

Enrolled House Bill 2349

Sponsored by Representatives BAILEY, TOMEI, Senator JOHNSON (Pre-session filed.)

CHAPTER

AN ACT

Relating to property tax exemption for single-unit housing; creating new provisions; amending ORS 307.651, 307.654, 307.657, 307.671 and 307.681; and prescribing an effective date.

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

SECTION 1. ORS 307.651 is amended to read:

307.651. As used in ORS 307.651 to 307.687, unless the context requires otherwise:

[(1) "*Distressed area*" means a primarily residential area of a city designated by a city under ORS 307.657 which, by reason of deterioration, inadequate or improper facilities, the existence of unsafe or abandoned structures, including but not limited to a significant number of vacant or abandoned single or multifamily residential units, or any combination of these or similar factors, is detrimental to the safety, health and welfare of the community.]

[(2)] (1) "Governing body" means the city legislative body having jurisdiction over the property for which an exemption may be applied for under ORS 307.651 to 307.687.

[(3)] (2) "Qualified dwelling unit" means a dwelling unit that, upon completion, has a market value (land and improvements) of no more than 120 percent, or a lesser percentage as adopted by the governing body by resolution, of the median sales price of dwelling units located within the city.

[(4)] (3) "Single-unit housing" means a newly constructed structure having one or more dwelling units that:

(a) Is, or will be, at the time that construction is completed, in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS chapters 195, 196, 197 and 227.

(b) Is constructed on or after January 1, 1990, and is completed within two years after application for exemption is approved under ORS 307.674 or before [July 1, 2015] **January 1, 2025**, whichever is earlier.

(c) Upon completion, is designed for each dwelling unit within the structure to be purchased by and lived in by one person or one family.

(d) Upon completion, has one or more qualified dwelling units within the single-unit housing.

(e) Is not a floating home, as defined in ORS 830.700, or a manufactured structure, as defined in ORS 446.561, other than a manufactured home described in ORS 197.307 (8)(a) to (f).

[(5)] (4) "Structure" does not include the land[, nor] **or** any site development to the land, as [both] **those terms** are defined [under] **in** ORS 307.010.

SECTION 2. ORS 307.654 is amended to read:

307.654. (1) The Legislative Assembly finds it to be in the public interest [to stimulate the construction of new single-unit housing in distressed urban areas in this state in order to improve in those areas the general life quality, to promote residential infill development on vacant or underutilized

lots,] to encourage homeownership [and to reverse declining property values] **among low and moderate income families.**

(2) The Legislative Assembly further finds and declares that the cities of this state **should** be able to establish and design programs to stimulate the construction of new single-unit housing [in distressed urban areas] **for homeownership by low and moderate income families** by means of a limited property tax exemption, as provided under ORS 307.651 to 307.687.

SECTION 3. ORS 307.657 is amended to read:

307.657. (1)[(a)] ORS 307.651 to 307.687 apply to single-unit housing located within the jurisdiction of a governing body that adopts, by resolution or ordinance, ORS 307.651 to 307.687. Except as provided in subsection (2) of this section, the exemption provided by ORS 307.651 to 307.687 applies only to the tax levy of a governing body that adopts ORS 307.651 to 307.687.

[(b) Each governing body that adopts, by resolution or ordinance, ORS 307.651 to 307.687 shall adopt rules specifying the process for determining the boundaries of a distressed area and for distressed area boundary changes. The cumulative land area within the boundaries of distressed areas within a city, determined for purposes of ORS 307.651 to 307.687, may not exceed 20 percent of the total land area of the city.]

(2)(a) **Except as provided in paragraph (b) of this subsection,** the tax exemption provided under ORS 307.651 to 307.687 applies to the tax levy of all taxing units [when upon request of the city that has adopted ORS 307.651 to 307.687,] **with jurisdiction over property granted the tax exemption by a city if** the rates of taxation of taxing units whose governing bodies agree by resolution or ordinance [to the policy of providing tax exemptions for single-unit housing as described in ORS 307.651 to 307.687] **to grant the tax exemption,** when combined with the rate of taxation of the city, equal 51 percent or more of the total combined rate of taxation levied on the property [which is tax exempt under ORS 307.651 to 307.687].

(b) If the rate of taxation of the city that has granted the tax exemption equals 40 percent or more of the total combined rate of taxation of all taxing units with jurisdiction over the property, the tax exemption applies to the tax levy of all taxing units only if:

(A) The percentage requirement of paragraph (a) of this subsection is met; and

(B) The governing body of the county also agrees, by resolution or ordinance, to grant the tax exemption to the property.

[(3) The city shall designate one or more distressed areas, located within the territorial boundaries of the city, within which the city proposes to allow exemptions under ORS 307.651 to 307.687.]

[(4)] (3) The city shall adopt standards and guidelines to be utilized in considering applications and making the determinations required under ORS 307.651 to 307.687, including but not limited to:

[(a) Standards and guidelines for designating a distressed area, including but not limited to the probability of revitalization in the area without the assistance of the property tax exemption provided under ORS 307.651 to 307.687.]

[(b)] (a) Design elements for construction of the single-unit housing proposed to be exempt.

[(c)] (b) Extensions of public benefits from the construction of the single-unit housing beyond the period of exemption.

SECTION 4. ORS 307.671 is amended to read:

307.671. The city may approve an application made under ORS 307.667 if it finds that:

[(1) The proposed construction will be located in a distressed area.]

[(2)] (1) The proposed construction will constitute single-unit housing.

[(3)] (2) The owner has agreed to include the design elements adopted under ORS 307.657 [(4)] (3) in the construction.

[(4)] (3) The construction will result in public benefits beyond the period of exemption.

SECTION 5. ORS 307.681 is amended to read:

307.681. (1) Except as provided in ORS 307.684, if, after an application has been approved under ORS 307.674, the city finds that construction of single-unit housing was not completed within two years after the date the application was approved or on or before January 1, [2015] **2025**, whichever is earlier, or that any provision of ORS 307.651 to 307.687 is not being complied with, or any pro-

vision required by the city pursuant to ORS 307.651 to 307.687 is not being complied with, the city shall give notice to the owner, mailed to the owner's last-known address, of the proposed termination of the exemption. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(2) If the owner fails to show cause why the exemption should not be terminated, the city shall adopt an ordinance or resolution stating its findings and terminating the exemption. A copy of the ordinance or resolution shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address within 10 days after its adoption.

SECTION 6. (1) The amendments to ORS 307.651, 307.654, 307.657 and 307.671 by sections 1 to 4 of this 2013 Act, other than the amendments to ORS 307.651 (3)(b) by section 1 of this 2013 Act extending the sunset date of the exemption program under ORS 307.651 to 307.687, apply to applications for exemption approved on or after the effective date of this 2013 Act.

(2)(a) The amendments to ORS 307.651 (3)(b) and 307.681 by sections 1 and 5 of this 2013 Act extending the sunset date of the exemption program under ORS 307.651 to 307.687 apply to applications approved before, on or after the effective date of this 2013 Act.

(b) The extension of the sunset date by the amendments to ORS 307.651 (3)(b) and 307.681 by sections 1 and 5 of this 2013 Act does not increase the period for which an exemption has been or may be granted under ORS 307.664.

SECTION 7. This 2013 Act takes effect on the 91st day after the date on which the 2013 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.

Passed by House May 28, 2013

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Ramona J. Line, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate June 11, 2013

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Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2013

Approved:

.....M.,....., 2013

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John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M.,....., 2013

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Kate Brown, Secretary of State