Council Study Session Meeting Agenda

ASHLAND CITY COUNCIL

STUDY SESSION AGENDA

Monday, May 5, 2025

Council Chambers, 1175 E Main Street

Live stream via rvtv.sou.edu select RVTV Prime.

HELD HYBRID (In-Person or Zoom Meeting Access) To attend via Zoom, you must register by contacting the City Recorder no later than 10 a.m. the day of the meeting.

Public testimony will be accepted for both general public forum items and agenda items.

If you would like to submit **written testimony** or if you wish to **speak electronically** during the meeting, please complete the online **Public Testimony Form** no later than **10 a.m. the day of the meeting.**

5:30 p.m. Study Session

I. PUBLIC FORUM
15 minutes – Public input or comment on City business not included on the agenda

II. Budget Background #3

a. Budget Background #3

III. Non-Profit Affordable Housing Tax Exemption

a. Non-Profit Corporation Low-Income Housing Property Tax Exemption Program

IV. ADJOURNMENT

If you need special assistance to participate in this meeting, please contact Alissa Kolodzinski at recorder@ashlandoregon.gov or 541.488.5307 (TTY phone number 1.800.735.2900). Notification at least three business days before the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting in compliance with the Americans with Disabilities Act.

***Agendas and minutes for City of Ashland Council, Commission and Committee meetings may be found at the City website, ashlandoregon.gov,

Council Study Session

Date: May 5, 2025

Agenda Item	Budget Background #3
Department	Finance
From	Mariane Berry, Finance Director

TIME ESTIMATE
20 minutes presentation & questions

CATEGORY
Discussion

SUMMARY
Provide any other information to questions that are arising around the Budget Process.

POLICIES, PLANS & GOALS SUPPORTED
Administrative/Governance Goal:

"To ensure ongoing fiscal ability to provide desired and required services at an acceptable level."

BACKGROUND AND ADDITIONAL INFORMATION
The final budget background session will focus on any unanswered questions or topics that need further clarification and/or review.

Some items we will discuss (but are not limited to these) are:

- BN 2025-2027 Budget Timeline - understanding how we got to this Proposed Budget
- Overview and History of Property Tax
- Budgeting the General Fund - looking at the various revenue streams and departments operational needs
- Citizens Budget Committee process of Approving the Budget

FISCAL IMPACTS
N/A

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS
N/A

REFERENCES & ATTACHMENTS
1. SS_2025.05.05_Property Tax

Property Tax in Oregon

Council Study Session, May 5, 2025

Pre-1990's

Property Taxes Based on Market Values

Every six years, the County Assessor would assess Real Market Value countywide, and property owners would be charged property taxes on the assigned Real Market Value. During this period, property taxes paid for the majority of city services.

1990 – Measure 5

Total Property Taxes are capped.

1997 – Measure 50

Property Taxes no longer taxed on actual value, growth is limited, and tax rate is permanently set.

Better Together

1990 – Measure 5

1. **Set limits on the amount of tax levied per $1,000 of a property's real market value**
   - $5 per $1,000 for education districts
   - $10 per $1,000 for general government

Year Built	1989
Real Market Value	$200,000
Measure 5 Limits	$1,000 ed / $2,000 gov't
Tax Rate	$1,035 ed / $2,052 gov't
Taxes Paid	$1,000 ed / $2,000 gov't
Compression	$35 ed / $52 gov't

2. **If taxes exceed the limits, taxes are reduced under "compression."**
   - 65% of Oregon cities lost revenue in FY17.

Better Together

1997 – Measure 50

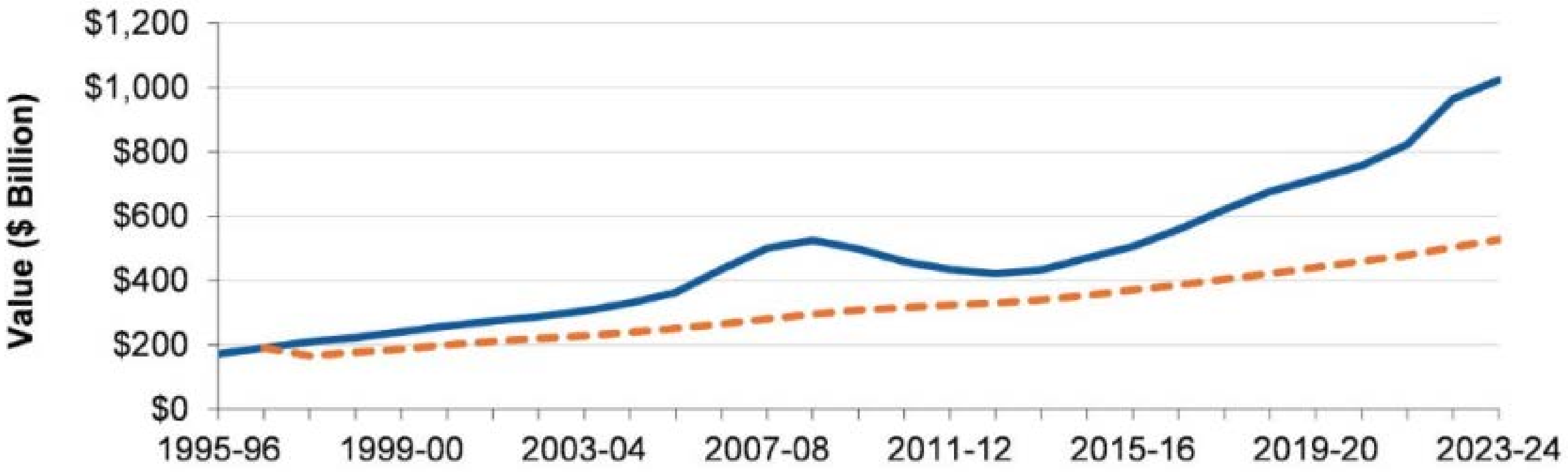
1. **Set a permanent rate limit for each taxing district.**
    - Based on tax levies that existed in 1997.
    - Forever set at the 1997 limit.
    - Allows a temporary “local option levy.”

