

**NEWBERG AFFORDABLE HOUSING
FEES/FINANCE SUBCOMMITTEE**

Wednesday, June 23, 2010

7 p.m. to 9 p.m.

Newberg City Hall

Permit Center Conference Room

414 E. First Street, Newberg, OR

I. Open meeting

II. Roll call

III. Minutes – May 26, 2010

IV. Property tax abatement discussion

V. Other business

VI. Next meetings:

Full committee: Wednesday, July 14, 2010 at 7:00 p.m. in City Hall

Subcommittee: Wednesday, August 11, 2010 at 7:00 pm in City Hall
(Permit Center Conference Room)

VII. Adjourn

Attachments:

Minutes – May 26, 2010 meeting

Property Tax abatement memo

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**NEWBERG AFFORDABLE HOUSING
ACTION COMMITTEE – FEES/FINANCE SUBCOMMITTEE
Wednesday, May 26, 2010
7 p.m. to 9 p.m.
Newberg City Hall
Permit Center Conference Room
414 E. First Street, Newberg, OR**

I. OPEN MEETING: The meeting began at 7:05.

II. ROLL CALL:

Present: Ken Austin, Mike Gougler, David Maben, Charlie Harris, Dennis Russell

Absent: Beth Keyser

Staff Present: Barton Brierley, Planning & Building Director

III. SMALL UNIT FEES:

Barton presented a draft of a small unit fee proposal. He explained the proposed methodology.

Mike Gougler suggested “useable floor area” or “effective floor area” rather than definite square feet. Ken Austin raised a concern about exceeding the 600 square feet definition. He thought it needed to be defined. Dennis Russell said small units needed storage space. That was important for livability.

The committee was happy with the concept.

IV. REPEAT UNITS:

Barton reported that the repeat plan policy could be used for multi-family units. The committee agreed with this policy. Dennis felt it was fair.

V. POTENTIAL FUNDING SOURCES FOR HOUSING TRUST FUND:

Barton talked about the housing trust fund. There are three basic elements: what goes in the pool, what circulates in the pool, and what goes out.

Barton discussed each potential source. The housing developer “in-lieu” fees would be an occasional source.

Transient room tax funds was a potential source. Ken thought these funds could be better used to promote economic development. There are a number businesses that have opened since the Allison opened. Funding safety is important.

Charlie suggested this would be a good source. Ken suggested the Chamber should be getting more.

Dennis suggested that a portion of room tax could be dedicated to the housing trust fund.

The committee also discussed putting a small amount on the water bill. This was very controversial.

Dennis suggested that housing was important to businesses.

Ken suggested that the City needs to look at how we are using the room tax.

Dennis said county Bed and Breakfasts don't pay transient tax. That could be potential source.

Ken suggested a rental fee for each house. Charlie said this might work against affordable housing as this could increase fees.

Business licenses were another potential source. The current structure charges a single person shop the same as Fred Meyer.

David Maben said the best way to cover everyone would be to add it to the water bill. It should be kept less than \$1.00. 50 cents a month would be a big help.

Dennis thought the employers should have some skin in the game. Ken thought the businesses already were hit hard already.

Dennis suggested 5% room tax to be dedicated to the housing trust fund.

Ken pointed out schools and city governments also are employers. Perhaps they should have a share.

Commercial development doesn't pay parks SDCs. One suggestion was to make that applicable to them and reduce fees for affordable housing.

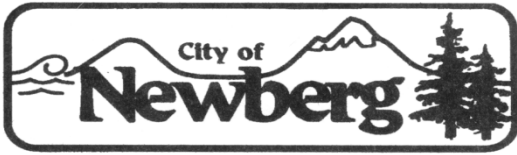
VI. OTHER BUSINESS:

None.

VII. ADJOURN: The meeting adjourned at 8:55 p.m.

**Approved by the Affordable Housing Action Committee – Fees/Finance Subcommittee this
23RD day June, 2010.**

Fees/Finance Subcommittee Secretary



MEMORANDUM

Date: June 15, 2010
To: Newberg Affordable Housing – Fees/Finance Subcommittee
From: Barton Brierley
RE: Property Tax Abatements

At your June 26, 2010 meeting, we will begin discussing property tax abatements for affordable housing. The following is some background on two programs available:

Residential Rehabilitation Tax Abatement

Authorization: ORS 308.450 & ORS 458.005

This program allows owners to rehabilitate residential property and not be charged increased property taxes due to the rehabilitation. Key provisions are:

1. The property must be in a “distressed area” as determined by the city. Up to 20% of a city may be declared “distressed.”
2. The dwelling must have housing code violations that are fixed with the rehabilitation.
3. 51% of the taxing districts (by value) have to agree to the program. The Newberg School District and the City of Newberg comprise well over 51%.
4. It can apply to owner or renter occupied units. It can be single family, multi-family, or existing structures converted residential units. You can set rental rate caps.
5. Property taxes do not go up as a result of the rehabilitation. It appears they may go up 3% per year based on Measure 50 provisions.
6. The application has to be filed by 2015 (unless extended by the legislature).
7. There is plenty of paperwork involved.

Estimate of Effectiveness/foregone revenue

I took a test case and ran the numbers based on my limited understanding of tax codes. I took a case of a typical house in a possible “distressed area.” I assumed that the home had \$25,000 of renovation/rehabilitation work that resulted in new assessed value. Based on my numbers, over the first 10 years, the property owner would benefit by (and the taxing entities would forego) about \$2,500 in property tax reductions. See the attached spreadsheet. Over the longer term (year 11-20), the taxing districts might actually recover the costs – assuming the tax reduction actually induces the property owner to make the improvements.

The effectiveness of this program could be limited by a number of factors:

1. Routine maintenance does not increase the assessed value. Thus, while a house may be in desperate need of a new roof, putting one on won't necessarily increase the property taxes anyway – so there may not be any real benefit.
2. The cost of processing the paperwork (\$500 to \$1000) could eat up much of the savings.

