

## **HB 3275 A -3 STAFF MEASURE SUMMARY**

### **House Committee On Revenue**

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**Prepared By:** Jaime McGovern, Economist

**Meeting Dates:** 5/6, 5/18

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#### **WHAT THE MEASURE DOES:**

Exempts land owned by eligible covenant holder that is burdened by affordable housing covenant requiring permanent affordability from ad valorem property taxation if improvements on land constitute owner-occupied housing. Provides that 27 percent of real market value of owner-occupied condominium unit burdened by affordable housing covenant requiring permanent affordability is exempt from ad valorem property taxation. Takes effect on 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

- Affordability covenant.
- Housing affordability in Oregon.
- Current incentives for development of low income housing.
- Property tax exemption administration.
- Lease-hold models for long term ownership.

#### **EFFECT OF AMENDMENT:**

-3 Clarifies terms of covenant. Specifies covenant must be at least 99 years. Provides for construction and rehabilitation period of 7 years with a potential 3 year renewal. Specifies termination conditions. Sets five year claw-back. Changes exemption from 27% of real market value to 27% of assessed value. Creates annual reporting process.

#### **BACKGROUND:**

ORS 456.270 provides conditions for and a definition of affordable housing covenant, including household income at or below 80% of the median area income. There are multiple provisions in statute regarding low income housing and land held for low income housing. These programs are captured in the Department of Revenue's Tax Expenditure Report including TER 2.007, 2.021, 2.106, 2.110 and 2.108. These span housing offered by the government, companies, non-profits and home-share participants.