Ashland’s is
$4.2865 per $1,000

2. **Separated property tax from real market value.**
    - Newly created “assessed value”
    - The “assessed value” can only grow 3% per year.
    - Exception: new properties or major improvements
        - Changed Property Ratio

Better Together

Exhibit 7—Assessed and Real Market Value of Taxable Property in Oregon, FY 1995-96 to FY 2023-24



How has that impacted me & my neighbors?

Base Year Inequity

Homes that have the exact same market value may have very different property taxes depending on when they were last assessed when Measure 50 went into effect.

Exhibit A: Base year inequity

	Home A	Home B
Real Market Value in 1990:	$150,000	$150,000
Annual rate of growth	8%	8%
Assessment year:	1990	1996
Market value according to assessors in 1996:	$150,000	$220,000
1996 Assessed Value Limits according to Measure 50 formula:	$135,000	$200,000
Property taxes owed in 1996:	$1,350	$2,000
Assessed Value Limit in 2010:	$200,000	$300,000
Property taxes owed in 2010:	$2,000	$3,000

*Table source: League of Oregon Cities, Measure 5 & 50: A Primer

Better Together

How has that impacted me & my neighbors?

Neighborhood-to- Neighborhood Inequity

Since assessed values were locked in 1995-6, slower growing neighborhoods have a relatively higher tax burden than faster growing neighborhoods.

Exhibit B: Neighborhood to neighborhood inequity

	Faster growing	Slower growing
Market value in 1996	$150,000	$150,000
Market value in 2010	$400,000	$300,000
Property taxes owed in 2010	$4,000	$4,000
Property taxes as percentage of RMV	1%	1.33%

*Table source: League of Oregon Cities, Measure 5 & 50: A Primer

Better Together

How has that impacted me & my neighbors?

New Property Inequity

Since the change property ratio is county wide, slower growing neighborhoods are more likely to see new houses coming on at lower tax levels than older homes with the same market value.

Exhibit C: New Property Inequity

	Neighborhood with 10% annual growth		***Neighborhood with 5% annual growth***	
	Home A	New Home	Home B	New Home
1996-97 • RMV • AV	 $150,000 $150,000		 $150,000 $150,000	
2010 • RMV • AV	 $570,000 $227,000		 $297,000 $227,000	
Ratio	0.398		0.764	
CPR for new property		0.46		0.46
2011 • RMV • AV	 $627,000 ***$234,000***	 $627,000 ***$288,000***	 $312,000 ***$234,000***	 $312,000 ***$143,000***

*Table source: League of Oregon Cities, Measure 5 & 50: A Primer

Better Together

Changed Property Ratio

Used to calculate the assessed value of new or greatly improved properties

$$\text{Changed Property Ratio} = \frac{\text{Total Assessed Value}}{\text{Total Real Market Value}} \times 100$$

Property Type	County CPR	Local CPR
Residential	57.3	63.0
Commercial/Industrial	69.6	

Better Together

Code Area		
DOR Code	County Code	Tentative Co
150170	0501	0.

Changed Property Ratio

Used to calculate the assessed value of new or greatly improved properties

Manufactured Home Park Rebuild

Residential Rebuild

Better Together

How has that impacted me & my neighbors?

New Property Inequity

Since the change property ratio is county wide, slower growing neighborhoods are more likely to see new houses coming on at lower tax levels than older homes with the same market value.

Exhibit C: New Property Inequity

	Neighborhood with 10% annual growth		*Neighborhood with 5% annual growth*	
	Home A	New Home	Home B	New Home
1996-97 • RMV • AV	 $150,000 $150,000		 $150,000 $150,000	
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Ratio	0.398		**0.764**	
CPR for new property		0.46		0.46
2011 • RMV • AV	 $627,000 ***$234,000***	 $627,000 ***$288,000***	 $312,000 ***$234,000***	 $312,000 ***$143,000***

*Table source: League of Oregon Cities, Measure 5 & 50: A Primer

Better Together

How has that impacted me & my neighbors?