Both these factors are mitigated if it is a larger project, such as repair of a larger apartment complex.

Questions for the committee

1. Should we consider implementing this program?
2. Should we have limits or targets: single vs. multi-family; rental vs. owner occupied?
3. What areas of the city should be considered “distressed”?

Single –family dwelling new construction property tax abatement

Authorization: ORS 307.651

This program would allow all property taxes for new single family dwellings in certain areas to be abated for a period of 10 years. Key provisions are:

1. The property must be in a “distressed area” as determined by the city. Up to 20% of a city may be declared “distressed.”
2. 51% of the taxing districts (by value) have to agree to the program. The Newberg School District and the City of Newberg comprise well over 51%.
3. It is designed for owner occupied dwellings. They can be attached single family dwellings.
4. The value of the home cannot exceed 120% of the median sales prices for homes in Newberg.
5. The owner pays no property taxes on the structure for 10-years. They do pay property taxes on the land.
6. The dwelling has to be completed by July 1, 2015.
7. There is plenty of paperwork involved.

Estimate of Effectiveness/foregone revenue

I took a test case and ran the numbers based on my limited understanding of tax codes. I took a case of a typical vacant lot in a possible “distressed area.” I assumed that the lot had a \$100,000 home built on it. Based on my numbers, over the first 10 years, the property owner would benefit by (and the taxing entities would forego) about \$10,000 in property tax reductions. See the attached spreadsheet. Over the longer term (year 11-20), the taxing districts might actually recover the costs – assuming the tax reduction actually induces the property owner to construct the unit.

Questions for the committee

1. Should we consider implementing this program?
2. Should we have limits or targets, such as limiting it to low-income families?
3. What areas of the city should be considered “distressed”?

Attachments

1. Portland Development Commission information on owner rehabilitation program
2. Portland Development Commission information on rental rehabilitation program
3. ORS 308.450
4. Estimate of residential rehabilitation program cost/benefit
5. Portland Development Commission information on new single-unit housing program
6. 307.651
7. Estimate of single family dwelling new construction program cost/benefit

**Housing Services:
Limited Tax Abatement for Single Family Owner-Occupied Rehabilitation**

— NOTICE —

The Single-Family Owner Occupied Rehabilitation program is not currently accepting applications as the program is under review.

Currently the City of Portland offers a 10-year limited tax property abatement (authorized by State Legislature ORS 308.450 & ORS 458.005) on any increase in assessment value that results from the rehabilitation improvements made to qualifying owner occupied single family homes.

The homeowner will not pay taxes on the increase in assessed value due to rehabilitation work for 10-years; however, the homeowner will continue to pay taxes on the assessed value of the Land and original Improvement value during this period, as well as any incremental increase allowed under Measure 50. It is important to note that your taxes will not go down and assessed values will not be frozen as a result of the program. You are strongly encouraged to discuss your construction plans and schedule with the program administrator as soon as possible, if you think that you could benefit from the program.

This program will only benefit those property owners whose property taxes will increase as a direct result of the rehabilitation. Property taxes will not go down from their current rates.

The criteria are as follows:

- The property is located within a Designated "[Distressed Area](#)" at the time of construction. You can find these areas by going to our [GIS Mapping service](#).
- The home must be an owner occupied single-family unit for the length of the abatement. Please call the program administrator if the unit will, at any time during the abatement, become a rental.
- The home must have code violations as determined by Title 29 Property Maintenance Regulations. An initial inspection by a PDC inspector is required to identify existing violations immediately after application, and then a final inspection to verify that the identified violations have been satisfactorily addressed. Work completed before the date of the application does not qualify for the abatement.
- For homes built before January 1, 1961, rehabilitation expenses must equal or exceed 5% of the property's assessed value as reflected in the last assessment roll preceding the application date. Homes built after January 1, 1961 require rehabilitation expenditures of 50% of the property's assessed value at the time of application. After all the desired rehabilitation work (and that which is required by the initial inspection) has been completed, the PDC will collect receipts for the rehabilitation work to determine if adequate expenditures have been made.
- All fees are submitted and made payable to the Portland Development Commission: a \$300 application fee (non-refundable) and a \$200 Multnomah County Tax Assessor fee. Paid as one \$500 check payable to the Portland Development Commission at the time of application.

The Portland Development Commission, in conjunction with the Multnomah County Tax Assessor's Office, will determine the property's eligibility based on the required information and criteria listed above. Should your property be determined eligible, you will be required to finish all rehabilitation work and submit all materials within 2-years of the date of application. Your abatement will not begin until all materials are submitted and you are enrolled into the program. The homeowner will be responsible for any taxes levied prior to the date of enrollment. Should you decide to sell the property, the abatement will transfer to the new owner.

To apply:

1. Complete and send the [Application for Determination of Eligibility](#) (ADE) and submit a \$500 nonrefundable application fee. Please make your check out to the Portland Development Commission. After we receive your fee and ADE, we will deposit your check and forward your application to the Tax Assessor to establish the home's pre-rehabilitated assessed value.
You will receive a letter either stating that your property is not eligible, or you will be provided with a list of materials needed with which to determine qualification and to finish the application.
2. After you submit your application and your property is deemed eligible, you will need to make an initial inspection appointment for possible violations. Once the inspection is made, you will receive a letter listing which violations must be addressed before qualifying for the abatement. You have two years from the date of your application to address your property's code violations. Rehabilitation work that was finished before the date of application will not qualify for the tax abatement.
3. Once you have completed the rehabilitation work, including all violations found during the first inspection, please call the inspector directly to make a final inspection appointment.

4. Send the remainder of the materials required so that we may determine qualification, and finish the abatement application.
5. All fees are submitted and made payable to the Portland Development Commission: a \$300 application fee (non-refundable) and a \$200 Multnomah County Tax Assessor fee. (Total fees paid as one \$500 check payable to the Portland Development Commission at the time of application.)

