

## Chapter 12.25

# QUALIFIED RENTAL HOUSING TAX EXEMPTION

Sections:

- 12.25.010** Definitions.
- 12.25.015** Criteria for Tax Exemption.
- 12.25.020** Application for Exemption.
- 12.25.025** Review of Application.
- 12.25.030** Property Tax Exemption.
- 12.25.035** Termination.
- 12.25.040** Regulatory Power.

### 12.25.010 Definitions.

The following definitions apply in this chapter:

- A. **AMI** or **area median income** means the area median income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.
- B. **City Manager** means the City Manager of the City of Bend, or the City Manager's designee.
- C. **Low-income person** or **persons** means the following:
  - 1. 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;
  - 2. 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 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
  - 3. 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.

D. **Qualified rental housing** means a property or portion of a property that is offered for rent solely as a residence for low-income persons. [Ord. NS-2418, 2021]

### **12.25.015 Criteria for Tax Exemption.**

A. Properties or portions of properties meeting the following criteria shall be eligible for property tax exemption as provided in ORS [307.515](#) through [307.537](#). Eligible properties must be:

1. Located within the limits of the City of Bend;
2. Multifamily projects containing three or more units;
3. Offered for rent, or held for the purpose of developing qualified rental housing; and
4. If occupied, occupied solely by low-income persons. Property will be deemed to be occupied by low-income persons if it is made available and reserved exclusively for low-income persons and has been occupied by a low-income person within the last six months. Only that portion of the real property and improvements located thereon that is occupied by low-income persons shall be eligible property.

B. The required rent payments must reflect the full value of the tax exemption;

C. The housing units on the property are required to have been constructed after November 5, 2003.

D. The application for tax exemption under this chapter must have been filed before July 1, 2030.

E. The tax exemption on the property must be approved by the City Council in accordance with the provisions of ORS Chapter [307.523](#) and this chapter.

F. For the purposes of this tax exemption, a person that has only a leasehold interest in property is deemed to be a purchaser of that property if:

1. 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
2. The rent payable has been established to reflect the savings resulting from the exemption from taxation. [Ord. NS-2418, 2021]

### **12.25.020 Application for Exemption.**

A. Persons seeking tax exemption for eligible property must submit an application to the City Manager on a form provided by the City of Bend and pay the fee established by the City Council and set forth in the City of Bend fee resolution. The application shall contain the following information:

1. The applicant's name, address, and telephone number;

2. A legal description of the property for which the exemption is requested;
  3. If only a portion of the property is eligible, a description of the eligible portion of the property for which the exemption is requested, including the number of affordable housing units;
  4. A description of the purpose of the project and whether all or a portion of the property is being used for that purpose;
  5. A certification of income levels of low-income occupants;
  6. A description of how the tax exemption will benefit project residents;
  7. A description of the plans for development of the property if the property is being held for future qualified rental housing development;
  8. A list of secured lienholds with addresses of the lienholders; and
  9. Such other information as requested by the City of Bend.
- B. The applicant shall verify the information in the application by oath or affirmation.
- C. An application which does not contain all the information required by this section and/or is not accompanied by payment of the proper fees shall be returned. Any application returned for these reasons shall be deemed not to have been filed.
- D. An application must be filed on or before December 1 of the calendar year immediately preceding the first assessment year for which the application is requested, and shall be accompanied by the application fee required by the City. However, if the property is acquired after November 1, the application shall be made within 30 days after the date of acquisition. [Ord. NS-2418, 2021]

### **12.25.025 Review of Application.**

- A. The City Manager will process each application and make a written recommendation to the City Council in sufficient time to allow the Council to take final action within 60 days of the filing of the application. Upon receipt of the City Manager's recommendation for approval or denial, the Council will consider the application and determine if the applicant qualifies for the exemption. Within 60 days of the filing of the application, the Council must adopt a resolution approving or denying the application.
- B. Council will grant the exemption for any qualified rental housing that meets the requirements of this chapter.
- C. A resolution approving an application must contain findings on the criteria for approval and must certify to the Deschutes County tax assessor that all or a portion of the property for which the application was made is exempt from the ad valorem property tax levy of the City of Bend.

- D. If the application is denied, the City 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](#).
- E. On or before April 1 following approval, the City shall file with the Deschutes County assessor and send to the applicant a copy of the resolution approving or denying the application. If the application is approved, 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 City shall file with the county assessor on or before April 1 a document listing the same information otherwise required to be in a resolution as to each application deemed approved. [Ord. NS-2418, 2021]

### **12.25.030 Property Tax Exemption.**

- A. Except as provided in subsection [\(B\)](#) of this section, the exemptions granted under this chapter apply only to the tax levy of the City.
- B. The exemption granted under this chapter applies to the tax levy of all taxing districts in which property certified for exemption is located if, upon request, the rates of taxation of such taxing districts whose governing boards agree to the policy of exemption under ORS [307.515](#) through [307.523](#), when combined with the rate of taxation of the City, equal 51 percent or more of the total combined rate of taxation on the property granted exemption.
- C. Property tax exemptions approved under this chapter will be for a period of 20 years. For example, in the event that an exemption is initially approved for an undeveloped parcel and later the exemption was extended to include subsequent construction, the total duration of the exemption may not be increased but will continue to run for a maximum of 20 years from the initial approval. Nothing in this chapter prevents a subsequent, new application for an additional 20-year exemption from being submitted after the first exemption term is completed.
- D. Applications for property tax exemption under this policy are eligible for property tax exemptions for tax years beginning on or after July 1, 2004.
- E. The exemption provided for in this chapter is in addition to any other exemption provided by law. [Ord. NS-2418, 2021]

### **12.25.035 Termination.**

Termination of tax exemption will be accomplished under the conditions and pursuant to the procedures and subject to the remedies contained in ORS [307.515](#) through [307.537](#). [Ord. NS-2418, 2021]

## **12.25.040 Regulatory Power.**

The City Manager may issue rules necessary for the implementation of this policy. [Ord. NS-2418, 2021]

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**The Bend Code is current through Ordinance NS-2505, passed August 7, 2024.**

Disclaimer: The city recorder's office has the official version of the Bend Code. Users should contact the city recorder's office for ordinances passed subsequent to the ordinance cited above.

[City Website: www.bendoregon.gov](http://www.bendoregon.gov)

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