

HB 2466 -1 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 1/26, 2/21

WHAT THE MEASURE DOES:

Extends low-income rental housing property tax exemption to housing units owned by a limited equity cooperative, subject to certain conditions. Defines limited equity cooperative as cooperative corporation in which the sale of ownership interests is restricted to low-income individuals, and may not exceed the original sales price, plus the cost of permanent improvements made to the unit or the to the building in which the unit is located. Allows exemption only on applications filed prior to July 1, 2030, and that meet other criteria for exemption as adopted by the local governing body. Defines “rent” to include occupancy charges paid by a lease holder for a housing unit in a limited equity cooperative. Applies to property tax years beginning on or after July 1, 2024. Takes effect on the 91st day following adjournment sine die.

FISCAL: Minimal fiscal impact

REVENUE: Minimal revenue impact

ISSUES DISCUSSED:

- Resident ownership opportunity for low-income populations
- Engagement with public to mitigate pushback or appeals
- Modeling financing strategy after manufactured housing co-ops
- Funding barriers to projects that do not fit with traditional rental or ownership models

EFFECT OF AMENDMENT:

-1 Clarifies that limited equity co-op ownership interest sales price may include return on original sales price plus cost of improvements, computed based on the greater of the percentage increase of Consumer Price Index or three percent interest, compounded annually.

BACKGROUND:

The Oregon Low-Income Rental Housing Property Tax exemption allows a 20-year exemption from property taxes for newly constructed rental housing for low-income residents with income at or below 60 percent of area median income, subject to local jurisdiction approval. Among the criteria for exemption is that the property must be offered for rent.

Limited equity cooperatives are not eligible for the low-income rental housing property tax exemption as the model does not utilize a traditional landlord-tenant agreement. In a limited equity cooperative model, the co-op member signs a proprietary lease, and the co-op owns the property and manages improvements on the land.

House Bill 2466 extends low-income rental housing property tax exemption to housing units owned by a limited equity cooperative, subject to certain conditions.