*** Required materials to complete your application:**

- [Completed Application for Determination of Eligibility](#)
- [Completed Application for Certificate of Qualification](#)
- A \$500 Application fee paid to the Portland Development Commission (nonrefundable), includes the Multnomah County Assessor fee.
- An initial inspection to determine existing code violations
- A final inspection to confirm that violations have been addressed
- Receipts showing that 5% of your current property tax assessment have been spent on rehabilitation (the PDC will accept construction bids as proof of expenditure—even if you are planning to do the work yourself)
- If building permits are obtained, you must provide copies of each

If you have any questions please call **503-823-3270** or [e-mail](#)

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Housing Services: Rental Rehabilitation Tax Abatement Program Guidelines

Currently the City of Portland offers a 10-year limited tax property abatement (authorized by State Legislature ORS 308.450 & ORS 458.005) on any increase in assessment value that results from the rehabilitation of, or conversion to, qualifying rental units. The property owner will not pay taxes on the increase in assessed value due to rehabilitation work for 10-years; however, the property owner will continue to pay taxes on the assessed value of the Land and original Improvement value during this period, as well as any incremental increase allowed under Measure 50. It is important to note that your taxes will not go down and that the assessed values will not be frozen as a result of the program. You are strongly encouraged to discuss your construction plans and schedule with the program administrator as soon as possible if you think that you could benefit from the program.

This program will only benefit those property owners whose property taxes will increase as a direct result of the rehabilitation. Property taxes will not go down from their current rates.

The criteria are as follows:

- The owner of the property must enter into an Affordability Agreement, and designate a certain percentage of the units affordable to tenants with a household income of 60% of median family income or less. The required percentages are as follows:
 - 100% of the units for a single family house (the entire house)
 - 50% of the units for a duplex (one of the two units)
 - 30% of the units in a triplex (one of the three units)
 - 25% of the units in a 4-plex (one of the four units)
 - 20%, at least, of the units in a project containing five or more units (See [Income/Rent Guidelines](#) for rates, which represent total tenant rent burden, a.k.a. both rent and utility costs.)
- The home must have code violations as determined by Title 29 Property Maintenance Regulations. An initial inspection by a PDC inspector is required to identify existing violations immediately after application, and then a final inspection to verify that the identified violations have been satisfactorily addressed. Work completed before the date of the application will not qualify for the abatement.
- For homes built before January 1, 1961, rehabilitation expenses must equal or exceed 5% of the property's assessed value as reflected in the last assessment roll preceding the application date. Homes built after January 1, 1961 require rehabilitation expenditures of 50% of the property's assessed value at the time of application. After all the desired rehabilitation work (and that which is required by the initial inspection) has been completed, the PDC will collect receipts for the rehabilitation work to determine if adequate expenditures have been made.
- Submit annual rent roles for all units, accompanied with tenant verification (signature) and leases for those units that are rent restricted. Annual allowable rents will update yearly- please contact PDC to determine if the rents change year to year.

The Portland Development Commission, in conjunction with the Multnomah County Tax Assessor's Office, will determine the property's eligibility based on the required information and criteria listed above. Should your property be determined eligible, you will be required to finish all rehabilitation work and submit all materials within 2-years of the date of application. Your abatement will not begin until all materials are submitted and the property is enrolled in the program. The property owner will be responsible for any taxes levied prior to the date of enrollment. Should you decide to sell the property, the abatement will transfer to the new owner if they choose to adhere to the terms and submit annual reports.

To apply:

1. Complete and send the [Application for Determination of Eligibility](#) (ADE) and submit the nonrefundable application fee. Please make your check out to the Portland Development Commission. After we receive your fee and ADE, we will deposit your check and forward your application to the Tax Assessor to establish the home's pre-rehabilitated assessed value.

You will receive a letter either stating that your property is not eligible, or you will be provided with a list of materials needed with which to determine qualification and to finish the application.

2. After you submit your application and your property is deemed eligible, you will need to make an initial inspection appointment for violations. Once the inspection is made, you will receive a letter listing which violations must be addressed before qualifying for the abatement. You have two years from the date of your application to address your properties code violations, and any additional work that you had planned. Rehabilitation work that was finished before the date of application will not qualify for the tax abatement.

3. Once you have completed the rehabilitation work, including all violations found during the first inspection, please call the inspector directly to make a final inspection appointment.

4. Speak with the program administrator to determine an appropriate way to determine if sufficient expenditures are made, and submit proof (i.e. contractor bids, receipts, etc.).

* Required materials to complete your application:

- [Application for Determination of Eligibility](#)
- [Application for Certificate of Qualification](#)
- \$300 (plus \$5 for every unit over 2) Application fee paid to the Portland Development Commission (nonrefundable), \$450 Multnomah County Tax Assessor fee. (Please pay the entire fee as one check payable to the Portland Development Commission.)
- An initial inspection to determine existing code violations
- A final inspection to confirm that violations have been addressed
- Receipts showing that 5% or 50% of your current property tax assessment have been spent on rehabilitation (the PDC will accept construction bids as proof of expenditure—even if you are planning to do the work yourself)
- If building permits are obtained, you must provide copies of each

If you have any questions please call 503-823-3270 or [e-mail](#).

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REHABILITATED RESIDENTIAL PROPERTY

308.450 Definitions for ORS 308.450 to 308.481. As used in ORS 308.450 to 308.481:

(1) "Distressed area" means a primarily residential area of a county or city that is designated as a distressed area by the county or city because the area is detrimental to the safety, health and welfare of the community due to the following factors:

- (a) Deterioration;
- (b) Inadequate or improper facilities;
- (c) The existence of unsafe or abandoned structures, including but not limited to a significant number of vacant or abandoned single or multifamily residential units; or
- (d) Any combination of these or similar factors.