Commercial vs State Industrial*

Since the change property ratio is calculated on property type, large industrial property has significantly higher property taxes than commercial property.

Exhibit D: Commercial vs. Industrial

	Commercial	Industrial
Market Value	$1,000,000	$1,000,000
Changed Property Ratio	.50	1
Assessable Value	$500,000	$1,000,000
Property taxes owed at $10 per $1,000 of AV	$5,000	$10,000

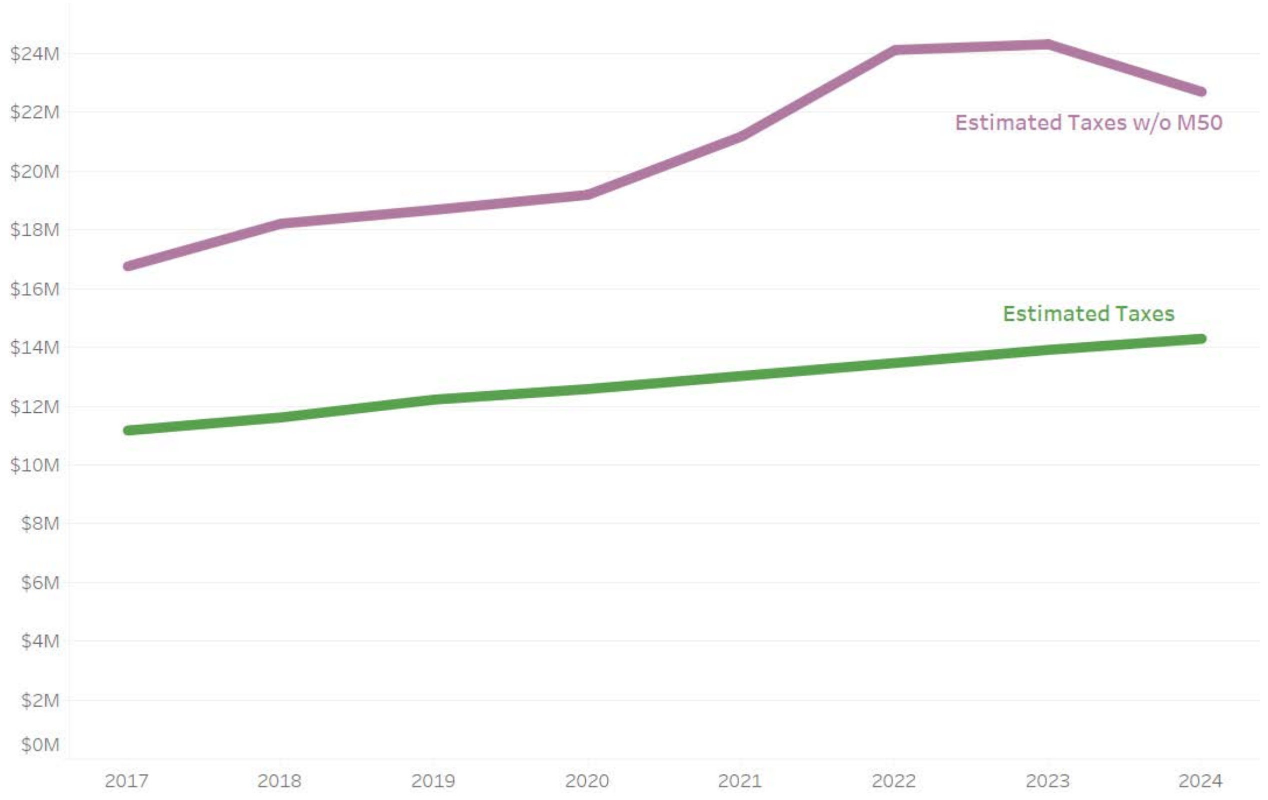
*This only impacts "state industrial" designated land – there are none in Ashland.

*Table source: League of Oregon Cities, Measure 5 & 50: A Primer

Better Together

How has Measure 5 & 50 impacted City of Ashland?

