A-Bill for an Act

Relating to limited equity cooperative low income housing; creating new provisions; amending ORS 307.515, 307.521 and 307.523; and prescribing an effective date.

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

SECTION 1. ORS 307.515 is amended to read:

307.515. As used in ORS 307.515 to 307.523:

(1) “Governing body” means the city or county legislative body having jurisdiction over the property for which an exemption may be applied for under ORS 307.515 to 307.523.

(2) “Lender” means the provider of a loan secured by the recorded deed of trust or recorded mortgage made to finance the purchase, construction or rehabilitation of a property used for low income housing under the criteria listed in or adopted under ORS 307.517 or 307.518 or section 3 of this 2023 Act.

(3) “Limited equity cooperative” means a cooperative corporation formed under ORS chapter 62 whose articles of incorporation, in addition to the other requirements of ORS chapter 62, prohibit members from selling their ownership interests:

(a) To any person other than a low income person; or

(b) For a sales price that exceeds the sum of:

(A) The price the member paid for the ownership interest;

(B) The cost of any permanent improvements the member made to the housing unit during the member’s ownership;

(C) Any special assessments the member paid to the limited equity cooperative during the member’s ownership that were expended to make permanent improvements to the building in which the member’s housing unit is located; and

(D) A return on the amounts described in subparagraphs (A) to (C) of this paragraph, computed from the year in which the respective amount was paid, that equals the greater of the result of:

(i) Adjusting each amount by the percentage increase, if any, in the Consumer Price In-
(ii) Increasing each amount by three percent compounded annually.

[(3)] (4) According to the election of a governing body pursuant to ORS 307.519 (1), “low income” means:

(a) Income at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development;

(b)(A) For the initial year that persons occupy property for which an application for exemption is filed under ORS 307.521, income at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development; and

(B) For every subsequent consecutive year that the persons occupy the property, income at or below 80 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development; or

(c) For housing units on property that is awarded tax credits through the federal Low-Income Housing Tax Credit program and is a qualified low-income housing project meeting the requirements of 26 U.S.C. 42(g)(1)(C), income at or below 80 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development, provided the average area median income of all housing units on the property is at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development.

(5) “Rent” includes charges paid by the holder of a proprietary lease in a limited equity cooperative for occupancy of a housing unit owned by the cooperative.

SECTION 2. Section 3 of this 2023 Act is added to and made a part of ORS 307.515 to 307.523.

SECTION 3. (1) Property or a portion of property owned by a limited equity cooperative is exempt from taxation as provided under ORS 307.515 to 307.523 if:

(a) The property is occupied by low income persons holding a proprietary lease in the limited equity cooperative;

(b) The charges paid by the occupant to the limited equity cooperative for occupancy reflect the full value of the property tax exemption;

(c) The exemption has been approved as provided in ORS 307.523, pursuant to an application filed before July 1, 2030;

(d) The housing units on the property were constructed, or converted to limited equity cooperative ownership, after the local governing body adopted the provisions of ORS 307.515 to 307.523; and

(e) The information disclosed on the application filed pursuant to ORS 307.521 meets any other criteria adopted by the governing body.

(2) A governing body that adopts the provisions of ORS 307.515 to 307.523 may adopt additional criteria for exemption that do not conflict with the criteria described in subsection (1)(a) to (d) of this section.

SECTION 4. ORS 307.521 is amended to read:

307.521. (1) A person seeking the exemption granted under ORS 307.515 to 307.523 must file an
application for exemption with the governing body. The exemption, if granted, shall be for a period of 20 years.

(2) The application must be filed as set forth in ORS 307.523 and must include the following information, as applicable:

(a) A description of the property or a portion of the property for which the exemption is requested;

(b) A description of the purpose of the project and whether all or a portion of the property is being used for that purpose;

(c) A certification of income levels of low income occupants;

(d) A description of how the tax exemption will benefit project residents;

(e) If the exemption is an exemption described in ORS 307.518, evidence satisfactory to the governing body that the corporation is a nonprofit corporation and meets the criteria for a public benefit corporation or a religious corporation;

(f) If the exemption is an exemption described in section 3 of this 2023 Act, evidence satisfactory to the governing body that the housing units are owned by a limited equity cooperative that meets the criteria for a cooperative corporation under ORS chapter 62;

(g) A description of the plans for development of the property if the property is being held for future low income rental housing development; and

(h) A description of how the applicant and the property, respectively, meet any additional criteria adopted by the governing body pursuant to ORS 307.517 (2) or 307.518 (2) or section 3 (2) of this 2023 Act.

(3) The applicant shall verify the information in the application by oath or affirmation.

(4)(a) Prior to accepting an application under ORS 307.515 to 307.523, a local jurisdiction shall adopt standards and guidelines to establish the policies governing the consideration of applications under ORS 307.515 to 307.523.

(b) Policies considered may include, but are not limited to:

(A) Rent regulatory agreements or other enforcement mechanisms to demonstrate that the required rent payment reflects the full value of the property tax exemption.

(B) Enforcement mechanisms to ensure that housing that is exempt under ORS 307.515 to 307.523 is maintained in decent, safe and sanitary conditions for the occupants.

(C) Methodology and timing for submitting evidence of use of rentals received from low income persons.

SECTION 5. ORS 307.523 is amended to read:

ORS 307.523. (1) Application shall be made on or before December 1 of the calendar year immediately preceding the first assessment year for which exemption is requested, and shall be accompanied by the application fee required under ORS 307.527. However, if the property is acquired after November 1, the application shall be made within 30 days after the date of acquisition.

(2) Within 60 days of the filing of an application under ORS 307.521, the governing body shall take final action upon the application as provided under ORS 307.527, and certify the results of the action to the county assessor, as set forth in ORS 307.512.

(3) Upon receipt of certification under subsection (2) of this section, the county assessor shall exempt the property from taxation to the extent certified by the governing body.

(4) Notwithstanding the dates specified in ORS 307.517 and 307.518 and section 3 of this 2023 Act, property granted exemption pursuant to an application filed under ORS 307.517 or 307.518 or section 3 of this 2023 Act before July 1, 2030, shall continue to receive the exemption on the same
terms, including duration, on which the exemption was granted.

SECTION 6. Section 3 of this 2023 Act and the amendments to ORS 307.515, 307.521 and 307.523 by sections 1, 4 and 5 of this 2023 Act apply to property tax years beginning on or after July 1, 2024.

SECTION 7. This 2023 Act takes effect on the 91st day after the date on which the 2023 regular session of the Eighty-second Legislative Assembly adjourns sine die.