(2) "Governing body" means the city or county legislative body having jurisdiction over the property for which a limited assessment may be applied for under ORS 308.450 to 308.481.

(3) "Rehabilitated residential property" means land and the improvements thereon:

(a) That are either single or multifamily residential units or are not residential units but that will become residential units through rehabilitation improvements;

(b) That fail to comply with one or more standards of the state or local building or housing codes applicable at the time the application is filed;

(c)(A) That are not less than 25 years of age on January 1 in the year the application is filed with the governing body, and on which sums have been expended after September 13, 1975, and prior to January 1, 2017, for the purpose of making rehabilitation improvements, and which sums in the aggregate equal or exceed five percent of the assessed value of the land and improvements thereon as reflected in the last certified assessment roll next preceding the date on which the application for limited assessment is filed with the governing body pursuant to ORS 308.462; or

(B) On which, regardless of the age of the residential property, sums have been expended or the renovation completed after October 3, 1989, and prior to January 1, 2017, for the purpose of making rehabilitation improvements, and which sums in the aggregate equal or exceed 50 percent of the assessed value of the land and improvements thereon as reflected in the last certified assessment roll next preceding the date on which the applications for limited assessment is filed with the governing body pursuant to ORS 308.462;

(d) In which at least 50 percent of accommodations are for residential use and not for transient occupancy;

(e) If owner-occupied, that are located within a distressed area; and

(f) For which an application is filed with the governing body prior to January 1, 2015.

(4) "Rehabilitation improvements" means modifications to existing structures that are made to achieve a condition of substantial compliance.

(5) "Substantial compliance" means compliance with local building or housing code requirements. It does not mean that all heating, plumbing and electrical systems must be replaced with systems meeting current standards for new construction, notwithstanding that the cost of rehabilitation may exceed 50 percent of the value of the structure before rehabilitation. [1975 c.696 §2; 1977 c.472 §1; 1979 c.768 §1; 1981 c.804 §62; 1985 c.320 §1; 1989 c.1051 §6; 1991 c.459 §133; 1997 c.541 §197; 1997 c.830 §1; 2005 c.94 §48; 2007 c.469 §1]

308.453 Policy. The Legislative Assembly finds that it is in the public interest to encourage the rehabilitation of existing units in substandard condition and the conversion of transient accommodation to permanent residential units and the conversion of nonresidential structures to permanent residential units in order to make these units sound additions to the housing stock of the state. The Legislative Assembly further finds that cities and counties of this state should be enabled to establish and design programs to stimulate such rehabilitation and or conversion based on the incentive of a local property tax exemption, which is authorized under ORS 308.450 to 308.481. [1975 c.696 §1a; 1977 c.472 §2; 1979 c.768 §2; 1989 c.1051 §7]

308.455 [Repealed by 1975 c.365 §4]

308.456 Application of ORS 308.450 to 308.481; standards for processing certificate applications. (1) ORS 308.450 to 308.481 apply to rehabilitated residential property located within the jurisdiction of a governing body which adopts, by resolution or ordinance, the provisions of ORS 308.450 to 308.481. Except as provided in subsection (2) of this section, the limited assessment provided by ORS 308.450 to 308.481 only applies to the tax levy of a governing body which adopts the provisions of ORS 308.450 to 308.481.

(2) The limited assessment provided by ORS 308.450 to 308.481 shall apply to the tax levy of all taxing districts in which property certified for limited assessment under ORS 308.450 to 308.481 is located when, upon request of a

governing body which has adopted the provisions of ORS 308.450 to 308.481, the rates of taxation of such taxing districts whose governing boards agree to the policy of limited assessment as provided in ORS 308.450 to 308.481, when combined with the rate of taxation of the governing body which adopts the provisions of ORS 308.450 to 308.481, equal 51 percent or more of the total combined rate of taxation on the property certified for limited assessment.

(3) The governing body shall promulgate standards and guidelines to be utilized in making the determinations required by ORS 308.466 and, in the case of nonowner-occupied residential structures or units, standards and guidelines to be applied if the governing body desires to enter into negotiations with the owner regarding rental rates to be charged during the period of the limited assessment.

(4) ORS 308.450 to 308.481 do not apply to increases in assessed valuation made by the assessor or by lawful order of the Department of Revenue or a court, to a class of property throughout the county or any specific area of the county to achieve the uniformity of assessment or appraisal required by ORS 308.232. [1975 c.696 §§4,12; 1989 c.1051 §8; 1993 c.270 §34]

308.457 Determining boundaries of distressed areas; rules; limitation. (1) Each city or county that adopts, by resolution or ordinance, ORS 308.450 to 308.481, shall adopt rules specifying the process for determining the boundaries of a distressed area and for distressed area boundary changes.

(2) The cumulative land area within the boundaries of distressed areas within a city or county, whichever adopts the provisions of ORS 308.450 to 308.481, may not exceed 20 percent of the total land area of the city or county. [2005 c.94 §50]

308.459 Valuation of rehabilitated property not to be increased; effect of filing date of certificate. (1) For purposes of ORS 308.232, the assessed value of rehabilitated residential property shall be not more than its assessed value as it appears in the last certified assessment roll next preceding the date on which the application for limited assessment is filed with the governing body as provided in ORS 308.462. If the certificate of qualification is filed with the assessor as provided in ORS 308.466 after December 31 and before April 1, the limited assessment shall apply with respect to the first assessment roll certified after that date or if the certificate of qualification is filed after April 1 and before January 1, the limited assessment shall apply as of the following January 1, and shall continue to apply for a total of 10 consecutive assessment rolls.

