

# House Bill 2980

Sponsored by Representative MARSH, Senator ANDERSON; Representative FAHEY, Senator GOLDEN (Presession filed.)

## 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**.

Directs \_\_\_\_\_ Department to develop affordable housing revolving loan program under which participating cities and counties may award grants to housing developers for certain eligible costs and repay loans from tax increment financing revenues derived from increase in value of housing project property.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

Relating to tax increment financing outside urban renewal areas; and prescribing an effective date.

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

### **SECTION 1. As used in sections 1 to 9 of this 2023 Act:**

**(1) "Eligible costs" means the following costs associated with an eligible housing project:**

**(a) System development charges;**

**(b) Predevelopment funds;**

**(c) Site-specific infrastructure; and**

**(d) Land write downs.**

**(2) "Eligible housing project" means a project to construct housing, or to convert a building from a nonresidential use to housing, that is:**

**(a) If for-sale product, a single-family dwelling, middle housing as defined in ORS 197.758 or a multifamily dwelling affordable at initial sale to households with annual income not greater than 120 percent of area median income; or**

**(b) If rental property:**

**(A) Middle housing as defined in ORS 197.758;**

**(B) A multifamily dwelling;**

**(C) An accessory dwelling unit as defined in ORS 215.501; or**

**(D) Any other form of affordable or moderate income housing.**

**(3) "Eligible housing project property" means the real and personal property constituting an eligible housing project.**

**(4) "Increment" means that part of the assessed value of eligible housing project property attributable to any increase in the assessed value of the property over the assessed value specified in the certified statement prepared under section 7 of this 2023 Act.**

**(5) "Participating jurisdiction" means a city or county that has complied with section 3 (1) of this 2023 Act.**

**(6) "Tax increment financing" means the process for dividing ad valorem property taxes described in section 6 of this 2023 Act.**

**SECTION 2. (1) The \_\_\_\_\_ Department shall develop and administer an affordable**

**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 housing revolving loan program under which the department shall make loans to participat-  
 2 ing jurisdictions for the purpose of funding grant awards to developers for eligible costs in  
 3 accordance with section 5 of this 2023 Act.

4 (2) Eligible housing project property for which a developer receives a grant for eligible  
 5 costs is not eligible for any other exemption, partial exemption or special assessment for  
 6 purposes of ad valorem property taxes.

7 (3) For purposes of ORS chapter 457, the provisions of sections 1 to 9 of this 2023 Act do  
 8 not make:

9 (a) The \_\_\_\_\_ Department or a participating jurisdiction an urban renewal agency.

10 (b) A participating jurisdiction or the tax lot on which an eligible housing project is sit-  
 11 uated an urban renewal area.

12 (c) A city’s housing production strategy amended pursuant to section 3 of this 2023 Act,  
 13 an application for a grant submitted by a developer pursuant to section 4 of this 2023 Act, a  
 14 resolution adopted by a participating jurisdiction pursuant to section 4 (8) of this 2023 Act  
 15 or a loan agreement entered into by the department and a participating jurisdiction under  
 16 section 5 of this 2023 Act an urban renewal plan.

17 (d) An eligible housing project with respect to which a developer receives a grant an ur-  
 18 ban renewal project.

19 **SECTION 3.** (1) To participate in the affordable housing revolving loan program developed  
 20 under section 2 of this 2023 Act, including the use of tax increment financing to repay loans  
 21 made to the jurisdiction from the Affordable Housing Revolving Loan Fund established under  
 22 section 9 of this 2023 Act, the governing body of a city or county must:

23 (a) Consult with the governing bodies of all other taxing districts with territory within  
 24 the boundaries of the city or county to discuss the use of tax increment financing under the  
 25 program;

26 (b) For a city with a population of 10,000 or more, accordingly amend the city’s housing  
 27 production strategy as provided under ORS 197.291; and

28 (c) Adopt an ordinance or resolution that sets forth:

29 (A) The kinds of eligible housing projects for which the city or county may seek a loan  
 30 under the program;

31 (B) Any definition of affordable and moderate income housing the city or county intends  
 32 to apply to eligible housing projects; and

33 (C) Any eligibility requirements the city or county will impose on projects and developers  
 34 in addition to those required under sections 1 to 9 of this 2023 Act.