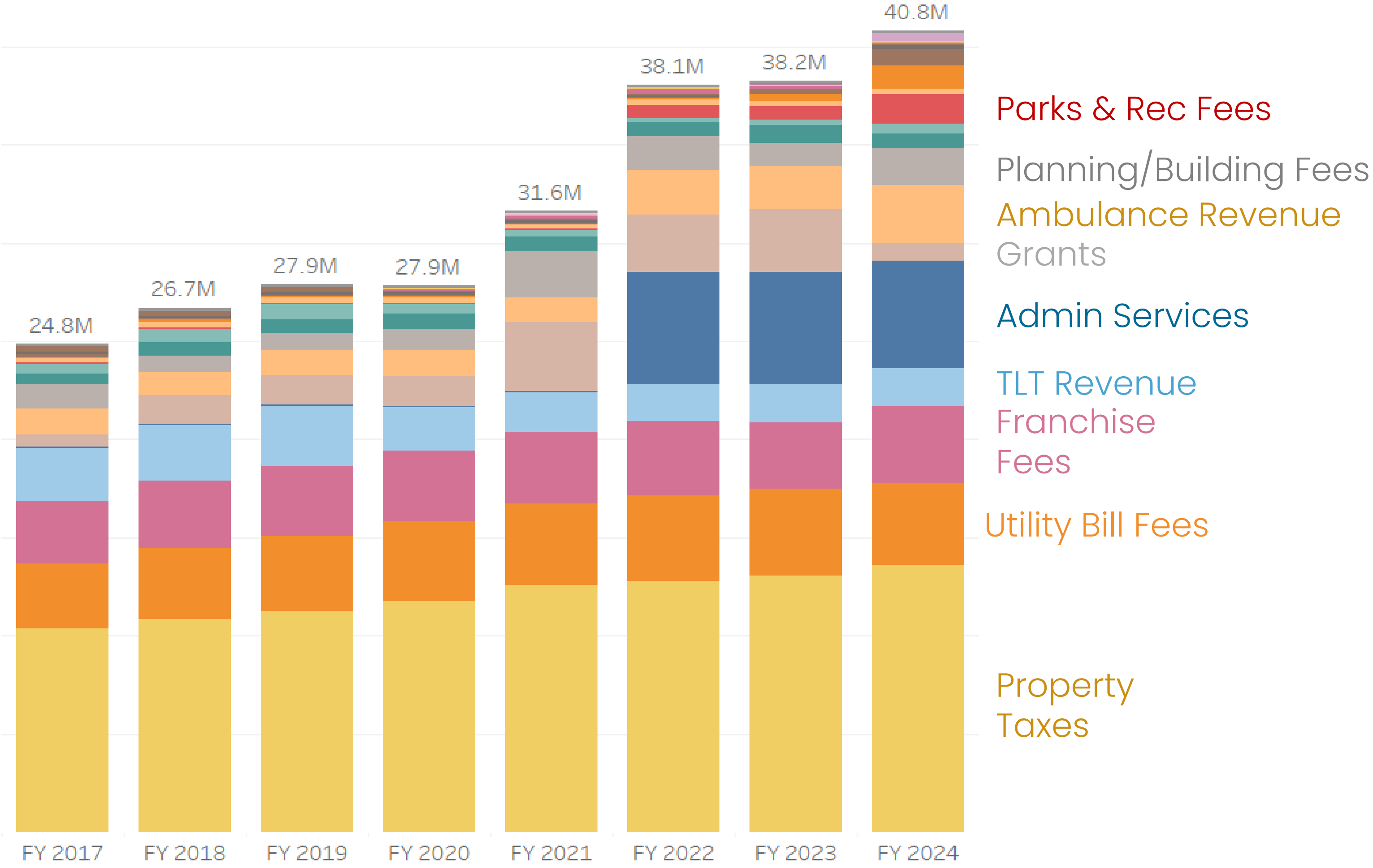
Significant reductions in city tax revenues over time.



Better Together

How has Measure 5 & 50 impacted City of Ashland?

Which has led us to change how we fund city services.



Better Together

Given all this, what are the pathways for increasing revenue?

Harder

- Change the statewide property tax system
- Create a new taxing district
- Increase development
- Create a local option levy
- Create a fee

Easier

Property Tax in Oregon

Council Study Session, May 5, 2025

Council Study Session

Date: May 5, 2025

Agenda Item	Non-Profit Corporation Low-Income Housing Property Tax Exemption Program
Department	Community Development
From	Brandon Goldman, Director of Community Development, Linda Reid, Housing Program Manager

TIME ESTIMATE
15 minutes

CATEGORY
Discussion

SUMMARY
Over the years, the Oregon State Legislature has authorized several programs that allow local governments to offer property tax exemptions as a means of encouraging the development of needed housing types in their communities. One such program is the Non-Profit Corporation Low-Income Housing Property Tax Exemption, as outlined in ORS 307.540 to 307.548. Property tax exemptions for affordable housing are a critical tool for several reasons. They help reduce the operating costs for non-profit housing providers, making developments more financially viable and enabling them to offer lower rents. These exemptions also serve to incentivize the construction of specific housing types or to direct development to priority areas, such as those along transit corridors. Furthermore, offering such exemptions can enhance a community's competitiveness when seeking regionally distributed affordable housing resources.

This particular exemption is available to non-profit organizations developing housing that serves households earning 60 percent or less of the Area Median Income. In order to implement the exemption and allow for a 100 percent property tax abatement, at least 51 percent of the overlapping taxing jurisdictions must approve participation in the program. In Ashland, this threshold can be met with approval from both the City and the Ashland School District.

Staff is seeking direction from the City Council on whether to proceed with adoption of the attached ordinance to establish this exemption locally. Should the Council wish to move forward, City staff would begin outreach to the Ashland School District to request their participation in order to meet the required threshold for implementation.