(2) Notwithstanding subsection (1) of this section, if the multifamily rehabilitated residential housing is subject to a low income rental assistance contract with an agency of this state or of the United States, the city may extend the limited assessment provided by ORS 308.450 to 308.481 through December 31 of the assessment year during which the termination date of the contract falls. [1975 c.696 §3; 1979 c.768 §2a; 1981 c.804 §63; 1985 c.320 §2; 1989 c.1051 §9; 1991 c.459 §134; 1997 c.541 §198]

308.460 [Repealed by 1975 c.365 §4]

308.462 Qualifications for limited assessment. To qualify for the limited assessment provided by ORS 308.450 to 308.481, the owner shall:

(1) Prior to commencement of rehabilitation improvements, secure from the governing body or its duly authorized agent, verification of noncompliance with code as described in ORS 308.450 (3)(b);

(2) File an agreement with the governing body, where required by the governing body, between the owner and the governing body to negotiate rental rates to be charged for the rehabilitated rental units during the period of the limited assessment;

(3) Prior to commencement of rehabilitation improvements, file an application for limited assessment with the governing body that contains any information the governing body deems necessary to determine whether the property qualifies for limited assessment; and

(4) Complete rehabilitation improvements within two years of approval of the application for limited assessment filed under this section. [1975 c.696 §5; 1977 c.472 §3; 1989 c.1051 §10; 2005 c.94 §51; 2007 c.469 §2]

308.465 [Repealed by 1975 c.365 §4]

308.466 Processing applications for limited assessment; issuance of certificate; judicial review of application denial. (1) The governing body or its duly authorized agent shall approve or deny an application filed under ORS 308.462 within 90 days after receipt of the application. An application not acted upon within 90 days shall be deemed approved.

(2) Subject to ORS 308.471, the governing body shall complete a certificate of qualification on a form approved by the Department of Revenue and file the certificate with the county assessor. The certificate shall contain a statement by a

duly authorized agent of the governing body that the property is in substantial compliance as defined in ORS 308.450, and that the owner of the property has complied with the provisions of ORS 308.471. In addition, the governing body shall file with the county assessor copies of applications filed and deemed approved under subsection (1) of this section, together with copies of those statements filed under ORS 308.462 and 308.471.

(3) If the application is denied, the governing body or its authorized agent shall state in writing the reasons for denial and send the notice to the applicant at the last-known address of the applicant within 10 days after the denial.

(4) Upon denial by a duly authorized agent, an applicant may appeal the denial to the governing body within 30 days after receipt of the denial. Upon denial of the appeal by the governing body, or denial of the application, the applicant may appeal to the circuit court, and from the decision of the circuit court to the Court of Appeals, as provided by law. [1975 c.696 §6; 1989 c.1051 §11]

308.468 Fee for limited assessment applications; time of payment; disposition. The governing body, after consultation with the county assessor, shall establish an application fee in an amount sufficient to cover the cost to be incurred by the governing body and the assessor in administering ORS 308.450 to 308.481. The application fee shall be paid at the time the application for limited assessment is filed. If the application is approved, the governing body shall pay the application fee to the county assessor for deposit in the county general fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. If the application is denied, the governing body shall retain that portion of the application fee attributable to its own administrative costs and refund the balance to the applicant. [1975 c.696 §11]

308.470 [Amended by 1967 c.105 §3; repealed by 1975 c.365 §4]

308.471 Owner to file statement with governing body when rehabilitation project finished; disqualification of property; judicial review of disqualification determination. (1) Upon completion of the rehabilitation improvements for which an application for limited assessment filed under ORS 308.462 has been approved, the owner shall, if appropriate, file with the governing body the following:

(a) A statement of rents charged for each rental unit for the 12-month period preceding the commencement of rehabilitation improvements, if an agreement has been filed under ORS 308.462 (2);

(b) A statement of the amount of rehabilitation expenditures made with respect to each unit and the composite expenditures made in the rehabilitation of the entire property;

(c) A copy of all final building permits and clearances issued by the appropriate government agency; and

(d) A statement that the rehabilitation improvements or to the owner's property qualify such property for limited assessment under ORS 308.450 to 308.481.

(2) Within 30 days after receipt of the statements required by subsection (1) of this section, the governing body shall determine whether or not the owner's property is qualified for limited assessment under ORS 308.450 to 308.481.

(3) If the governing body determines that the owner's property is qualified for limited assessment under ORS 308.450 to 308.481, the governing body shall file the certificate of qualification required by ORS 308.466 with the county assessor within 10 days after the expiration of the 30-day period provided by subsection (2) of this section.

(4) If the governing body determines that the owner's property is not qualified for limited assessment under ORS 308.450 to 308.481, the governing body or its agent shall state in writing reasons why the property is not qualified and send such writing to the owner within 10 days after the determination.

(5) An owner may appeal an adverse determination by the governing body to the governing body within 30 days after receipt of the writing required by subsection (4) of this section. If the governing body rejects the appeal, the owner may appeal to the circuit court, and from the decision of the circuit court to the Court of Appeals, as provided by law. [1975 c.696 §7; 1977 c.472 §4; 1985 c.320 §3; 1989 c.1051 §12; 2007 c.469 §3]

308.474 Owner to file annual statement regarding rental property transactions if agreement filed under ORS 308.462 (2). If an agreement has been filed under ORS 308.462 (2), within 60 days following the end of the fiscal year as used by the owner for purposes of reporting federal income tax and during the period that the certificate described in ORS 308.466 is in effect, the owner of the rehabilitated property that is nonowner-occupied shall file with a designated agent of the governing body the following:

(1) A statement of occupancy and vacancy of the rehabilitated property during the 12 months ending with the anniversary date;

(2) A statement of all rental rates, and increases in rental rates and operating costs, during the 12 months ending with the anniversary date; and

(3) A certification by the owner that the property has been held continuously for the production of rental income since

the date of the certificate approved by the governing body, pursuant to ORS 308.466. [1975 c.696 §8; 1977 c.472 §5; 1989 c.1051 §13]

308.475 [Repealed by 1975 c.365 §4]

308.477 Termination of limited assessment for incomplete construction or noncompliance; appeal; revaluation; tax liability. (1) Except as provided in ORS 308.479, if, after a certificate of qualification has been filed with the county assessor under ORS 308.466, the governing body finds that the rehabilitation improvements were not completed on or before January 1, 2017, or that any provision of ORS 308.450 to 308.481 is not being complied with, or any provision required by the governing body pursuant to ORS 308.450 to 308.481 is not being complied with, it shall give notice in writing to the owner, mailed to the owner's last-known address, of the proposed termination of the limited assessment. The notice 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 limited assessment should not be terminated.

