

**A-Engrossed**  
**Senate Bill 322**

Ordered by the Senate March 30  
Including Senate Amendments dated March 30

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Finance and Revenue)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Includes commercial uses of multiple-unit housing as allowable uses for purposes of exemption from property taxation. Extends sunset date of multiple-unit housing exemption program to 2022. Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to multiple-unit housing; creating new provisions; amending ORS 307.603, 307.612, 307.618  
3 and 307.637; and prescribing an effective date.

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

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

6 307.603. As used in ORS 307.600 to 307.637:

7 (1) "Establish" means, unless the context requires otherwise, making existing multiple-unit  
8 housing subject to a low income housing assistance contract.

9 (2) "Lender" means any person who makes a loan, secured by a recorded mortgage or trust deed,  
10 to finance the acquisition, construction, addition or conversion of multiple-unit housing.

11 (3) "Light rail station area" means an area defined in regional or local transportation plans to  
12 be within a one-half mile radius of an existing or planned light rail station.

13 (4) "Low income housing assistance contract" means an agreement between a public agency and  
14 a property owner that results in the production, rehabilitation, establishment or preservation of  
15 housing affordable to those with a defined level of household income.

16 (5) "Multiple-unit housing" means:

17 (a) Housing that is or becomes subject to a low income housing assistance contract with an  
18 agency or subdivision of this state or the United States; or

19 (b) Newly constructed structures, stories or other additions to existing structures and structures  
20 converted in whole or in part from other use to [*dwelling units*] **housing** that meet the following  
21 criteria:

22 (A) The structure must have a minimum number of dwelling units as specified by the city or  
23 county pursuant to ORS 307.606 (4).

24 (B) The structure must not be designed or used as transient accommodations, including but not  
25 limited to hotels and motels.

26 (C) The structure must have those design elements benefiting the general public, **including any**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **commercial use of a portion of the structure**, as specified by the city or county pursuant to ORS  
2 307.618.

3 (D) If in a light rail station area or transit oriented area, the structure must:

4 (i) Be physically or functionally related to a light rail line or mass transportation system; and

5 (ii) Enhance the effectiveness of a light rail line or mass transportation system.

6 (6) "Transit oriented area" means an area defined in regional or local transportation plans to  
7 be within one-quarter mile of a fixed route transit service.

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

9 307.612. (1) [*Except as provided under subsection (2) of this section,*] Multiple-unit housing that  
10 qualifies for exemption under ORS 307.600 to 307.637 [*shall*] **may** be exempt from ad valorem taxa-  
11 tion for no more than 10 successive years. The first year of exemption [*shall be*] **is** the assessment  
12 year beginning January 1 immediately following the calendar year in which construction, addition  
13 or conversion is completed, determined by that stage in the construction process when, pursuant to  
14 ORS 307.330, the improvement would have gone on the tax rolls in the absence of the exemption  
15 provided for in ORS 307.600 to 307.637 or, in the case of multiple-unit housing that is or becomes  
16 subject to a low income housing assistance contract, the application is approved. [*However:*]

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

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

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

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

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

28 [(2)] **(3) Notwithstanding subsection (1) of this section,** if the multiple-unit housing is or be-  
29 comes subject to a low income housing assistance contract with an agency or subdivision of this  
30 state or the United States, the city or county may extend the exemption provided by ORS 307.600  
31 to 307.637 through June 30 of the tax year during which the termination date of the contract falls.

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

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

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

45 307.618. The city or county may approve an application filed under ORS 307.615 if the city or

1 county finds that:

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

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

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

12 (2) In the case of housing that is or becomes subject to a low income housing assistance contract  
13 with an agency or subdivision of this state or the United States, it is important to the community  
14 to preserve or establish the housing as low income housing and it is probable that the housing would  
15 not be produced, be established or remain as low income housing without the exemption being  
16 granted.

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

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

20 307.637. An exemption for multiple-unit housing may not be granted under ORS 307.600 to  
21 307.637 unless:

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

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

26 **SECTION 5. The amendments to ORS 307.603, 307.612 and 307.618 by sections 1 to 3 of this**  
27 **2011 Act apply to applications for exemption filed on or after the effective date of this 2011**  
28 **Act.**

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

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