POLICIES, PLANS & GOALS SUPPORTED
The Housing Production Strategy (HPS) identifies two strategies that are related to the adoption of an ordinance to subsidize and/or reduce costs to encourage the development of needed housing types.

HPS Strategy K: *Work with partners to support the development of additional permanent supportive housing*. The City began exploring the Non-Profit Low-Income Tax exemption when the issue was brought to staff's attention by Columbia Care, a non-profit housing provider. The City's implementing a tax exemption in collaboration with other taxing Districts in Ashland would directly support the development and operation of income restricted housing that includes services, such as those provided by both Columbia Care and Options for Southern Oregon. Other orginizations also provide low income housing in Ashland such as the Starthistle and Rogue Ridge developments , targeting special needs populations with the lowest income (30% AMI) while also offering case management.

HPS Strategy I: Implement the Multiple Unit Property Tax Exemption (MUPTE) to support multifamily or affordable housing, as this action would provide a tax exemption for the development of affordable housing. However, it is important to note that while a MUPTE generally offers a property tax exemption for a broader range of rental housing types — including market-rate developments — the proposed non-profit low-income housing property tax exemption is specifically limited to affordable housing projects. To qualify, developments must be owned by non-profit organizations and serve households earning 60 percent or less of the Area Median Income, ensuring that the benefit is targeted solely to income-restricted affordable housing rather than market-rate rentals.

BACKGROUND AND ADDITIONAL INFORMATION

ORS 307.540–548, known as the Non-Profit Corporation Low-Income Housing Property Tax Exemption, was originally approved in 1985 and later extended in 2011. This program allows for a property tax exemption for low-income housing developed by non-profit organizations serving households earning 60% or less of the Area Median Income (AMI). Local governments have the option to increase the eligible income threshold to 80% of AMI after the first year of occupancy. The exemption can be applied to both existing housing and new development, and may also include land held for future affordable housing development. Local jurisdictions are permitted to adopt additional eligibility criteria, provided they are not inconsistent with the requirements set forth in state law. While annual applications are required, there is no limit on the length of time a property can remain exempt, so long as it continues to meet the program's eligibility requirements. As a point of reference, the City of Medford adopted its Non-Profit Corporation Low-Income Housing Property Tax Exemption Program in September 2022.

FISCAL IMPACTS

The property tax exemption would reduce the revenue the City and other taxing districts receive from property taxes on low-income rental housing units owned by non-profit entities. The exemption is not automatic, non-profit entities would need to apply to receive the exemption, but once the exemption is approved, the city would then lose the City's allotment of tax revenues from the non-profit affordable housing developments which are currently subject to paying property taxes. Future revenue from any newly developed affordable housing that meets the criteria would no longer be collected. Housing units owned and managed by the Housing Authority of Jackson County are already statutorily exempt from property taxes, and the County has also granted exemptions to housing units owned and managed by Access. Currently, two developments would qualify for a property tax exemption: Columbia Care's Rogue Ridge Development and Starthistle, owned by Options for Southern Oregon. Together, these existing developments account for approximately $13,000 in annual tax revenue for the City.

SUGGESTED ACTIONS, MOTIONS, AND/OR OPTIONS

If the Council directs staff to proceed, the next steps would include continuing review of the draft ordinance with the City's Legal Department to ensure consistency with state law and local requirements. Following legal review, staff would initiate outreach to the Ashland School District to request their participation and approval of the proposed Non-Profit Corporation Low-Income Housing Property Tax Exemption Program. Approval by both the City of Ashland and the Ashland School District would meet the 51% threshold of overlapping taxing jurisdictions required for the program to offer a full property tax exemption. Staff would report back to the Council on the outcome of discussions with the School District and any necessary adjustments to the ordinance prior to final adoption.

REFERENCES & ATTACHMENTS

1. Draft Affordable Housing Tax exemption ORD
2. ORS 307.540-548_NonProfit Tax exemption

EXAMPLE ORDINACE DRAFT

ORDINANCE NO. XXXX

AN ORDINANCE AMENDING TITLE 4 (REVENUE AND FINANCE) OF THE CITY OF ASHLAND MUNICIPAL CODE BY CREATING A NEW CHAPTER - CHAPTER 4.42 (NON-PROFIT CORPORATION LOW-INCOME HOUSING TAX EXEMPTION) IMPLEMENTING ORS 307.540 TO 307.548 ESTABLISHING AN AFFORDABLE HOUSING TAX EXEMPTION PROGRAM FOR QUALIFYING NON-PROFIT HOUSING PROVIDERS.