(2) If the owner does not appear or appears and fails to show cause why the limited assessment should not be terminated, the governing body shall terminate the limited assessment. A copy of the termination shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address, within 10 days after its adoption.

(3) The owner may appeal the termination to the circuit court, and from the decision of the circuit court to the Court of Appeals, as provided by law.

(4) If no appeal is taken as provided in subsection (3) of this section, or upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.216 to 311.232 to provide for the assessment and taxation of any value not included in the valuation of the rehabilitation improvements during the period of limited assessment prior to termination by the governing body or by a court, in accordance with the findings of the governing body or the court as to the assessment year in which the limited assessment is to terminate. The county assessor shall make the valuation of the property necessary to permit correction of the rolls, and the owner may appeal the valuation in the manner provided under ORS 311.216 to 311.232. Where there has been a failure to comply, as provided in subsection (1) of this section, the property shall be revalued beginning January 1 of the assessment year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall thereafter be considered delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made. [1975 c.696 §9; 1977 c.472 §6; 1979 c.768 §3; 1981 c.697 §3; 1985 c.320 §4; 1991 c.459 §135; 1997 c.541 §199; 1997 c.830 §2; 2007 c.469 §4]

308.479 Termination of limited assessment for change of use; additional taxes; circumstances when additional taxes not imposed. (1) If, after a certificate of qualification has been filed with the county assessor under ORS 308.466, a declaration defined in ORS 100.005 with respect to the property is presented to the county assessor or tax collector for approval under ORS 100.110 or if the county assessor discovers that a portion of the rehabilitated residential property is changed to a use that is other than residential or housing:

(a) The limited assessment granted to the property or portion under ORS 308.450 to 308.481 shall terminate immediately, without right of notice or appeal;

(b) The property or portion shall be assessed and taxed in the same manner 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 amount of tax levied with respect to the property or portion for the tax year for which the property or portion was granted limited assessment and the tax that would have been levied if the property or portion had not been granted limited assessment for that year for each of the years, not to exceed the last 10 years, during which the property was granted limited assessment under ORS 308.450 to 308.481.

(2) Subsection (1)(c) of this section shall not apply to property for which a declaration is presented to the county assessor or tax collector for approval under ORS 100.110, if:

(a) The property is subject to an agreement described in ORS 308.462 (2);

(b) Based on the most recent statement of rental rates filed under ORS 308.474, the rental rates of all units are equal to or greater than 125 percent of the Section 8 fair market rent, adjusted for unit size, as established and periodically adjusted by the Secretary of Housing and Urban Development pursuant to 42 U.S.C. 1437f, as amended and in effect on October 4, 1997;

(c) The property owner files a written request with the governing body for a waiver of the provisions of subsection (1)

(c) of this section between six months before and six months after the declaration is submitted to the assessor for approval under ORS 100.110; and

(d) The governing body approves the request.

(3) If, at the time of presentation or discovery, the property is no longer receiving limited assessment, additional taxes shall be collected as provided in this section, but the number of years that would otherwise be used to compute the additional taxes shall be reduced one year for each year that has elapsed since the year the property was last granted limited assessment beginning with the oldest year for which additional taxes are due.

(4) The assessment and tax rolls shall show "potential additional tax liability" for each property granted limited assessment under ORS 308.450 to 308.481.

(5) Additional taxes collected under this section shall be deemed to have been imposed in the year to which the additional taxes relate. [1981 c.697 §2; 1983 c.630 §1; 1987 c.158 §47; 1987 c.459 §34; 1989 c.1051 §13a; 1991 c.459 §136; 1995 c.79 §130; 1997 c.830 §3]

308.480 [Repealed by 1975 c.365 §4]

308.481 Extending deadline for completion of rehabilitation project; grounds. Notwithstanding any provision of ORS 308.477, if the governing body finds that the rehabilitation improvements were not completed by January 1, 2017, due to circumstances beyond the control of the owner, and that the owner had been acting and could reasonably be expected to act in good faith and with due diligence, the governing body may extend the deadline for completion for a period not to exceed 12 consecutive months. [1975 c.696 §10; 1977 c.472 §7; 1979 c.768 §4; 1985 c.320 §5; 1991 c.459 §137; 1997 c.541 §201; 1997 c.830 §4; 2007 c.469 §5]

Estimate of Cost/Benefits for Property Tax Abatement for Residential Rehabilitation

Address xxx S. Center Street Date: 15-Jun-10
 Market Land Value \$ 106,375.00 By: Barton Brierley
 Market Structure Value \$ 32,781.00
 Total Market Value \$ 139,156.00
 Assessed Value \$ 71,842.00
 Property Tax Rate \$ 0.0174291
 Annual Property Taxes \$ 1,252.14

