

**RESOLUTION NO. 2023-09**

**A RESOLUTION OF THE LA PINE CITY COUNCIL ADOPTING THE PROVISIONS OF OREGON REVISED STATUTE 307.515 TO 307.523 ALLOWING PROPERTY TAX EXEMPTION FOR LOW-INCOME RENTAL HOUSING**

WHEREAS, the La Pine City Council believes that the availability of affordable housing is a critical aspect of a healthy community; and

WHEREAS, the La Pine City Council recognizes that the supply of affordable and adequate rental housing in La Pine is insufficient to meet the community's current housing needs; and

WHEREAS, the La Pine City Council believes that engaging in the implementation of solutions to affordable housing issues is an important and appropriate role for local government while also maintaining observance of the overall needs and capacity of the community; and

WHEREAS, the La Pine City Council supports the efforts of low-income housing developers subject to the provisions and limitations of this Resolution to provide high quality, stable housing for the community's lower-income residents;

NOW, THEREFORE, THE CITY OF LA PINE RESOLVES AS FOLLOWS:

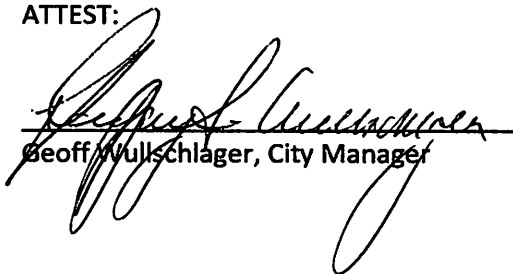
The attached City Council policy allowing for consideration of property tax exemption for low-income rental housing developments (authorized by Oregon Revised Statute 307.515 to 307.523) is hereby adopted.

ADOPTED by the City Council and approved by the Mayor on this day of 25<sup>th</sup> day of October, 2023.



Daniel Richer, Mayor

ATTEST:



Geoff Wulkschlager, City Manager

**City of La Pine**  
**Policy on Low-Income Rental Housing Tax Exemption**

**Section 1. Purpose**

The purpose of this policy is to establish a procedure to consider and/or provide property tax exemption for low-income rental housing, as allowed under ORS 307.515 to ORS 307.523. The policy is intended to provide a mechanism through which the City Council can contribute to and support the development of low-income rental housing in La Pine.

**Section 2. Policy Statement**

It shall be the policy of the City of La Pine to consider and/or provide property tax exemption for properties used for, or held for the development of, low-income rental housing, in accordance with the provisions of ORS 307.515 to ORS 307.523 and the provisions of this policy.

**Section 3. Definitions**

For purposes of this policy, the following words and phrases are defined as:

**City Manager** The City Manager of the City of La Pine, or the City Manager's designee.

**Lender** The provider of a loan secured by the recorded deed of trust or recorded mortgage made to finance the purchase, construction, or rehabilitation of a property used for low-income rental housing under the criteria listed in this policy.

**Low-income** Income at or below 60 percent of the area median income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.

**Section 4. Criteria for Tax Exemption**

Factors to be considered as criteria for approval of projects, include but are not limited to:

4.1 Properties or portions of properties meeting the following criteria shall be eligible for property tax exemption as provided in ORS 307.515 to 307.523 if:

A. The property is:

1) Offered for rent; or

2) Held for the purpose of developing low-income rental housing, for a period not exceeding a reasonable maximum period, if any, adopted by the governing body.

B. The property, if occupied, is occupied solely by low-income persons with non-material exceptions.

C. The required rent payment reflects the full value of the property tax exemption.

D. The forecasted rent reduction (savings) materially exceeds the forecasted property tax exemption.

E. The applicant at the time of application has displayed as part of their financial application to the state, or through contract with the City, a contribution to the City's community giving fund, to be made on an annual basis, and for the regulated life of the project.

F. The exemption has been approved as provided in ORS 307.523 (Time for filing application), pursuant to an application filed before July 1, 2030.

G. The housing units on the property were constructed after the local governing body

adopted the provisions of ORS 307.515 to 307.523.

H. For any given project, the amount of the developer fee will be examined as a part of the application process on a case-by-case basis, but in no event may the developer fee be in excess of that allowable (or for projects not receiving Oregon Housing and Community Services support, would be allowable) by Oregon Housing and Community Services.

I. The proposed project must have received land use application approval accompanied by all associated studies or other application requirements from the City of La Pine and have all required Deschutes County or other agency regulatory permits approved. This does not include final inspections for public improvements, conformance with building, electrical, structural, or plumbing code or other final occupancy requirements.

J. The proposed project should project a Community Services/Social Services element to the benefit of the low-income residents as identified and evidenced by a service contract or MOU with a management agency which defines the programs or services to be provided, and to extend for the twenty-year regulatory period of the project.

