

House Bill 2725

Sponsored by Representative EVANS

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires city or county to approve all proposed vertical housing development projects that meet statutory requirements and additional criteria adopted by city or county and to deny certification to all proposed projects that do not. Allows judicial review for certification of projects and denial of certification. Requires city or county to send copy of certification of project to county assessor within 30 days after certification.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to vertical housing development; creating new provisions; amending ORS 307.844, 307.857
3 and 307.861; and prescribing an effective date.

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

5 **SECTION 1.** ORS 307.857 is amended to read:

6 307.857. (1) Following the designation of a vertical housing development zone under ORS 307.844,
7 a person proposing to undertake a proposed vertical housing development project and seeking the
8 partial property tax exemption set forth in ORS 307.864 shall apply **for certification of the project**
9 to the governing body of the city or county that designated the zone [*for certification of the*
10 *project*]. Each phase of a phased development, whether vertical or horizontal, requires a separate
11 application.

12 (2) The application must be satisfactory to the city or county in form and content and must
13 contain any information required by the city or county, including all of the following:

14 (a) The address and boundaries of the proposed vertical housing development project.

15 (b) A description of the existing state of the property.

16 (c) A description of the proposed project construction or rehabilitation, including the design of
17 the construction or rehabilitation, the cost of the construction or rehabilitation and the number of
18 floors and residential units to be constructed or rehabilitated.

19 (d) A description of the nonresidential uses to which any portion of the proposed project is to
20 be put, including the proportion of total square footage of the project proposed for nonresidential
21 uses.

22 (e) A description of the proposed portion of the project to be used for residential uses, including
23 the proportion of total square footage of the project proposed for residential uses.

24 (f) A description of the number and nature of residential units in the proposed project that are
25 to be low income residential housing, including the proportion of total square footage of the project
26 proposed for low income residential housing uses.

27 (g) The calculation and allocations described under subsection (4) of this section.

28 (h) Documentation establishing the costs of construction and rehabilitation with respect to the
29 project.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (i) A commitment that is satisfactory to the city or county, including documentation and evi-
 2 dence of recording of the documentation, that the project will be maintained and operated in a
 3 manner consistent with the application submitted under this section for the duration of the com-
 4 mitment. The duration of the commitment, including the eligibility of units in the project as low
 5 income residential housing, may not be less than the number of tax years for which the project is
 6 intended to be partially exempt from ad valorem property taxes under ORS 307.864.

7 (3) For purposes of this section, square footage does not include areas used for parking, patios
 8 or porches, unless these areas are demonstrated, to the satisfaction of the city or county, to be
 9 economically necessary to the project or the city or county otherwise determines that it is appro-
 10 priate to include the areas in square footage.

11 (4)(a) Each application filed under this section shall contain a calculation of equalized floors,
 12 an allocation of equalized floors to residential uses and an allocation of equalized floors to low in-
 13 come residential housing uses as determined under this subsection.

14 (b) An equalized floor is the quotient that results from the division of total square footage of a
 15 project by the number of actual floors of the project that are at least 500 square feet per floor, or
 16 as may be increased or otherwise qualified by the city or county by rule.

17 (c) To allocate equalized floors to residential uses, divide the total square footage of residential
 18 property in the project by the square footage of an equalized floor.

19 (d) To allocate equalized floors to low income residential housing use, divide the total square
 20 footage of low income residential housing property in the project by the square footage of an
 21 equalized floor. In determining the square footage of low income residential housing property, in-
 22 clude that proportion of the square footage of residential common space that is the same as the
 23 proportion of the total square footage of low income residential housing units to the total square
 24 footage of all residential housing units.

25 (e) Land that is necessary for a project *[having]* **that has** at least one equalized floor of low
 26 income residential housing may be certified for partial exemption. Land that is not necessary for the
 27 project may not be certified for partial exemption.

28 (5)(a) For rehabilitation that does not involve displacement of tenants, the application must be
 29 filed on or before the date on which the rehabilitation is complete.

30 (b) The application must be filed on or before the date on which residential units that are a part
 31 of the vertical housing development project are ready for occupancy.

32 (6) The city or county shall review each application submitted under this section and shall cer-
 33 tify *[or deny certification based on whether the]* **all** proposed vertical housing development *[project*
 34 *meets]* **projects that meet** the requirements described in ORS 307.858 and all **additional** criteria
 35 *[established by the city or county that are consistent with ORS 307.841 to 307.867]* **adopted by the**
 36 **governing body of the city or county pursuant to ORS 307.844 (7) and shall deny certification**
 37 **to all proposed vertical housing development projects that do not meet the requirements or**
 38 **the additional criteria.**

39 (7) The city or county may request any documentation or undertake any investigation necessary
 40 to ascertain the veracity of any statement made on an application under this section.

41 (8) The certification issued by the city or county shall:

42 (a) Identify the property included in the certified vertical housing development project;

43 (b) Identify the number of equalized floors of residential housing in the project and include a
 44 description of the property of each equalized floor;

45 (c) Identify the number of equalized floors of low income residential housing in the project and

1 include a description of the property of each equalized floor; and

2 (d) Contain any other information prescribed by the city or county.

