

**Fiscal:** No Fiscal Impact

**Revenue:** No Revenue Impact

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**Action Date:** 05/07/15

**Action:** Do Pass.

**Meeting Dates:** 04/29, 05/07

**Vote:**

Yeas: 9 - Barnhart, Bentz, Davis, Johnson, Lininger, Read, Smith Warner, Vega Pederson, Whitsett

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**WHAT THE MEASURE DOES:**

Allows governing bodies to establish reasonable maximum holding times for land designated for low-income housing development and allows governing bodies to elect additional qualifying criteria. Requires additional criteria to not conflict with existing law criteria. Changes apply only to applications for exemption received on or after the effective date of measure and date on which the governing body adopts the reasonable maximum holding times and/or additional criteria. Takes effect on 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

- Local control provisions in measure may entice other localities to use program
- Necessity for program, why low income property is not currently available or being built in locations where there is a lack of such property
- Possibility that existing exemption, with or without measure's changes, acting as a free ride device
- Availability of low income housing in areas surrounding high housing demand areas
- Impact of existing land use policies upon stocks of low income housing
- Opportunity for workforce of cities to live within areas where they work
- Growth in demand and price of housing in Bend, Hood River and other high demand areas.

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

House Bill 2130-A allows a city or county government to adopt additional criteria in order to allow tax abatement for land held for the purpose of developing low income rental housing. Existing law contains no timeframe limiting provision. The measure also allows local governments to adopt provisions that may limit the number of new projects, excluding changes to basic program eligibility criteria. The additional criteria allowed in the measure applies to existing property tax partial exemptions available under Oregon Revised Statutes 307.517 / 307.518 and 307.541. These two partial exemptions are listed in the Governor's Tax Expenditure Report as:

- 2.105 - New Housing for Low Income Rental
- 2.106 - Nonprofit Low Income Rental Housing

In Oregon and across the nation, property tax abatement is used by local governments as a tool to encourage the development of affordable housing. These tax exemptions help reduce the operating expenses for providers of low income housing thereby resulting in lower rents and enable community development corporations and other qualifying local nonprofit organizations to provide affordable rental housing for low income households. There are

several criteria that jurisdictions may elect that developers must meet in order to receive abatement, such as: the occupants of the housing have low income, as defined, lands being held must be designated for development as low-income housing, the housing must be rental housing, the developer must be a nonprofit or tax-exempt entity or, if not, the benefit of the property tax savings must be reflected in lower rent.