

(Low Income Rental Housing)

307.515 Definitions for ORS 307.515 to 307.523. 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, 307.518 or ORS 307.520.

(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 Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor; or

(ii) Increasing each amount by three percent compounded annually.

(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. [1989 c.803 §1; 1991 c.930 §3; 1993 c.168 §3; 2015 c.180 §44; 2015 c.310 §3; 2021 c.528 §2; 2023 c.398 §19]

307.517 Criteria for exemption. (1) Property or a portion of the property is exempt from taxation as provided under ORS 307.515 to 307.523 if:

(a) The property is:

(A) Offered for rent; or

(B) Held for the purpose of developing low income rental housing, for a period not exceeding a reasonable maximum period, if any, adopted by the governing body;

(b) The property, if occupied, is occupied solely by low income persons;

(c) The required rent payment reflects the full value of the property tax exemption;

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

(e) The housing units on the property were constructed after the local governing body adopted the provisions of ORS 307.515 to 307.523; and

(f) 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 (e) of this section.

(3) For the purposes of subsection (1) of this section, a person that has only a leasehold interest in property is deemed to be a purchaser of that property if:

(a) The person is obligated under the terms of the lease to pay the ad valorem taxes on the real and personal property used in this activity on that property; or

(b) The rent payable has been established to reflect the savings resulting from the exemption from taxation. [1989 c.803 §2; 1997 c.752 §5; 2005 c.94 §36; 2015 c.310 §1; 2018 c.111 §10; 2019 c.579 §33]

307.518 Alternative criteria for exemption. (1) Property or a portion of property is exempt from taxation as provided under ORS 307.515 to 307.523 if:

(a) The property, if unoccupied, is:

(A) Offered for rental solely as a residence for low income persons; or

(B) Held for the purpose of developing low income rental housing, for a period not exceeding a reasonable maximum period, if any, adopted by the governing body;

(b) The property, if occupied, is occupied solely as a residence for low income persons;

(c) An exemption for the property has been approved as provided under ORS 307.523, pursuant to an application filed before July 1, 2030;

(d) The property is owned or being purchased by a nonprofit corporation organized in a manner that meets the criteria for a public benefit corporation or a religious corporation, both terms as defined in ORS 65.001;

(e) The property is owned or being purchased by a nonprofit corporation that expends no more than 10 percent of the nonprofit corporation's annual income from residential rentals for purposes other than the acquisition, maintenance or repair of residential rental property for low income persons or for the provision of on-site child care services for the residents of the rental property; and

(f) 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 (e) of this section.

(3) For the purposes of this section, a nonprofit corporation that has only a leasehold interest in property is considered to be a purchaser of that property if:

(a) The nonprofit corporation is obligated under the terms of the lease to pay the ad valorem taxes on the real and personal property used in the rental activity on that property; or

(b) The rent payable has been established to reflect the savings resulting from the exemption from taxation.

(4) A partnership shall be considered a nonprofit corporation for purposes of this section if:

(a) A nonprofit corporation is a general partner of the partnership; and

(b) The nonprofit corporation is responsible for the day-to-day operation of the property that is the subject of the exemption under ORS 307.515 to 307.523. [1991 c.930 §2; 1993 c.168 §4; 1995 c.79 §121; 1995 c.702 §1; 1997 c.541 §127; 1997 c.752 §6; 1999 c.487 §1; 2001 c.315 §55; 2005 c.94 §37; 2010 c.29 §6; 2013 c.158 §36; 2015 c.310 §2; 2018 c.111 §11; 2019 c.579 §34]

307.519 Exemption limited to tax levy of governing body that adopts ORS 307.515 to 307.523; exception; additional provisions. (1) Except as provided in subsection (2) of this section, the exemptions granted under ORS 307.515 to 307.523 apply only to the tax levy of a governing body that adopts the provisions of ORS 307.515 to 307.523. At the time of adoption, the governing body shall elect a definition of "low income" under ORS 307.515.

(2) The exemptions granted under ORS 307.515 to 307.523 apply to the tax levy of all taxing districts in which property certified for exemption is located if, upon request of a governing body that has adopted the provisions of ORS 307.515 to 307.523, the rates of taxation of such taxing districts whose governing boards

agree to the policy of exemption under ORS 307.515 to 307.523, when combined with the rate of taxation of the governing body that adopts the provisions of ORS 307.515 to 307.523, equal 51 percent or more of the total combined rate of taxation on the property granted exemption.

