

D R A F T

SUMMARY

Makes percentage of partial property tax exemption for property of vertical housing development projects proportional to allocation of equalized floors to residential housing or low income residential housing, without rounding up or down.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to vertical housing development projects; creating new provisions;
3 amending ORS 307.857 and 307.864; 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
7 zone under ORS 307.844, a person proposing to undertake a proposed vertical
8 housing development project and seeking the partial property tax exemption
9 set forth in ORS 307.864 [*shall*] **must** apply to the governing body of the city
10 or county that designated the zone for certification of the project. Each
11 phase of a phased development, whether vertical or horizontal, requires a
12 separate application.

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

16 (a) The address and boundaries of the proposed vertical housing develop-
17 ment project.

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

19 (c) A description of the proposed project construction or rehabilitation,

1 including the design of the construction or rehabilitation, the cost of the
2 construction or rehabilitation and the number of floors and residential units
3 to be constructed or rehabilitated.

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

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

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

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

16 (h) Documentation establishing the costs of construction and rehabili-
17 tation with respect to the project.

18 (i) A commitment that is satisfactory to the city or county, including
19 documentation and evidence of recording of the documentation, that the
20 project will be maintained and operated in a manner consistent with the
21 application submitted under this section for the duration of the commitment.
22 The duration of the commitment, including the eligibility of units in the
23 project as low income residential housing, may not be less than the number
24 of tax years for which the project is intended to be partially exempt from
25 ad valorem property taxes under ORS 307.864.

26 (3) For purposes of this section, square footage does not include areas
27 used for parking, patios or porches, unless these areas are demonstrated to
28 the satisfaction of the city or county to be economically necessary to the
29 project or the city or county otherwise determines that it is appropriate to
30 include the areas in square footage.

31 (4)(a) Each application filed under this section [*shall*] **must** contain a

1 calculation of equalized floors, an allocation of equalized floors to residential
2 uses and an allocation of equalized floors to low income residential housing
3 uses as determined under this subsection.

4 (b) An equalized floor is the quotient that results from the division of
5 total square footage of a project by the number of actual floors of the project
6 that are at least 500 square feet per floor, or as may be increased or other-
7 wise qualified by the city or county by rule.

8 (c) To allocate equalized floors to residential uses, divide the total square
9 footage of residential property in the project by the square footage of an
10 equalized floor, **without rounding this quotient up or down.**

11 (d) To allocate equalized floors to low income residential housing use,
12 divide the total square footage of low income residential housing property
13 in the project by the square footage of an equalized floor, **without rounding**
14 **this quotient up or down.** In determining the square footage of low income
15 residential housing property, include that proportion of the square footage
16 of residential common space that is the same as the proportion of the total
17 square footage of low income residential housing units to the total square
18 footage of all residential housing units.

19 (e) Land that is necessary for a project having at least one equalized floor
20 of low income residential housing may be certified for partial exemption.
21 Land that is not necessary for the project may not be certified for partial
22 exemption.

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

26 (b) The application must be filed on or before the date on which residen-
27 tial units that are a part of the vertical housing development project are
28 ready for occupancy.

29 (6) The city or county shall review each application submitted under this
30 section and shall certify or deny certification based on whether the proposed
31 vertical housing development project meets the requirements described in

1 ORS 307.858 and all criteria established by the city or county that are con-
2 sistent with ORS 307.841 to 307.867.

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

6 (8) The certification issued by the city or county [*shall*] **must**:

7 (a) Identify the property included in the certified vertical housing devel-
8 opment project;

9 (b) Identify the number of equalized floors [*of*] **in the project allocated**
10 **to residential housing [*in the project*] under subsection (4)(c) of this sec-**
11 **tion** and include a description of the property of each equalized floor;

12 (c) Identify the number of equalized floors [*of*] **in the project allocated**
13 **to low income residential housing [*in the project*] under subsection (4)(d)**
14 **of this section** and include a description of the property of each equalized
15 floor; and

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

17 (9) The determination of the city or county to certify or deny certification
18 is a discretionary determination. The determination is final and is not sub-
19 ject to judicial or administrative review.

20 (10) The city or county may charge appropriate fees to offset the cost of
21 administering the application and certification process under this section
22 and any other related costs.

23 **SECTION 2.** ORS 307.864 is amended to read:

24 307.864. (1) For the first tax year in which, as of the assessment date, a
25 vertical housing development project is occupied or ready for occupancy
26 following certification under ORS 307.857, and for the next nine consecutive
27 tax years:

28 (a) The property of the vertical housing development project, except for
29 the land of the project, shall be partially exempt from ad valorem property
30 taxes imposed by local taxing districts, other than the districts that elected
31 not to participate in the vertical housing development zone pursuant to ORS

1 307.844 (4), [according to the following schedule and] as identified in the cer-
2 tification issued under ORS 307.857 (8)[:], **in a percentage equal to the**
3 **lesser of:**

4 **(A) 20 percent multiplied by the quotient representing the allocation**
5 **of equalized floors to residential housing or low income residential**
6 **housing, determined under ORS 307.857 (4)(c) or (d), respectively; or**

7 **(B) 80 percent.**

8 *[(A) If the project consists of the equivalent of one equalized floor allocated*
9 *to residential housing, the project shall be 20 percent exempt.]*

10 *[(B) If the project consists of the equivalent of two equalized floors allo-*
11 *cated to residential housing, the project shall be 40 percent exempt.]*

12 *[(C) If the project consists of the equivalent of three equalized floors allo-*
13 *cated to residential housing, the project shall be 60 percent exempt.]*

14 *[(D) If the project consists of the equivalent of four or more equalized floors*
15 *allocated to residential housing, the project shall be 80 percent exempt.]*

16 (b) The land of the vertical housing development project shall be partially
17 exempt from ad valorem property taxes imposed by local taxing districts,
18 other than the districts that elected not to participate in the vertical housing
19 development zone pursuant to ORS 307.844 (4), in the same [percentages]
20 **percentage** determined under paragraph (a) of this subsection, for [each
21 *equalized floor allocated*] **the allocation of equalized floors** to low income
22 residential housing, as identified in the certification issued under ORS
23 307.857 (8).

24 (2) In order for the property of a vertical housing development project to
25 receive the partial property tax exemption described in subsection (1) of this
26 section, the vertical housing development project property owner, project
27 applicant or other person responsible for the payment of property taxes on
28 the project must notify the city or county that the project is occupied or
29 ready for occupancy, and the city or county must notify the assessor of the
30 county in which the project is located, in the manner set forth in ORS
31 307.512, that the project is occupied or ready for occupancy and has been

1 certified under ORS 307.857.

2 **SECTION 3. The amendments to ORS 307.857 and 307.864 by sections**
3 **1 and 2 of this 2021 Act apply to property tax years beginning on or**
4 **after July 1, 2021.**

5 **SECTION 4. This 2021 Act takes effect on the 91st day after the date**
6 **on which the 2021 regular session of the Eighty-first Legislative As-**
7 **sembly adjourns sine die.**

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