K. The information on the application filed pursuant to ORS 307.521 (Application for exemption) meets any other criteria adopted by the governing body.

4.2 For the purposes of this policy, a person that has only a leasehold interest in the property is deemed a purchaser of that property if:

- A. The person is obligated under the terms of the lease to pay the ad valorem taxes on the real and personal property used in this activity; or
- B. The rent payable has been established to reflect the savings resulting from the exemption from taxation.

## **Section 5. Application for Exemption**

5.1 Persons seeking tax exemption for eligible property shall submit an application on a form provided by the City of La Pine and pay the fee established by the City Council and set forth in the City of La Pine fee resolution. The application shall contain the following information:

- A. The applicant's name, address, and telephone number; and
- B. A legal description of the property for which the exemption is requested; and
- C. If only a portion of the property is eligible, a description of the eligible portion of the property for which the exemption is requested, including the number of affordable housing units; and
- D. A description of the purpose of the project and whether all or a portion of the property is being used for that purpose; and
- E. A certification of income levels of low-income occupants; and
- F. A description of how the tax exemption will benefit project residents.
- G. A description of the plans for development (in conformance with Section 4.1 I.) of the property if the property is being held for future rental housing development; and
- H. A list of secured lienholders with addresses of the lienholders; and
- I. A burden of proof statement demonstrating how the applicant has met the criteria as established in Section 4. of this policy.
- J. Such other information as requested by the City of La Pine.

5.2 The applicant shall verify that everything is true, correct, and complete under penalty of perjury. An authorized officer of the applicant shall sign and verify.

5.3 An application which does not contain all of the information required by this section and/or is not accompanied by the payment of the proper fees shall be returned. Any application returned for these reasons shall be deemed not to have been filed.

5.4 An application must be filed on or before December 1 of the calendar year immediately preceding the first assessment year for which the application is requested and shall be accompanied by the application fee required by the City. However, if the property is acquired after November 1, the application shall be made within 30 days after the date of acquisition.

## **Section 6. Review of Application**

6.1 The City Manager or his or her designee shall have the authority to interpret all provisions of this policy.

6.2 Applications for the low-income rental housing property tax exemption shall be filed with the City Manager or his/her designee.

6.3 The City Manager or his/her designee shall process each application and make a written recommendation to the Council.

6.4 Upon receipt of the City Manager's recommendation for approval or denial, it is anticipated that the Council will consider the application and determine if the applicant qualifies for the exemption. Within 60 days of the filing of the application, the Council shall adopt a resolution or ordinance approving or denying the application as filed or taking such other or further action as the Council deems appropriate.

6.5 If the application is approved, the resolution or ordinance shall contain findings on the criteria for approval and shall certify to the Deschutes County Tax Assessor that all or a portion of the property shall be exempt from the ad valorem property tax levy of the City of La Pine.

6.6 If the application is denied, the City shall state in writing the reasons for denial and send the notice of denial to the applicant of the right to appeal under ORS 307.533.

6.7 On or before April 1 following approval, the City shall file with the Deschutes County Assessor and send the applicant a copy of the resolution or ordinance approving or denying the application. If the application is approved, the copy shall contain or be accompanied by a notice explaining the grounds for possible termination of the exemption prior to the end of the exemption period or thereafter, and the effects of termination. In addition, the City shall file with the county assessor on or before April 1 a document listing the same information otherwise required to be in a resolution as to each application deemed approved.

6.8 It is a delegation of authority to the city manager or his or her designee which shall take all actions appropriate and necessary for implementation of the City Council's action.

## **Section 7. Property Tax Exemption**

7.1 Property tax exemptions approved under this policy shall be for a period not to exceed 20 years. For example, in the event that an exemption is initially approved for an undeveloped parcel and later the exemption was extended to include subsequent construction, the total duration of the exemption shall not be increased but shall run for a maximum of 20 years from the initial approval.

7.2 Applications for property tax exemption under this policy may be eligible for property tax exemptions for tax years beginning on or before July 1, 2024.

7.3 The exemption provided herein shall be in addition to any other exemption provided by law.

7.4 If a property is held for the purpose of developing low-income rental housing, the project must commence construction within twelve months of the day of exemption approval and receive any and all final inspections for, public improvements, conformance with building, electrical, structural, or plumbing code and all other final occupancy certificates and be habitable no later than eighteen months from the day of exemption approval.

**Section 8. Termination**

Termination of tax exemption will be accomplished under the conditions pursuant to the procedures and subject to the remedies contained in ORS 307.515 to 307.523.

**Section 9. Regulatory Power**

The City Manager may issue rules necessary for the implementation of this policy.