35 (2) After adoption of the ordinance or resolution, and, if required, approval of the  
 36 amended housing production strategy by the Department of Land Conservation and Devel-  
 37 opment, the participating jurisdiction is eligible to receive a loan under section 5 of this 2023  
 38 Act.

39 **SECTION 4.** (1) A participating jurisdiction shall prescribe an application process for  
 40 grants to be awarded under the affordable housing revolving loan program, including forms  
 41 and deadlines.

42 (2)(a) The developer of an eligible housing project may apply at any time to a participat-  
 43 ing jurisdiction for a grant for the purpose of paying eligible costs associated with the eligible  
 44 housing project.

45 (b) No more than one application may be submitted with respect to any eligible housing

1 project at any time.

2 (3) A developer may not apply for a grant with respect to a housing project that is:

3 (a) Granted any form of ad valorem property tax exemption, partial exemption or special  
4 assessment; or

5 (b) Located in an existing urban renewal area.

6 (4) The application for a grant must include, at a minimum:

7 (a) A description of the eligible housing project;

8 (b) A detailed description of the eligible costs for which the grant is sought;

9 (c) The amount of the grant sought;

10 (d) The proposed schedule for the eligible housing project;

11 (e) A project pro forma that shows the expected increase in the real market value of the  
12 eligible housing project property over the succeeding 10 years;

13 (f) A declaration that the eligible housing project would not be financially feasible without  
14 the grant moneys; and

15 (g) Any other information, documentation or declaration that the governing body of the  
16 participating jurisdiction considers necessary or convenient for the application review pro-  
17 cess.

18 (5)(a) Within 30 days following receipt of an application, the governing body of the par-  
19 ticipating jurisdiction shall review the application and:

20 (A) Recommend approval for the grant amount sought in the application or for a differ-  
21 ent amount; or

22 (B) Reject the application.

23 (b) The participating jurisdiction may consult with the developer about the application  
24 and the developer, after such consultation, may amend the application on or before a dead-  
25 line set by the participating jurisdiction that may extend the review period beyond the 30  
26 days.

27 (6)(a) The participating jurisdiction shall forward recommended applications to the  
28 \_\_\_\_\_ Department for review.

29 (b) Within 30 days following receipt of a recommended application, the department shall  
30 review the application for compliance with the provisions of sections 1 to 9 of this 2023 Act  
31 and the accuracy of the financial projections.

32 (c) The department shall make final determinations of eligibility and notify the partic-  
33 ipating jurisdiction of its determination.

34 (7)(a) The participating jurisdiction shall promptly notify each applicant of the approval  
35 or rejection of its application and the amount of the grant awarded for an approved applica-  
36 tion.

37 (b) A grant award:

38 (A) May not exceed the estimated amount that is capable of being repaid from 10 con-  
39 secutive years of tax increment financing revenue derived from the eligible housing project  
40 as determined under section 6 of this 2023 Act.

41 (B) May include reimbursement for eligible costs incurred for up to 12 months preceding  
42 the date of local site approval for the eligible housing project.

43 (c) The amount of a grant and the rejection of an application may not be appealed, but  
44 a developer may reapply at any time with respect to the same or another eligible housing  
45 project.

1 (8)(a) The governing body of the participating jurisdiction shall adopt a resolution setting  
2 forth the details of the approved eligible housing project, including, but not limited to:

3 (A) A description of the project;

4 (B) A detailed description of the eligible costs;

5 (C) The amount and terms of the grant award; and

6 (D) The participating jurisdiction's intention to request a loan from the Affordable  
7 Housing Revolving Loan Fund established under section 9 of this 2023 Act to be repaid using  
8 tax increment financing.

9 (b) The governing body shall forward a copy of the approved application, the resolution  
10 and any other material the governing body considers important, to the \_\_\_\_\_ Department  
11 and the assessor of the county in which the eligible housing project is located.

12 **SECTION 5.** (1) After returning an approved application to a participating jurisdiction  
13 under section 4 of this 2023 Act, the \_\_\_\_\_ Department shall make a no-interest loan from  
14 the Affordable Housing Revolving Loan Fund established under section 9 of this 2023 Act to  
15 the governing body of the participating jurisdiction in the amount of the grant award.

16 (2)(a) The loan agreement between the participating jurisdiction and the department may  
17 require the participating jurisdiction to:

18 (A) Pay into the fund any difference between the total amount of tax increment financing  
19 revenue used by the participating jurisdiction to make loan payments with respect to an el-  
20 ible housing project and the total amount due.