Year	Without Improvements			Market Value with improvements	Improved - no abatement		Improved with abatement		Cost/Benefit	
	Market Value	Assessed Value	Property taxes		Assessed Value	Property Taxes	Assessed Value	Property Taxes	Property Tax Collection Difference	Newberg Property Tax Difference
(Improvement Amount)	(Assumes structure decreases @ 5%/year, land at market rate)			\$ 25,000	\$ 12,907					
(Growth Rate)				4%	3%		3%			
1	\$ 141,772	\$ 71,842	\$ 1,252	\$ 164,156	\$ 84,749	\$ 1,477	\$ 71,842	\$ 1,252	\$ (225)	\$ (61)
2	\$ 144,640	\$ 73,997	\$ 1,290	\$ 170,722	\$ 87,291	\$ 1,521	\$ 73,997	\$ 1,290	\$ (232)	\$ (62)
3	\$ 147,763	\$ 76,217	\$ 1,328	\$ 177,551	\$ 89,910	\$ 1,567	\$ 76,217	\$ 1,328	\$ (239)	\$ (64)
4	\$ 151,144	\$ 78,504	\$ 1,368	\$ 184,653	\$ 92,607	\$ 1,614	\$ 78,504	\$ 1,368	\$ (246)	\$ (66)
5	\$ 154,787	\$ 80,859	\$ 1,409	\$ 192,039	\$ 95,385	\$ 1,662	\$ 80,859	\$ 1,409	\$ (253)	\$ (68)
6	\$ 158,695	\$ 83,285	\$ 1,452	\$ 199,721	\$ 98,247	\$ 1,712	\$ 83,285	\$ 1,452	\$ (261)	\$ (70)
7	\$ 162,874	\$ 85,783	\$ 1,495	\$ 207,710	\$ 101,194	\$ 1,764	\$ 85,783	\$ 1,495	\$ (269)	\$ (72)
8	\$ 167,329	\$ 88,357	\$ 1,540	\$ 216,018	\$ 104,230	\$ 1,817	\$ 88,357	\$ 1,540	\$ (277)	\$ (75)
9	\$ 172,065	\$ 91,007	\$ 1,586	\$ 224,659	\$ 107,357	\$ 1,871	\$ 91,007	\$ 1,586	\$ (285)	\$ (77)
10	\$ 177,088	\$ 93,738	\$ 1,634	\$ 233,645	\$ 110,578	\$ 1,927	\$ 93,738	\$ 1,634	\$ (294)	\$ (79)
Total - Years 1-10			\$ 14,354			\$ 16,933		\$ 14,354	\$ (2,579)	\$ (695)
11	\$ 182,405	\$ 96,550	\$ 1,683	\$ 242,991	\$ 113,895	\$ 1,985	\$ 113,895	\$ 1,985	\$ 302	\$ 81
12	\$ 188,023	\$ 99,446	\$ 1,733	\$ 252,711	\$ 117,312	\$ 2,045	\$ 117,312	\$ 2,045	\$ 311	\$ 84
13	\$ 193,950	\$ 102,430	\$ 1,785	\$ 262,819	\$ 120,831	\$ 2,106	\$ 120,831	\$ 2,106	\$ 321	\$ 86
14	\$ 200,194	\$ 105,502	\$ 1,839	\$ 273,332	\$ 124,456	\$ 2,169	\$ 124,456	\$ 2,169	\$ 330	\$ 89
15	\$ 206,763	\$ 108,667	\$ 1,894	\$ 284,265	\$ 128,190	\$ 2,234	\$ 128,190	\$ 2,234	\$ 340	\$ 92
16	\$ 213,666	\$ 111,927	\$ 1,951	\$ 295,636	\$ 132,036	\$ 2,301	\$ 132,036	\$ 2,301	\$ 350	\$ 94
17	\$ 220,914	\$ 115,285	\$ 2,009	\$ 307,461	\$ 135,997	\$ 2,370	\$ 135,997	\$ 2,370	\$ 361	\$ 97
18	\$ 228,517	\$ 118,744	\$ 2,070	\$ 319,760	\$ 140,077	\$ 2,441	\$ 140,077	\$ 2,441	\$ 372	\$ 100
19	\$ 236,486	\$ 122,306	\$ 2,132	\$ 332,550	\$ 144,279	\$ 2,515	\$ 144,279	\$ 2,515	\$ 383	\$ 103
20	\$ 244,832	\$ 125,975	\$ 2,196	\$ 345,852	\$ 148,607	\$ 2,590	\$ 148,607	\$ 2,590	\$ 394	\$ 106
Total Years 11-20			\$ 19,291					\$ 22,757	\$ 3,466	\$ 933

Housing Services: Single Family New Construction Limited Tax Exemption (LTE) Guidelines

Program Notice to Builders
May 19, 2010

Beginning July 1, 2010 builders must apply for the LTE program prior to the issuance of their building permit. To comply with this new procedure, builders must apply for the LTE program after they have received their intake permit number, but before they pay for and pick up their building permit.

If a builder is currently under construction on an LTE-eligible home and has already pulled their building permit, their LTE application will be considered only if it is received by PHB on or before June 30, 2010.

Builders are strongly encouraged to periodically check the Web site for future program announcements and changes.



View map of Homebuyer Opportunity Areas

The City of Portland¹ offers a 10-year limited tax exemption program for new construction homes which meet program criteria. In this program, the Homebuyer continues to pay taxes on the assessed value of the land but will be exempted from paying property taxes on the assessed structural improvements². After the 10-year period, the property owner will resume paying taxes on the total assessed value of the land and improvement.

Builder requirements

- For properties currently under construction, the builder must submit an [Application for Determination of Eligibility \(ADE\)](#), along with a \$150 application fee, prior to June 30, 2010. Beginning July 1, 2010, the builder must submit the [Application for Determination of Eligibility \(ADE\)](#), along with a \$150 application fee, prior to the issuance of the their building permit.
- The property must be located within a [Homebuyer Opportunity Area](#) at the time the ADE is approved. Go to www.portlandmaps.com, enter the address and click on the "Development" tab for confirmation the property is eligible under "Home Buyer Opportunity Area" (toward the bottom of the page).
- The home constructed on the property must be a single-family home or condominium.
- Construction must be completed within two years from the date of PDC approval of the ADE.