(3) A governing body may adopt additional provisions relating to the exemption granted under ORS 307.515 to 307.523 that do not conflict with the provisions of ORS 307.515 to 307.523. [1989 c.803 §3; 1991 c.930 §4; 2015 c.310 §4; 2021 c.528 §3]

307.520 Limited equity cooperative property. (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. [2023 c.398 §21]

307.521 Application for exemption; policies for considering applications. (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 ORS 307.520, 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), 307.518 (2) or 307.520 (2).

(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. [1989 c.803 §4; 1991 c.459 §63; 1991 c.930 §5; 1997 c.752 §7; 2005 c.94 §38; 2015 c.310 §5; 2023 c.398 §22]

307.523 Application deadlines; certification of exemption. (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, 307.518 and 307.520, property granted exemption pursuant to an application filed under ORS 307.517, 307.518 or 307.520 before July 1, 2030, shall continue to receive the exemption on the same terms, including duration, on which the exemption was granted. [1989 c.803 §5; 1991 c.459 §64; 1991 c.930 §6; 1997 c.541 §128; 2013 c.193 §5; 2018 c.111 §12; 2019 c.579 §35; 2023 c.398 §23]

307.525 Action against landlord for failure to reduce rent. In addition to any other provision of law, if a landlord violates ORS 307.517 (1)(c), a tenant may recover damages in an amount triple the actual damages sustained as a result of the violation. The court may award reasonable attorney fees to the prevailing party in an action under this section. [1989 c.803 §6; 1995 c.618 §62]

307.527 Ordinance or resolution approving or disapproving application; application fee. (1) Final action upon an application by the governing body shall be in the form of an ordinance or resolution that shall contain the owner's name and address, a description of the housing unit, either the legal description of the property or the county assessor's property account number, any specific conditions upon which the approval of the application is based and if only a portion of the property is approved, a description of the portion that is approved.

(2) Following approval, the governing body shall file with the county assessor and send to the applicant a copy of the ordinance or resolution approving or disapproving the application. The copy shall contain or be accompanied by a notice explaining the grounds for possible termination of the exemption prior to the end of the exemption period or thereafter, and the effects of termination. In addition, the governing body shall file with the county assessor a document listing the same information otherwise required to be in an ordinance or resolution under subsection (1) of this section, as to each application deemed approved under this section.

(3) If the application is denied, the governing body shall state in writing the reasons for denial and send the notice of denial to the applicant within 10 days after the denial. The notice shall inform the applicant of the right to appeal under ORS 307.533.

(4) The governing body, after consultation with the county assessor, shall establish an application fee in an amount sufficient to cover the cost to be incurred by the governing body and the county assessor in administering ORS 307.515 to 307.523. The application fee shall be paid to the governing body at the time the application for exemption is filed. If the application is approved, the governing body shall pay the application fee to the county assessor for deposit in the county general fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. If the application is denied, the governing body shall retain that portion of the application fee attributable to its own administrative costs and shall refund the balance to the applicant. [1989 c.803 §7; 1995 c.79 §122; 2013 c.193 §6]

307.529 Notice of proposed termination of exemption; grounds; terminating exemption. (1) Except as provided in ORS 307.531, if, after an application for exemption under ORS 307.517 has been approved under ORS 307.527, the governing body finds that construction or development of the exempt property differs from the construction or development described in the application for exemption, or is not completed on or before July 1, 2030, or that any provision of ORS 307.515 to 307.523 is not being complied with, or any provision required by the governing body pursuant to ORS 307.515 to 307.523 is not being complied with, the governing body shall give notice of the proposed termination of the exemption to the owner, by mailing the notice to the last-known address of the owner, and to every known lender, by mailing the notice to the last-known address of every known lender. The notice shall state the reasons for the proposed termination and shall require the owner to

appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(2) If the owner fails to appear and show cause why the exemption should not be terminated, the governing body shall notify every known lender, and shall allow any lender not less than 30 days after the date the notice of the failure to appear and show cause is mailed to cure any noncompliance or to provide assurance adequate to the governing body that all noncompliance shall be remedied.