Annotated to show deletions and additions to the Ashland Municipal Code sections being modified. Deletions are **~~bold lined through~~**, and additions are **bold underlined.**

WHEREAS, ORS 307.540 to 307.548 authorize Oregon cities to establish a process for exempting certain non-profit corporations from property taxes when they develop low income housing to address local shortages in available and affordable housing; and

WHEREAS, The City of Ashland recently adopted an Affordable Housing Production Strategy (May, 2023) that implements Statewide Planning Goal 10 and calls for, among other things, the implementation of tax exemptions to support affordable housing in the City; and

WHEREAS, non-profit housing developers and builders fulfill a critical role in building and maintaining housing, which, due to subsidy stipulations contained in their financing framework, are restricted to specifically serve low-income households that need it; and

WHEREAS, adoption of a property tax exemption under ORS 307.540 to 307.548, focused on non-profit organizations that own or purchase property for use as low-income housing, will encourage further development of much needed low-income housing in the City of Ashland; and

WHEREAS, in a series of conversations with non-profit housing developers, tax exemptions were cited as important tools in building and maintaining housing that is affordable to low-income households and in helping to stabilize a developer's investment over the lifetime of the project; and

WHEREAS, ORS 307.540 to 307.548 provides that, if jurisdictions or special district service providers representing more than 51% of a property's total tax obligation agree to exempt the property from taxation, then the remainder of those taxing districts must follow suit to make the entire property tax exempt; and

WHEREAS, over the preceding months City staff have met with public agency partners and local developers and concluded that sufficient support exists for the establishment of a low income housing tax exemption program envisioned in ORS 307.540 to 307.548.

THE PEOPLE OF THE CITY OF ASHLAND DO ORDAIN AS FOLLOWS:

SECTION 1. Title 4 (Revenue and Finance) of the City of Ashland Municipal Code is amended to include a new Chapter 4.42 (Non-Profit Corporation Low-Income Housing Tax Exemption), which shall read as set forth as follows:

Chapter 4.42

NONPROFIT CORPORATION LOW-INCOME HOUSING TAX EXEMPTIONS

4.42.010 Definitions

4.42.020 Nonprofit corporation low-income housing exemption—Criteria

4.42.030 Application for exemption

4.42.040 Determination of eligibility for exemption—Notice to county assessor

4.42.050 Termination of exemption

4.42.060 Delegation of administrative authority

4.42.010 Definitions

The following definitions apply in this subchapter.

LOW-INCOME means:

A. For the initial year a person occupies property for which an application for exemption is filed under this subchapter, 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 person occupies 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.

4.42.020 Nonprofit corporation low-income housing exemption—Criteria

A. Property that meets all of the following criteria shall be exempt from taxation as provided in this section:

1. The property is owned or being purchased by a corporation described in Section 501(c)(3) or (4) of the Internal Revenue Code that is exempt from income taxation under Section 501(a) of the Internal Revenue Code;

2. Upon liquidation, the assets of the corporation are required to be applied first in payment of all outstanding obligations, and the balance remaining, in cash and in kind, to be distributed to corporations exempt from taxation and operated exclusively for religious, charitable, scientific, literary or educational purposes or to the State of Oregon;

3. The property is:

a. Occupied by low-income persons; or

b. Held for the purpose of future development as low-income housing, for a period not exceeding three years;

4. The property or portion of the property receiving the exemption, if occupied, is actually and exclusively used for the purposes described in Section 501(c)(3) or (4) of the Internal Revenue Code; and

5. The exemption has been approved as required in Section 4.42.040.

B. For purposes of subsection A of this section, a corporation that only has a leasehold interest in property is deemed to be a purchaser of that property if:

1. The corporation 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 by the corporation has been established to reflect the savings resulting from the exemption from taxation.

C. A partnership shall be treated the same as a corporation to which this section applies if the corporation is:

1. A general partner of the partnership; and

2. Responsible for the day to day operation of the property that is the subject of the exemption.

4.42.030 Application for exemption

A. To qualify for the exemption provided by Section 4.42.020, the corporation shall file an application for exemption with the city for each assessment year the corporation wants the exemption. The application shall be filed on or before March 1 of the assessment year for which the exemption is applied for, except that when the property designated is acquired after March 1 but before July1, the claim for that year shall be filed within 30 days after the date of acquisition. The application shall include the following information as applicable:

1. A description of the property for which the exemption is requested;

2. A description of the charitable purpose of the project and whether all or a portion of the property is being used for that purpose;

3. A certification of income levels of low-income occupants;

4. A description of how the tax exemption will benefit project residents;

5. A description of the development of the property if the property is being held for future low-income housing development; and

6. A declaration that the corporation has been granted exemption from income taxation under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

B. The applicant shall verify the information in the application by oath or affirmation.

4.42.040 Determination of eligibility for exemption—Notice to county assessor

A. Within 30 days of the filing of an application under Section 4.42.030, the council shall determine whether the applicant qualifies for the exemption under Section 4.42.020. If the council determines the applicant qualifies, the city shall certify to the county assessor, as set forth in ORS 307.547, that all or a portion of the property shall be exempt from taxation under the city's tax levy.

B. Upon receipt of certification under subsection A of this section, the county assessor shall exempt the property from taxation to the extent certified by the city.

