



PROPERTY TAX EXEMPTION PROGRAMS

Deschutes County Commissioners

April 4, 2022



Multiple Unit
Property Tax
Exemption
(MUPTE)

Nonprofit
Corporation Low
Income Housing
Exemption (NPTE)

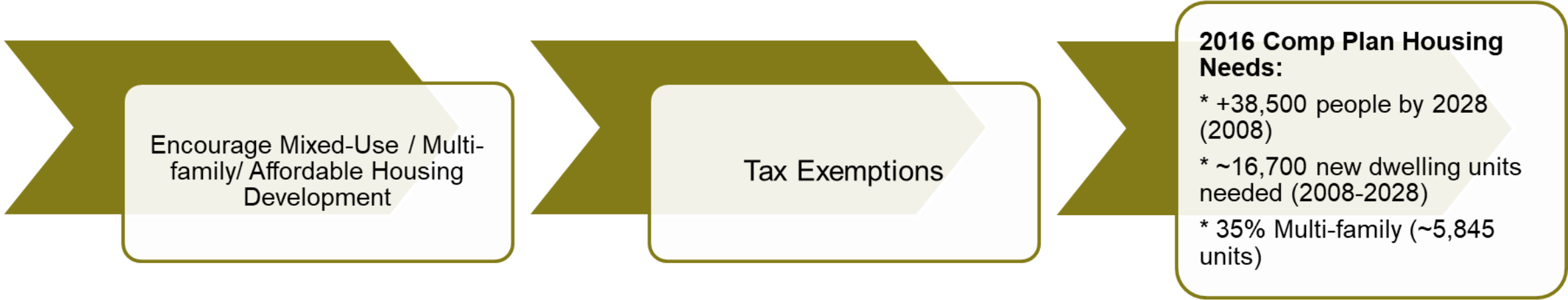
Middle Income
Housing
Exemption

- Outreach and Development Process
- Tax Exemptions Overview
 - Non-Profit
 - Middle Income
 - MUPTE
- Input on Public Benefit Requirements
- Questions
- Next Steps

WHY TAX EXEMPTIONS?



- Basic idea: Offer property tax exemptions for a limited time period in order to enable higher density developments or certain aspects of development (i.e. Affordable & low-income housing, childcare, etc.) that would not otherwise "pencil"
- Not a new idea: These exemptions are in use across Oregon



BEND AMI AND HOUSING AFFORDABILITY



MEDIAN HOME PRICE
\$650,000

IF YOUR HOUSEHOLD EARNS THIS:

...YOU CAN AFFORD THIS*:

