



March 20, 2019

Chair Hass, Members of the Senate Finance and Revenue Committee:

As you know, the League of Oregon Cities represents all 241 incorporated cities in the state of Oregon. Across the state, cities are looking for ways to encourage and develop a variety of housing types. The property tax exemption for multiple-unit housing is an incentive that a few cities have adopted but is vital to the successes those cities have seen in the development of affordable multi-unit housing.

First enacted in 1975, the program established in ORS 307.600-307.637 provides a tool for cities that they can structure to meet local circumstances and address specific needs related to the location, price and number of units. The exemption applies to multiple-unit rental housing in areas designated as core areas and can be used for new construction or buildings converted into housing. It does not apply to the land nor any improvements not part of the housing but may apply to parking.

Currently, we are only aware of two cities that use this tool: Portland and Eugene. The exemption was claimed by 36 properties last year and provided an incentive of \$13.7 million in waived property taxes. However, more cities are exploring a variety of options to help with the development costs of long-term affordable units, and, for some communities, this tool will help them to meet their goals.

SB 262 would extend the sunset for this local-option property tax incentive, and it is vital to do now. Affordable housing projects use a mix of financing tools and sources, and property tax exemptions need to be certain for longer periods of time to ensure that they are in place as the rest of the financing is solidified. Creating long-term stability through this extension will assist cities in their mission of increasing affordable housing options within their boundaries.

For these reasons, we ask that this committee **support SB 262**.

Thank you,

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