21 (B) Submit reports on the progress of the eligible housing project to the department that:

22 (i) Contain information the department considers important to an evaluation of the  
23 project; and

24 (ii) Are submitted on a schedule determined by the parties.

25 (b) The department may withdraw from the fund an amount not to exceed one percent  
26 of the moneys in the fund for the actual costs of the department in administering sections  
27 1 to 9 of this 2023 Act.

28 (3) Once the participating jurisdiction has received the loan proceeds from the fund, the  
29 jurisdiction:

30 (a) May withhold an origination fee in an amount not to exceed one percent of the pro-  
31 ceeds for the jurisdiction's actual costs in administering the grant program; and

32 (b) Shall pay the balance of the proceeds over to the developer of the eligible housing  
33 project in the net amount of the grant award.

34 (4) The department shall deposit all loan payments made by the participating jurisdiction  
35 in the fund.

36 **SECTION 6.** (1) The ad valorem property taxes levied by any taxing district in which all  
37 or part of the tax lot on which an eligible housing project for which an application approved  
38 under section 4 of this 2023 Act is situated shall be divided so that the taxes levied against  
39 any increase in the assessed value of the eligible housing project property obtaining after the  
40 effective date of the participating jurisdiction's resolution approving the grant application  
41 shall be used to repay the loan made to the participating jurisdiction under section 5 of this  
42 2023 Act to fund the eligible costs associated with the eligible housing project.

43 (2) Taxes levied on the eligible housing project property shall be divided in accordance  
44 with this section until the principal amount of the loan made to the participating jurisdiction  
45 under section 5 of this 2023 Act is repaid to the Affordable Housing Revolving Loan Fund

1 established under section 9 of this 2023 Act.

2 **SECTION 7.** (1) As soon as practicable after receipt of an approved grant application and  
 3 a participating jurisdiction’s resolution adopted under section 4 (8) of this 2023 Act, the  
 4 county assessor of the county in which the eligible housing project is located shall prepare,  
 5 in triplicate, a certified statement of the total assessed value, as shown on the county as-  
 6 sessment roll last certified prior to the effective date of the resolution, of all the taxable el-  
 7 igible housing project property.

8 (2) Where only a part of an eligible housing project is located in a taxing district, the  
 9 assessor shall show on the statement required under subsection (1) of this section the as-  
 10 sessed value of the eligible housing project property that is located within the taxing district.

11 (3) The assessor shall file one copy of the certified statement with the participating ju-  
 12 risdiction and one copy with the \_\_\_\_\_ Department, and one copy shall constitute a part  
 13 of the public records of the county assessor’s office.

14 (4) When a part of the tax lot on which an eligible housing project is situated comes  
 15 within the territory of a taxing district, by annexation, incorporation of a new taxing district  
 16 or consolidation, the county assessor shall file, in the same manner as under subsection (3)  
 17 of this section, a certified statement or an amendment to a certified statement to show the  
 18 assessed value of the eligible housing project property in that part of the tax lot that has  
 19 come within the territory of the taxing district. The assessed value of the eligible housing  
 20 project property shall be determined in the same manner and as of the same date as provided  
 21 under subsections (1) and (2) of this section.

22 (5)(a) When a certified statement is filed as required under subsection (1) of this section,  
 23 if the law provides a reduction or increase of the valuation for tax purposes of the eligible  
 24 housing project property at the time of the filing, the assessor shall state the reduced or  
 25 increased total assessed value.

26 (b) After a certified statement has been filed as required under subsection (1) of this  
 27 section, if a law is enacted that provides a reduction or increase of the valuation for tax  
 28 purposes of the eligible housing project property at the time the certified statement was  
 29 filed, the assessor shall accordingly amend the certified statement annually or as otherwise  
 30 required to reduce or increase the stated total assessed value of the eligible housing project  
 31 property.

32 (c) An amendment to the certified statement shall be filed in the manner provided under  
 33 subsection (3) of this section.

34 **SECTION 8.** During the period specified under section 6 (2) of this 2023 Act:

35 (1) The county assessor shall determine the amount of tax revenue to be levied each year  
 36 within the county on each tax account containing eligible housing project property in ac-  
 37 cordance with section 6 of this 2023 Act.