4.42.050 Termination of exemption

A. If the city determines that property that has received an exemption under this Subchapter 4.42 in anticipation of future development of low-income housing that the property is being used for any purposes other than the provision of low-income housing, or that any provision of this subchapter is not being complied with, the city shall give notice of the proposed termination of the exemption to the owner(s) by mailing the notice to the last known address of the owner(s), 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 require the owner(s) 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.

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

C. If the owner(s) fail 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 noncompliance, the council shall adopt a resolution stating its findings that terminate the exemption. A copy of the resolution shall be filed within 10 days after its adoption with the county assessor, and a copy shall be sent to the owner(s) at the owner(s)' last known address and to the lender at the last known address of the lender within 10 days of its adoption.

D. Upon the county assessor's receipt of the city's termination findings:

1. The exemption granted to the housing unit or portion under this subchapter shall terminate immediately, without right of notice or appeal;

2. The property shall be assessed and taxed as other property similarly situated is assessed and taxed;

3. 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 this subchapter for each of the years, not to exceed the last 10 years, during which the property was exempt from taxation under this subchapter.

E. The assessment and tax rolls shall show potential additional tax liability for each property granted an exemption under this subchapter because the property is being held for future development of low-income housing.

F. Additional taxes collected under this section shall be deemed to have been imposed in the year to which the additional taxes relate.

4.42.060 Delegation of administrative authority

The City Manager, or designee, is granted all authority necessary to make all determinations and otherwise administer the provisions of this subchapter, excepting determinations and actions required to be made or taken by the council.

SECTION 2. Severability. Each section of this ordinance, and any part thereof, is severable, and if any part of this ordinance is held invalid by a court of competent jurisdiction, the remainder of this ordinance shall remain in full force and effect.

SECTION 3. Codification. Provisions of this Ordinance shall be incorporated in the City Code and the word “ordinance” may be changed to “code”, “article”, “section”, “chapter” or another word, and the sections of this Ordinance may be renumbered, or re-lettered, provided however that any Whereas clauses and boilerplate provisions (i.e. Sections 2-3) need not be codified and the City Recorder is authorized to correct any cross-references and any typographical errors.

The foregoing ordinance was first ready by title only in accordance with Article X, Section 2(C) of the City Charter on the _______day of____________________, 2024, and duly PASSED and ADOPTED this _______day of____________________, 2024.

PASSED by the City Council this ________ day of _______________________, 2024.

ATTEST:

____

Alissa Kolodzinski, City Recorder

SIGNED and APPROVED this ________ day of __________________________, 2023.

____

Tonya Graham, Mayor

Reviewed as to form:

____

Johan Pietila, City Attorney

Oregon Revised Statutes

Nonprofit Corporation Low Income Housing

307.540 Definitions for ORS 307.540 to 307.548. As used in ORS 307.540 to 307.548:

(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 307.540 to 307.548.

(2) According to the election of a governing body pursuant to ORS 307.543 (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 307.545, 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. [1985 c.660 §1; 1993 c.168 §7; 2005 c.94 §39; 2015 c.141 §1; 2015 c.180 §45; 2021 c.528 §5]

Note: Section 6, chapter 660, Oregon Laws 1985, provides:

Sec. 6. ORS 307.540 to 307.548 apply to tax years beginning on or after January 1, 1985, and before July 1, 2027. [1985 c.660 §6; 1993 c.108 §1; 2003 c.215 §1; 2011 c.191 §1]

Note: Section 3, chapter 141, Oregon Laws 2015, provides:

Sec. 3. (1) A governing body that has adopted the provisions of ORS 307.540 to 307.548 before the effective date of this 2015 Act [October 5, 2015] may, on or after the effective date of this 2015 Act, elect a definition of "low income" under ORS 307.540 as amended by section 1 of this 2015 Act. An election made pursuant to this subsection applies to the first property tax year that begins on or after the date on which the election is made.

(2) If a governing body described in this section does not make an election under subsection (1) of this section, the definition of "low income" provided in ORS 307.540 as in effect immediately before the effective date of this 2015 Act shall apply to the exemption allowed by the governing body.

(3) This section is repealed on June 30, 2027. [2015 c.141 §3]

307.541 Nonprofit corporation low income housing; criteria for exemption. (1) Property is exempt from taxation as provided under ORS 307.540 to 307.548 if:

(a) The property is owned or being purchased by a corporation described in section 501(c)(3) or (4) of the Internal Revenue Code that is exempt from income taxation under section 501(a) of the Internal Revenue Code;

(b) Upon liquidation, the assets of the corporation are required to be applied first in payment of all outstanding obligations, and the balance remaining, in cash and in kind, to be distributed to corporations exempt from taxation and operated exclusively for religious, charitable, scientific, literary or educational purposes or to the State of Oregon;

(c) The property is:

(A) Occupied by low income persons; or

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

(d) The property or portion of the property receiving the exemption, if occupied, is actually and exclusively used for the purposes described in section 501(c)(3) or (4) of the Internal Revenue Code;

(e) The exemption has been approved as provided in ORS 307.547; and

(f) The information disclosed on the application filed pursuant to ORS 307.545 meets any other criteria adopted by the governing body.