(3) If the owner fails to appear and show cause why the exemption should not be terminated, and the lender fails to cure or give adequate assurance of the cure of any noncompliance, the governing body shall adopt an ordinance or resolution stating its findings terminating the exemption. A copy of the ordinance or resolution shall be filed with the county assessor, and a copy shall be sent to the owner at the owner's last-known address and to the lender at the last-known address of the lender within 10 days after its adoption. [1989 c.803 §8; 1991 c.459 §65; 1991 c.930 §7; 1993 c.168 §5; 1997 c.541 §129; 1997 c.752 §8; 1999 c.487 §2; 2010 c.29 §7; 2018 c.111 §13; 2019 c.579 §36]

307.530 Termination if property held for future development or other purpose; additional taxes. An exemption granted under ORS 307.515 to 307.523 shall be immediately terminated and additional taxes imposed as provided in ORS 307.531 if the exempt property:

- (1) Is being held for future development of low income rental housing; and
- (2) Is used for any purpose other than the provision of low income rental housing. [1997 c.752 §10]

307.531 Termination of exemption without notice; grounds; additional taxes. (1) If, after application has been approved under ORS 307.527, a declaration as defined in ORS 100.005 with respect to the property is presented to the county assessor or tax collector for approval under ORS 100.110, or if the governing body should file its termination findings with the county assessor pursuant to ORS 307.529:

- (a) The exemption granted the housing unit or portion under ORS 307.515 to 307.523 shall terminate immediately, without right of notice or appeal;
- (b) The property or a portion of the property shall be assessed and taxed as other property similarly situated is assessed and taxed; and
- (c) Notwithstanding ORS 311.235, there shall be added to the general property tax roll for the tax year next following the presentation or discovery, to be collected and distributed in the same manner as other real property tax, an amount equal to the difference between the taxes assessed against the property and the taxes that would have been assessed against the property had it not been exempt under ORS 307.515 to 307.523 for each of the years, not to exceed the last 10 years, during which the property was exempt from taxation under ORS 307.515 to 307.523.

(2) If, at the time of presentation or discovery, the property is no longer exempt, additional taxes shall be collected as provided in this section, but the number of years for which the additional taxes shall be collected shall be reduced by one year for each year that has elapsed since the year the property was last granted exemption beginning with the oldest year for which additional taxes are due.

(3) The assessment and tax rolls shall show potential additional tax liability for each property granted exemption under ORS 307.515 to 307.523.

(4) Additional taxes collected under this section shall be deemed to have been imposed in the year to which the additional taxes relate. [1989 c.803 §9; 1991 c.459 §66; 1991 c.930 §8]

307.533 Review; correction of tax rolls; payment of tax after exemption terminates. (1) Review of a denial of an application under ORS 307.527, or of the termination of an exemption under ORS 307.529, shall be as provided by ORS 34.010 to 34.100.

(2) If no review of the termination of an exemption as provided in subsection (1) of this section is effected, or upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.216 to 311.232 to provide for the assessment and taxation of any property for which exemption was terminated by the governing body or by a court, in accordance with the finding of the governing body or the court as to the assessment year in which the exemption is first to be terminated. The county assessor shall make such valuation of the property as shall be necessary to permit such correction of the rolls. The owner may appeal any such valuation in the same manner as provided for appeals under ORS 311.216 to 311.232.

(3) Where there has been a failure to comply with ORS 307.529, the property shall become taxable beginning January 1 of the first assessment year following the date on which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall be delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made. [1989 c.803 §10; 1991 c.459 §67; 1991 c.930 §9; 1997 c.541 §131]

307.535 Extension of deadline for completion; exception to imposition of additional taxes. Notwithstanding any provision of ORS 307.515 to 307.523:

(1) If the governing body finds that construction of the housing unit otherwise entitled to exemption under ORS 307.517 was not completed by July 1, 2030, due to circumstances beyond the control of the owner, and that the owner had been acting and could reasonably be expected to act in good faith and with due diligence, the governing body may extend the deadline for completion of construction for a period not to exceed 12 consecutive months.

(2) If property granted exemption under ORS 307.515 to 307.523 is destroyed by fire or act of God, or is otherwise no longer capable of owner-occupancy due to circumstances beyond the control of the owner, the exemption shall cease but no additional taxes shall be imposed upon the property under ORS 307.531 or 307.533. [1989 c.803 §11; 1991 c.459 §68; 1991 c.930 §10; 1997 c.541 §132; 1999 c.487 §3; 2010 c.29 §8; 2018 c.111 §14; 2019 c.579 §37]

307.537 [1989 c.803 §12; 1991 c.459 §69; 1991 c.930 §11; 1997 c.752 §16; 2001 c.114 §15; repealed by 2015 c.310 §6]