150% AMI
\$120,600

RENT
\$3,015

HOME PRICE
\$566,980

Pilot Butte Apts
2 bed, 2 bath
(1097sf)
\$2,830

120% AMI
\$96,480

Manager
\$98,002

RENT
\$2,412

HOME PRICE
\$452,000

The Hixon
2 bed, 2 bath
(975sf)
\$2,355

100% AMI
\$80,400

Civil Engineer
\$86,575

RENT
\$2,010

HOME PRICE
\$376,000

Pilot Butte Apts
1 bed, 1 bath
(691 sf)
\$2,000

80% AMI
\$64,300

System Admin
\$78,362

System Operator
\$70,482

Teacher
\$70,529

Sales Rep
\$77,224

RENT
\$1,608

HOME PRICE
\$299,000

60% AMI
\$48,240

Social Worker
\$52,802

Web Developer
\$58,883

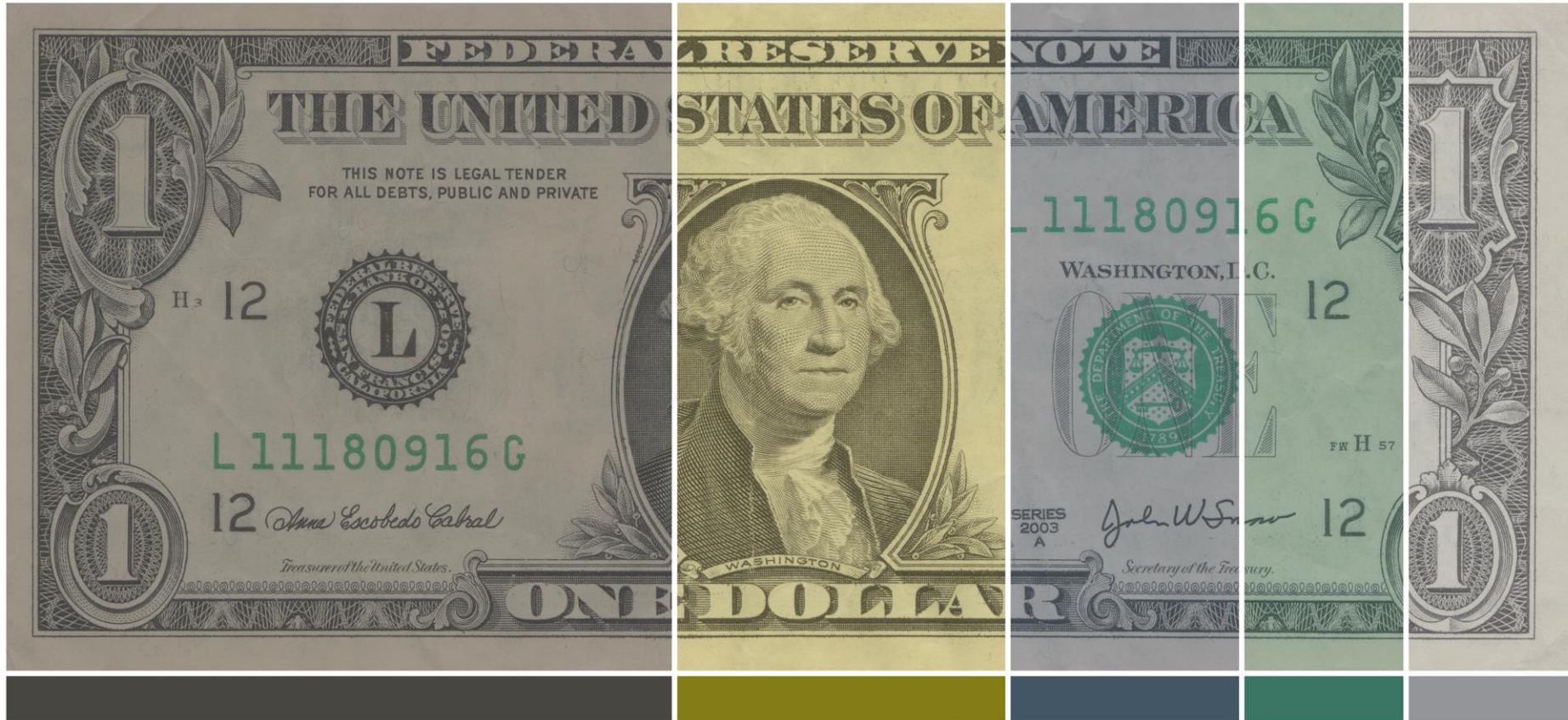
Photographer
\$39,263

Salesperson
\$34,122

Nursing Assistant
\$33,506

Recreation Worker
\$32,205

*Numbers based on 10% down payment, 3.943% interest over 30 years, mortgage insurance, no HOA 630-689 credit score, and no debt.



42.6%
Bend-La Pine
Schools

21.2%
City of
Bend

14.8%
Deschutes
County

10.3%
Park
& Rec

11.1%
Other*

*COCC 4.7%, Library 3.5%,
911 2.3%, High Desert ESD 0.6%



NON-PROFIT TAX EXEMPTION FOR AFFORDABLE HOUSING DEVELOPMENT

NON-PROFIT TAX EXEMPTION



Program Requirements

Created by Oregon Legislature in 1985

Adopted by local governments through ordinance

Annual application required for review and approval by local government

Exemption length is determined by City and can be for the length of affordability

Must be leased or owned by a 501(c) (3) or (4) charitable corporation, including tax credit partnerships

Allowed anywhere in City, can be partial, and there is no unit minimum

Limited to persons at 60% AMI or less: local governments may choose to allow eligible income to rise to 80% after first year of occupancy

100% exemption if approved by jurisdictions representing at least 51%





NON-PROFIT TAX EXEMPTION



CENTRAL OR VETERAN & COMM OUTREACH INC
61510 S HIGHWAY 97 100
BEND OR 97702

Examples:

- Central Oregon Veterans Outreach
- Kôr Community Land Trust
- Habitat for Humanity