(2) A governing body that adopts the provisions of ORS 307.540 to 307.548 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 corporation that has only a leasehold interest in property is deemed to be a purchaser of that property if:

(a) The corporation 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 by the corporation has been established to reflect the savings resulting from the exemption from taxation.

(4) A partnership shall be treated the same as a corporation to which this section applies if the corporation is:

(a) A general partner of the partnership; and

(b) Responsible for the day-to-day operation of the property that is the subject of the exemption. [1985 c.660 §2; 1995 c.702 §2; 1997 c.752 §11; 2005 c.94 §40; 2015 c.310 §7]

307.543 Exemption limited to levy of governing body adopting ORS 307.540 to 307.548; exception; additional provisions. (1) Except as provided in subsection (2) of this section, the exemption granted under ORS 307.540 to 307.548 applies only to the tax levy of a governing body that adopts the provisions of ORS 307.540 to 307.548. At the time of adoption, the governing body shall elect a definition of "low income" under ORS 307.540.

(2) The exemption granted under ORS 307.540 to 307.548 applies 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 307.540 to 307.548, the rates of taxation of such taxing districts whose governing boards agree to the policy of exemption under ORS 307.540 to 307.548, when combined with the rate of taxation of the governing body that adopts the provisions of ORS 307.540 to 307.548, 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 307.540 to 307.548 that do not conflict with the provisions of ORS 307.540 to 307.548. [1985 c.660 §3; 2015 c.141 §2; 2015 c.310 §8]

307.545 Application for exemption. (1) A corporation seeking the exemption granted under ORS 307.540 to 307.548 must file an application for exemption with the governing body for each assessment year the corporation wants the exemption. The application must be filed on or before March 1 of the assessment year for which the exemption is sought, except that when the property designated is acquired after March 1 and before July 1, the application for that year must be filed within 30 days after the date of acquisition.

(2) The application must include the following information, as applicable:

(a) A description of the property for which the exemption is requested;

(b) A description of the charitable 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) A description of the development of the property if the property is being held for future low income housing development;

(f) A declaration that the corporation has been granted exemption from income taxation under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) or 501(c)(4) of the Internal Revenue Code; and

(g) A description of how the corporation and the property, respectively, meet any additional criteria adopted by the governing body pursuant to ORS 307.541 (2).

(3) The applicant shall verify the information in the application by oath or affirmation. [1985 c.660 §4; 1987 c.756 §15; 1993 c.108 §2; 1993 c.270 §25; 1997 c.541 §§133,133a; 2013 c.193 §7; 2015 c.310 §9]

307.547 Determination of eligibility; notice to county assessor. (1) Within 30 days of the filing of an application under ORS 307.545, the governing body shall determine whether the applicant qualifies for the exemption granted under ORS 307.540 to 307.548.

(2)(a) If the governing body determines that the applicant qualifies, the governing body shall certify to the assessor of the county where the real property is located, as set forth in ORS 307.512, that all or a portion of the property is exempt from taxation under the levy of the certifying governing body.

(b) Notwithstanding paragraph (a) of this subsection, the governing body may send the certification required under this subsection on or before the deadline specified in ORS 307.512, or as promptly as practicable after making the determination under subsection (1) of this section, whichever is later.

(3) Upon receipt of certification sent pursuant to subsection (2) of this section, the county assessor shall exempt the property from taxation to the extent certified by the governing body. [1985 c.660 §5; 2013 c.193 §8; 2015 c.310 §10]

307.548 Termination of exemption; additional taxes. (1)(a) If the governing body that has granted an exemption under ORS 307.540 to 307.548 to property in anticipation of future development of low income housing in connection with the exempt property finds that the property is being used for any purpose other than the provision of low income housing, or that any provision of ORS 307.540 to 307.548 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.

(b) The notice required under this subsection 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 will be remedied.

(3)(a) 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 that terminate the exemption.

(b) A copy of the ordinance or resolution required under this subsection shall be filed within 10 days after its adoption 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.

(4) Upon the county assessor's receipt of the governing body's termination findings:

(a) The exemption granted the housing unit or portion under ORS 307.540 to 307.548 terminates immediately, without right of notice or appeal;

(b) 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 307.540 to 307.548 for each of the years, not to exceed the last 10 years, during which the property was exempt from taxation under ORS 307.540 to 307.548.

(5) Notwithstanding subsection (4) of this section, if at the time of presentation or discovery, the property is no longer exempt, additional taxes may be collected as provided in subsection (4) of this section, except that 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.

(6) The assessment and tax rolls shall show potential additional tax liability for each property granted exemption under ORS 307.540 to 307.548 because the property is being held for future development of low income housing.

(7) Additional taxes collected under this section shall be deemed to have been imposed in the year to which the additional taxes relate. [1997 c.752 §14; 2013 c.193 §17]