Rosenbaum, Witt, Barnhart
Nays:
Exc.: Butler
Prepared By: Mary Ayala, Economist
Meeting Dates: 5/14

WHAT THE BILL DOES: Extends sunset date for a 10 year partial exemption from property taxes for the rehabilitation of housing or the conversion of buildings to housing. The proposed sunset date is January 1, 2017. Provides that rehabilitation improvements must be executed within 2 years of initial application. Takes effect upon becoming law.

ISSUES DISCUSSED:

- That the program is primarily pertains to rehabilitated properties in the city of Portland.
- That no more than 20% of the city's area can be designated 'distressed'; and the city's planning department periodically reviews and changes the boundaries of these areas to exclude areas that are no longer distressed.
- That the rehabilitated rental properties that qualify for partial exemption may be located anywhere in the city, subject to satisfying conditions requiring that a certain percentage of the units will be rented to families that have income below certain thresholds.

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: A city or county may exempt from property tax the value of the rehabilitated portion of a home or building that has been converted to housing if the property is not less than 25 years of age and sums have been expended for rehabilitation the costs of which were at least 5% of the assessed value of the property. A city or county may also grant the partial exemption regardless of the age of the structure if value of the improvements equals or exceeds 50% of the assessed value of the land and improvements reflected in the assessment roll preceding the date on which an application for the limited assessment was filed. Under current law, the property owner must file an application for the limited assessment prior to commencement of rehabilitation improvements; but there is no deadline within the 10 year special assessment period during which the improvements must be executed, The sunset date is currently January 1, 2008.