38 (2) Not later than September 25 of each tax year, the assessor of any county in which  
 39 eligible housing project property extends into another county shall provide, to the assessor  
 40 of each other such county, the assessed value of the eligible housing project property that  
 41 is located within the county, including the certified statement value and the increment for  
 42 each code area containing any eligible housing project property.

43 (3) The revenue that may be raised on each tax account by dividing the taxes as provided  
 44 under section 6 of this 2023 Act shall be computed by the county assessor as follows:

45 (a) The county assessor shall compute the total consolidated ad valorem property tax

1 rate for each code area in which a part of the eligible housing project property is located.

2 (b) The total consolidated ad valorem property tax rate shall exclude any rate derived  
3 from:

4 (A) A local option tax, as defined in ORS 280.040; or

5 (B) A tax pledged to repay exempt bonded indebtedness, as defined in ORS 310.140.

6 (c) The assessor shall determine the amount of taxes produced by extending the tax rate  
7 computed under paragraph (a) of this subsection against the increment of each code area.

8 (4)(a) The county assessor shall certify to the tax collector the amount of revenue to be  
9 raised on each tax account containing eligible housing project property. The tax collector  
10 shall include the amount so certified in the percentage schedule of the ratio of taxes on  
11 property prepared under ORS 311.390 and filed with the county treasurer.

12 (b) Notwithstanding ORS 311.395 (6), the county treasurer shall credit the amount to the  
13 participating jurisdiction that has awarded a grant to the developer of the eligible housing  
14 project and shall distribute its percentage amount to the participating jurisdiction as deter-  
15 mined by the schedule at the times other distributions are made under ORS 311.395 (7).

16 (5) The county assessor shall notify the participating jurisdiction of the amounts received  
17 under subsection (3) of this section for each tax account containing an eligible housing  
18 project. Any amounts received by the participating jurisdiction under subsection (4) of this  
19 section shall be paid into the Affordable Housing Revolving Loan Fund established under  
20 section 9 of this 2023 Act.

21 (6) The Department of Revenue shall establish by rule procedures for purposes of this  
22 section.

23 (7)(a) This section shall first apply to the assessment roll next following the assessment  
24 roll referred to in section 7 (1) of this 2023 Act if the assessor receives the approved grant  
25 application before January 1.

26 (b) If the assessor receives the approved grant application on or after January 1 before  
27 the tax year to which this section would otherwise first apply, this section shall first apply  
28 to the assessment roll next following the assessment roll described in paragraph (a) of this  
29 subsection.

30 **SECTION 9.** (1) There is established in the State Treasury, separate and distinct from the  
31 General Fund, the Affordable Housing Revolving Loan Fund. Interest earned by the Afford-  
32 able Housing Revolving Loan Fund shall be credited to the fund. All moneys in the fund are  
33 continuously appropriated to the \_\_\_\_\_ Department to be used for the purposes set forth  
34 in this section.

35 (2) The Affordable Housing Revolving Loan Fund shall consist of:

36 (a) Moneys appropriated for deposit in, or transferred or otherwise credited to, the fund  
37 by the Legislative Assembly.

38 (b) Payments made by participating jurisdictions in repayment of loans from the fund  
39 made pursuant to sections 1 to 9 of this 2023 Act.

40 (c) Interest and other earnings on moneys in the fund.

41 (d) Moneys transferred or otherwise credited to the fund from any source.

42 (3) Moneys in the Affordable Housing Revolving Loan Fund may be invested as provided  
43 in ORS 293.701 to 293.857.

44 (4) Moneys in the Affordable Housing Revolving Loan Fund shall be used solely to:

45 (a) Make loans to participating jurisdictions to fund eligible costs in accordance with

1 section 5 of this 2023 Act; and

2 (b) Reimburse the \_\_\_\_\_ Department its actual costs in administering sections 1 to 9  
3 of this 2023 Act.

4 **SECTION 10.** There is appropriated to the \_\_\_\_\_ Department, for the biennium begin-  
5 ning July 1, 2023, out of the General Fund, the amount of \$500,000,000, for deposit in the Af-  
6 fordable Housing Revolving Loan Fund established under section 9 of this 2023 Act, to be  
7 used for the purpose of carrying out the provisions of sections 1 to 9 of this 2023 Act.

8 **SECTION 11.** This 2023 Act takes effect on the 91st day after the date on which the 2023  
9 regular session of the Eighty-second Legislative Assembly adjourns sine die.

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