

**Enrolled**  
**Senate Bill 322**

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CHAPTER .....

AN ACT

Relating to multiple-unit housing; creating new provisions; amending ORS 307.603, 307.612, 307.618 and 307.637; and prescribing an effective date.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 307.603 is amended to read:

307.603. As used in ORS 307.600 to 307.637:

- (1) "Establish" means, unless the context requires otherwise, making existing multiple-unit housing subject to a low income housing assistance contract.
- (2) "Lender" means any person who makes a loan, secured by a recorded mortgage or trust deed, to finance the acquisition, construction, addition or conversion of multiple-unit housing.
- (3) "Light rail station area" means an area defined in regional or local transportation plans to be within a one-half mile radius of an existing or planned light rail station.
- (4) "Low income housing assistance contract" means an agreement between a public agency and a property owner that results in the production, rehabilitation, establishment or preservation of housing affordable to those with a defined level of household income.
- (5) "Multiple-unit housing" means:
  - (a) Housing that is or becomes subject to a low income housing assistance contract with an agency or subdivision of this state or the United States; or
  - (b) Newly constructed structures, stories or other additions to existing structures and structures converted in whole or in part from other use to *[dwelling units]* **housing** that meet the following criteria:
    - (A) The structure must have a minimum number of dwelling units as specified by the city or county pursuant to ORS 307.606 (4).
    - (B) The structure must not be designed or used as transient accommodations, including but not limited to hotels and motels.
    - (C) The structure must have those design elements benefiting the general public, **including any commercial use of a portion of the structure**, as specified by the city or county pursuant to ORS 307.618.
    - (D) If in a light rail station area or transit oriented area, the structure must:
      - (i) Be physically or functionally related to a light rail line or mass transportation system; and
      - (ii) Enhance the effectiveness of a light rail line or mass transportation system.
- (6) "Transit oriented area" means an area defined in regional or local transportation plans to be within one-quarter mile of a fixed route transit service.

**SECTION 2.** ORS 307.612 is amended to read:

307.612. (1) *[Except as provided under subsection (2) of this section,]* Multiple-unit housing that qualifies for exemption under ORS 307.600 to 307.637 *[shall]* **may** be exempt from ad valorem taxation for no more than 10 successive years. The first year of exemption *[shall be]* **is** the assessment year beginning January 1 immediately following the calendar year in which construction, addition or conversion is completed, determined by that stage in the construction process when, pursuant to ORS 307.330, the improvement would have gone on the tax rolls in the absence of the exemption provided for in ORS 307.600 to 307.637 or, in the case of multiple-unit housing that is or becomes subject to a low income housing assistance contract, the application is approved. *[However:]*

*[(a)]* **(2)(a)** The exemption *[shall]* **may** not include the land or any improvements not a part of the multiple-unit housing[.].

**(b)** *[but]* **The exemption** may include:

**(A)** Parking constructed as part of the multiple-unit housing construction, addition or conversion; **and**

**(B) Commercial property to the extent that the commercial property is a required design or public benefit element of a multiple-unit housing construction, addition or conversion approved by an authorizing city or county.**

*[(b)]* **(c)** In the case of a structure to which stories or other improvements are added or a structure that is converted in whole or in part from other use to dwelling units, only the increase in value attributable to the addition or conversion *[shall]* **may** be exempt from taxation.

*[(2)]* **(3) Notwithstanding subsection (1) of this section,** if the multiple-unit housing is or becomes subject to a low income housing assistance contract with an agency or subdivision of this state or the United States, the city or county may extend the exemption provided by ORS 307.600 to 307.637 through June 30 of the tax year during which the termination date of the contract falls.

*[(3)(a)]* **(4)(a)** The exemption provided by ORS 307.600 to 307.637 *[shall be]* **is** in addition to any other exemption provided by law. However, nothing in ORS 307.600 to 307.637 *[shall]* **may** be construed to exempt any property beyond 100 percent of its real market value.

**(b)** If property is located within a core area and within a light rail station area or a transit oriented area, or both, and application for exemption under more than one program is made, only the exemption for which application is first made and approved *[shall]* **may** be granted. If property is granted exemption under ORS 307.600 to 307.637 pursuant to an ordinance or resolution adopted by a city, the property *[shall]* **may** not be granted exemption pursuant to an ordinance or resolution adopted by a county. If property is granted exemption under ORS 307.600 to 307.637 pursuant to an ordinance or resolution adopted by a county, the property *[shall]* **may** not be granted exemption pursuant to an ordinance or resolution adopted by a city. Property *[shall]* **may** be granted exemption under ORS 307.600 to 307.637 only once.

**SECTION 3.** ORS 307.618 is amended to read:

307.618. The city or county may approve an application filed under ORS 307.615 if the city or county finds that:

(1) In the case of the construction, addition or conversion of multiple-unit housing:

(a) The owner has agreed to include in the construction, addition or conversion as a part of the multiple-unit housing one or more design **or public benefit** elements *[benefiting the general public]* as specified by the city or the county, including but not limited to **commercial uses of a portion of the multiple-unit housing structure**, open spaces, parks and recreational facilities, common meeting rooms, child care facilities, transit amenities and transit or pedestrian design elements.

(b) The proposed construction, addition or conversion project is or will be, at the time of completion, in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS chapters 195, 196, 197, 215 and 227, that are applicable at the time the application is approved.

(2) In the case of housing that is or becomes subject to a low income housing assistance contract with an agency or subdivision of this state or the United States, it is important to the community to preserve or establish the housing as low income housing and it is probable that the

housing would not be produced, be established or remain as low income housing without the exemption being granted.

(3) The owner has complied with all standards and guidelines adopted by cities or counties pursuant to ORS 307.606 (4).

**SECTION 4.** ORS 307.637 is amended to read:

307.637. An exemption for multiple-unit housing may not be granted under ORS 307.600 to 307.637 unless:

(1) In the case of multiple-unit housing described in ORS 307.603 (5)(a), the application for exemption is made to the city or county on or before January 1, [2012] **2022**.

(2) In the case of multiple-unit housing described in ORS 307.603 (5)(b), the construction, addition or conversion is completed on or before January 1, [2012] **2022**.

**SECTION 5. The amendments to ORS 307.603, 307.612 and 307.618 by sections 1 to 3 of this 2011 Act apply to applications for exemption filed on or after the effective date of this 2011 Act.**

**SECTION 6. This 2011 Act takes effect on the 91st day after the date on which the 2011 session of the Seventy-sixth Legislative Assembly adjourns sine die.**

**Passed by Senate April 4, 2011**

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Robert Taylor, Secretary of Senate

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Peter Courtney, President of Senate

**Passed by House May 25, 2011**

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Bruce Hanna, Speaker of House

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Arnie Roblan, Speaker of House

**Received by Governor:**

.....M,....., 2011

**Approved:**

.....M,....., 2011

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John Kitzhaber, Governor

**Filed in Office of Secretary of State:**

.....M,....., 2011

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Kate Brown, Secretary of State