3 (9) The determination of the city or county to certify or deny certification is [*a discretionary*
4 *determination. The determination is final and is not*] subject to judicial [*or administrative*] review **for**
5 **compliance with subsection (6) of this section.**

6 (10) The city or county may charge appropriate fees to offset the cost of administering the ap-
7 plication and certification process under this section and any other related costs.

8 **SECTION 2.** ORS 307.844 is amended to read:

9 307.844. (1)(a) A city may designate an area within the city as a vertical housing development
10 zone.

11 (b) A county may designate as a vertical housing development zone an area that is subject to
12 a goal exception for residential use approved under ORS 197.732.

13 (2) With the prior consent of the governing body of each city in which a proposed vertical
14 housing development zone is to be located, a county may designate any area within each city that
15 has given consent for vertical housing development zone designation as a vertical housing develop-
16 ment zone.

17 (3) A city and a county, or any combination of cities and counties, may designate an area within
18 each jurisdiction as a vertical housing development zone.

19 (4) A local taxing district may elect not to participate in a vertical housing development zone.
20 A local taxing district that elects not to participate may continue to impose taxes on property oth-
21 erwise exempt from ad valorem property tax under ORS 307.864.

22 (5) A city or county must consider the potential for displacement of households within a pro-
23 posed vertical housing development zone before designating the zone.

24 (6)(a) Before designating a vertical housing development zone, a city or county, as applicable,
25 must notify the local taxing districts, other than the city or county, that have territory in the pro-
26 posed vertical housing development zone of the city's or county's intention to designate a vertical
27 housing development zone.

28 (b) The notice required under paragraph (a) of this subsection must be sent by regular mail and
29 must:

30 (A) Describe the proposed vertical housing development zone;

31 (B) Explain the exemption described in ORS 307.864 that would apply if the proposed zone is
32 designated; and

33 (C) Explain the process by which a local taxing district may elect not to participate in the
34 vertical housing development zone.

35 (c) Notice of the election of a district listed in ORS 198.010 or 198.180 not to participate in the
36 vertical housing development zone must be received by the city or county, as applicable, within 30
37 days after the district receives the notice required under paragraph (a) of this subsection.

38 (7)(a) Not sooner than 60 days after sending the notice required under subsection (6)(a) of this
39 section, the governing body of the city or county that seeks to designate a vertical housing devel-
40 opment zone may adopt an ordinance or resolution designating the vertical housing development
41 zone and describing the area and boundaries of the zone. The ordinance or resolution may include
42 additional criteria for certification of a vertical housing development project that do not conflict
43 with the requirements described in ORS 307.858 **and are otherwise consistent with ORS 307.841**
44 **to 307.867.**

45 (b) As soon as practicable after adopting the ordinance or resolution designating the zone, the

1 governing body shall notify the assessor of the county in which the zone is located of the design-
2 nation of the zone and the districts that elected not to participate in the zone.

3 **SECTION 3.** ORS 307.861 is amended to read:

4 307.861. (1) [*Upon determining to certify*] **Within 30 days after certifying** a vertical housing
5 development project under ORS 307.857, the city or county shall send a copy of the certification to
6 the county assessor of the county in which the project is to be located. The certification must be
7 accompanied by a description of the property granted partial exemption under ORS 307.864.

8 (2) At any time after certification and prior to the end of the exemption period, the city or
9 county may:

10 (a) Request documentation, undertake investigations or otherwise review and monitor the
11 project to ensure ongoing compliance by project applicants and owners.

12 (b) Undertake any remedial action that the city or county determines to be necessary or ap-
13 propriate to fulfill the purposes of ORS 307.841 to 307.867, including issuing a notice of decertifica-
14 tion directing the county assessor to disqualify all or a portion of a project.

15 (3)(a) A notice of decertification issued under subsection (2)(b) of this section shall identify:

16 (A) The property decertified from the vertical housing development project;

17 (B) The number of equalized floors that have ceased qualifying as residential housing for pur-
18 poses of ORS 307.841 to 307.867;

19 (C) The number of equalized floors that have ceased qualifying as low income residential housing
20 for purposes of ORS 307.841 to 307.867;

21 (D) The remaining number of equalized floors of residential housing in the project and include
22 a description of the property of each remaining equalized floor; and

23 (E) The remaining number of equalized floors of low income residential housing in the project
24 and include a description of the property of each remaining equalized floor of low income residential
25 housing.

26 (b) The notice of decertification shall include any other information prescribed by the city or
27 county.

28 (c) The city or county shall send copies of the notice of decertification to the property owner
29 and the county assessor of the county in which the property is located.

30 **SECTION 4. The amendments to ORS 307.844, 307.857 and 307.861 by sections 1 to 3 of this**
31 **2019 Act apply to vertical housing development projects for which applications for certifica-**
32 **tion are filed on or after the effective date of this 2019 Act with respect to property tax years**
33 **beginning on or after July 1, 2020.**

34 **SECTION 5. This 2019 Act takes effect on the 91st day after the date on which the 2019**
35 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

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