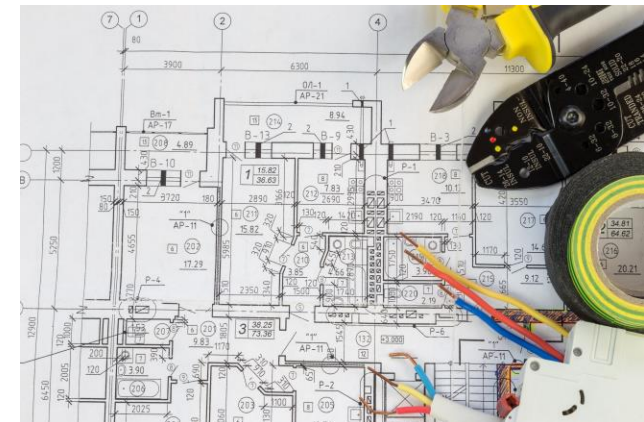
PROPERTY DESCRIPTION

CODE: 1001 MAP: 171233-CC-00601 CLASS: 101

SITUS ADDRESS: 476 NE DEKALB AVE 1 BEND

LEGAL: KEYSTONE TERRACE 3 9

VALUES:	LAST YEAR	THIS YEAR
REAL MARKET (RMV)		
LAND	164,020	213,100
STRUCTURES	0	262,080
TOTAL RMV	164,020	475,180
MAXIMUM ASSESSED VALUE	95,260	229,880
TOTAL ASSESSED VALUE	95,260	229,880
VETERAN'S EXEMPTION	0	0
NET TAXABLE:	95,260	229,880
TOTAL PROPERTY TAX:	1,475.11	3,643.03





**MIDDLE INCOME TAX EXEMPTION
(NEWLY REHABILITATED OR CONSTRUCTED
MULTIUNIT RENTAL HOUSING)**

MIDDLE INCOME TAX EXEMPTION



Program Requirements

Local option, 100% of taxes exempted if 51% of taxing districts agree

Income ranges of future tenants can be defined by local agency, likely up to 120% AMI (currently \$96,480 for 4 person household)

Available for newly constructed or rehabilitated rental housing only

Length of exemption is tied to a formula created by the local government

Current state sunset set for 2027

Compiled as notes following ORS 307.867, exemption for newly rehabilitated or constructed multiunit rental housing

MIDDLE INCOME TAX EXEMPTION



PROS

- Incentivizing housing that will be restricted to middle income
- City establishes formula for length of exemption

CONS

- Possibility of disincentivizing Affordable Housing
- 51% of Taxing District Levy must support
- Length of deed restriction tied to length of exemption
- Must be for rent

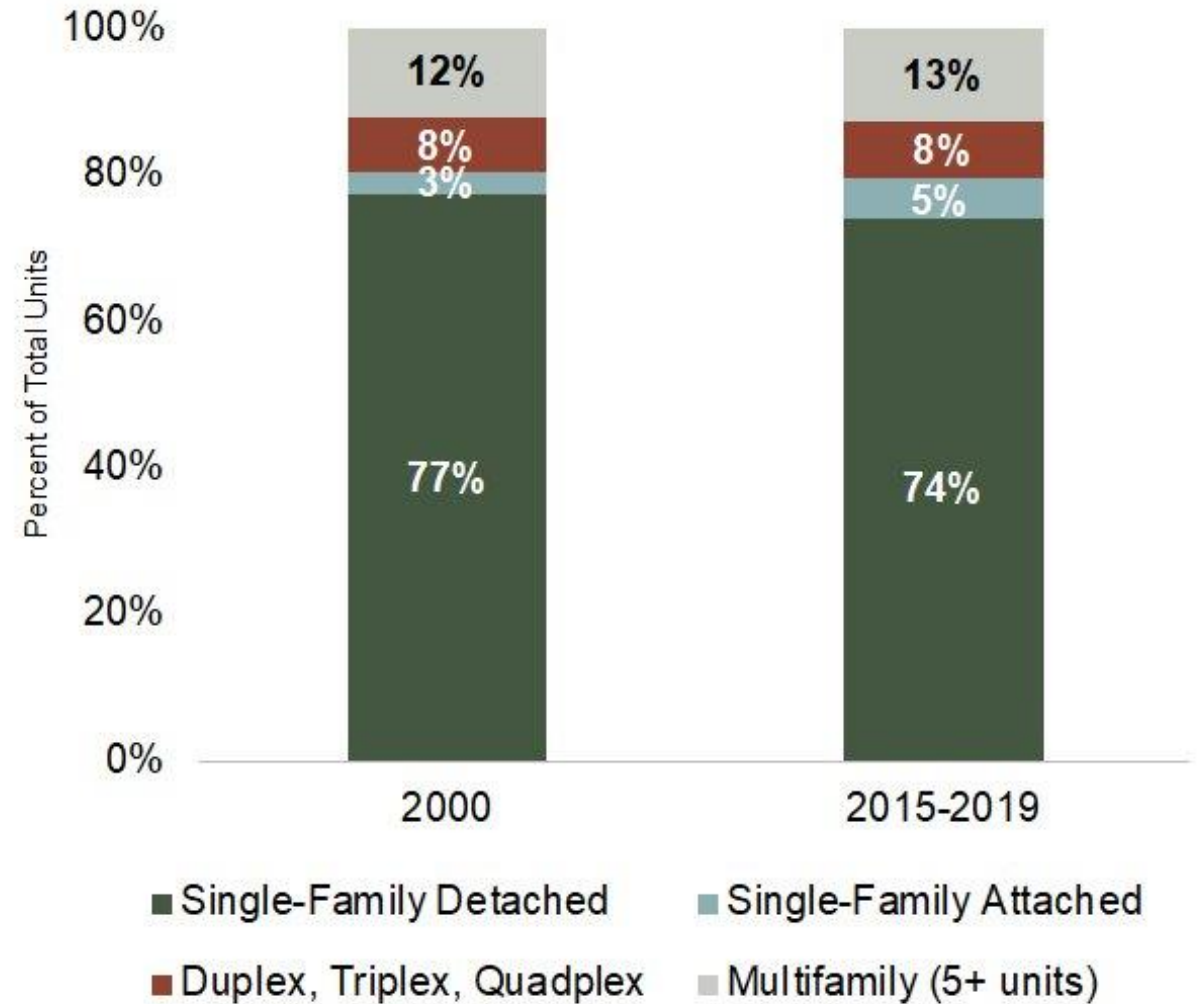
NOTES

- Currently used by Tillamook, OR

MIDDLE INCOME HOUSING RECOMMENDATIONS



- Apply Citywide
- Single Family detached housing would be prohibited
- Focus on Middle Housing types (duplex, triplex, quadplex, cottage clusters, micro-unit developments, apartments)
- Consider ways to incentivize denser development types in Central Area
 - Density minimums or multi-story requirements



Source: U.S. Census, Decennial Census 2000 and American Community Survey 2015-2019

MULTIPLE UNIT PROPERTY TAX EXEMPTION



MUPTTE

MULTI-UNIT PROPERTY TAX EXEMPTION (MUPTTE)



Program Requirements

- Program adopted by Ordinance
- Each project approved by Resolution
- Core Areas, Transit Oriented Areas

-
- Improvements exempt (not land) for up to 10 years
 - Affordable/Low Income exemption can be extended beyond 10 years
 - Exemptions can include associated parking and/or ground floor commercial space if required as part of development
 - State Sunset of program in 2032

-
- Taxing District participation not required
 - If 51% of combined levy Taxing Districts agree by Board resolution to participate, all districts are included.
-

PUBLIC BENEFITS



This is the most recent list of public benefits that are being considered for a future MUPTTE program.

Priority Public Benefits	Secondary Public Benefits	Tertiary Public Benefits
<ul style="list-style-type: none"> • At least 10% of units Affordable Housing (<60% AMI for rent; <80% AMI for sale)* • At least 30% of units are Middle-Income (<120% AMI)* • Childcare facilities or in lieu of fee • Open space dedication or in lieu of fee • Ground floor commercial ($\geq 50\%$) • Displacement plan for existing businesses and residents impacted by project (justification) • Energy efficiency/Green Building Features <ul style="list-style-type: none"> • Net zero building • LEED Silver or above 	<ul style="list-style-type: none"> • Transit and mobility supportive amenities (10%) • Privately owned public space (park, plaza space) • Ground floor commercial ($\geq 30\%$) • Energy efficiency/Green Building Features <ul style="list-style-type: none"> • 10% more efficient than code, or • REACH code, or • Earth Advantage 	<ul style="list-style-type: none"> • Enhanced Pedestrian-oriented design • Extra costs associated with infill development • Provide parking within a wrapped-structure • Common meeting rooms open to the public • Recreation or art supportive facilities • Stormwater: site developed to treat more than a 25-year storm event • Electric car charging stations • Use of native, pollinator-friendly, and waterwise landscaping only • Any ground floor commercial use

**Units would be deed-restricted for the length of the exemption (10 years)*

PRELIMINARY TAXING DISTRICT OUTREACH



- Exemptions increase service needs while reducing revenue to provide services
- Exemptions impact taxing district operating budgets in addition to existing and new tax increment finance (TIF) area impacts
- How will success of program be defined and monitored?
- Clarity on anticipated financial impacts (ie. monetary caps, sunset dates)
- Is there a demonstrated need for these programs to incentivize development?
- Can priority for middle-income residents be prioritized for district employees?
- Request public benefit requirements that minimize impacts to special districts (affordable housing, additional open space, childcare facilities, recreation facilities, dedication of land for public use, etc)

SCHEDULE