Approval of the Homebuyer

- Homebuyer must be the initial buyer of the property and must occupy the property as their primary residence.
- Homeowner must submit a completed [Application for Certificate of Qualification \(ACQ\)](#) along with all required supporting documents and a \$600 fee payable to PDC.
- The sales price (or appraised value if an owner/builder) must be no greater than \$275,000 (2010 maximum, annually adjusted by the Bureau of Planning and Sustainability.)
- The total annual income of all deed holders/borrowers occupying the home cannot exceed HUD \$71,200 (income maximum is adjusted for family size over 4).
- After completion and sale of the unit to the initial eligible buyer, the property must be owner-occupied for the remaining term of the exemption.



View a list of new homes
that are eligible for the
limited tax exemption program...



How to Apply for the Limited Tax Exemption (LTE)

Builder

- Prior to the issuance of the building permit, the builder must submit a completed [ADE](#) and pay PHB a non-refundable application fee of \$150.

Buyer

Once the buyer identifies an eligible property, PDC strongly recommends they apply as soon as possible to determine whether they qualify. Some necessary documentation will not be available until after transfer of title. Buyers will need to submit documentation to PDC for final approval.

- The buyer must submit the ACQ, pay PDC a non-refundable application fee of \$600 and provide copies of the following supporting documentation:
- Warranty Deed,
- Final HUD-1 Settlement Statement,
- Verification of income for all deed holders or borrower regardless of whether they will occupy the unit, either:
 - Most recent W-2(s) and current 30-day pay stub(s),
 - If self-employed, copies of the past two years signed tax returns and a current profit and loss statement and ,
- Final building permit "Final OK to Occupy Permit"

Should you decide to sell your home during the ten-year period, approved exemptions can roll-over to new buyers for the remaining years if the owner-occupancy and income requirements are met. Please contact PDC for more information. » [Subsequent Homebuyer Application Form](#) (PDF)

If the property is ever sold to an ineligible buyer, PDC will terminate the exemption in accordance with required City Code and State Statute and then notify Multnomah County Tax Assessor to terminate the exemption. As a result, the property and future buyers are no longer eligible for exemption.

Application materials are available below or by contacting PDC's Limited Tax Exemption program specialist. Mail required applications materials to:

Limited Tax Exemption Program Specialist
Portland Development Commission
421 SW 6th, Suite 500
Portland, OR 97204
(503) 823-3270 Phone
(503) 865-3737 Fax
[e-mail](#)

- Builder: [Application for Determination of Eligibility](#)
- Homebuyer: [Application for Certificate of Qualification](#)

1. Authorized by State Legislature ORS307.651-307.651-687
2. For complete explanation of exemption refer to Portland City Code 3.102, explanation provided for general explanatory purposes only and is not intended as a complete representation of City Code or State Statute.

****Determining the Age of Your Home (Final Building Permit date)**

You may find your home's Final Building Permit date by visiting [PortlandMaps.com](#), under the "Property" and "Permits" tab, or by calling the Bureau of Development Services and requesting a copy of your home's building permit at (503) 823-7660.

Developers: are you aware of the [System Development Charge Exemption Programs](#) for the City of Portland's Transportation, Bureau of Environmental Services (BES), Water and Parks Bureaus? Please contact the Program Administrator at (503) 823-3270 for more information. Non-profits should also ask about the [Development Fee Waiver program](#).

Complete list of other Limited Tax Exemption programs

Multi-Family

- [Transit Oriented Development New Construction](#)
- [Central City New Multifamily Construction](#) **NOTE: THIS IS ON MORATORIUM.**
- [Non-Profit Owned or Managed](#)

SIGN@UP for **Housing Services'** News & Information [E-Mail List](#)



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(Single-Unit Housing)

307.651 Definitions for ORS 307.651 to 307.687. As used in ORS 307.651 to 307.687, unless the context requires otherwise:

(1) “Distressed area” means a primarily residential area of a city designated by a city under ORS 307.657 which, by reason of deterioration, inadequate or improper facilities, the existence of unsafe or abandoned structures, including but not limited to a significant number of vacant or abandoned single or multifamily residential units, or any combination of these or similar factors, is detrimental to the safety, health and welfare of the community.

(2) “Governing body” means the city legislative body having jurisdiction over the property for which an exemption may be applied for under ORS 307.651 to 307.687.

(3) “Qualified dwelling unit” means a dwelling unit that, upon completion, has a market value (land and improvements) of no more than 120 percent, or a lesser percentage as adopted by the governing body by resolution, of the median sales price of dwelling units located within the city.

(4) “Single-unit housing” means a newly constructed structure having one or more dwelling units that:

(a) Is, or will be, at the time that construction is completed, 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 and 227.

(b) Is constructed on or after January 1, 1990, and is completed within two years after application for exemption is approved under ORS 307.674 or before July 1, 2015, whichever is earlier.

(c) Upon completion, is designed for each dwelling unit within the structure to be purchased by and lived in by one person or one family.

(d) Upon completion, has one or more qualified dwelling units within the single-unit housing.

(e) Is not a floating home, as defined in ORS 830.700, or a manufactured structure, as defined in ORS 446.561, other than a manufactured home described in ORS 197.307 (5)(a) to (f).

(5) “Structure” does not include the land, nor any site development to the land, as both are defined under ORS 307.010. [Formerly 458.005]

307.654 Legislative findings. (1) The Legislative Assembly finds it to be in the public interest to stimulate the construction of new single-unit housing in distressed urban areas in this state in order to improve in those areas the general life quality, to promote residential infill development on vacant or underutilized lots, to encourage homeownership and to reverse declining property values.

(2) The Legislative Assembly further finds and declares that the cities of this state be able to establish and design programs to stimulate the construction of new single-unit housing in distressed urban areas by means of a limited property tax exemption, as provided under ORS 307.651 to 307.687. [Formerly 458.010]

307.657 Local government action to designate distressed areas; scope of exemption; standards and guidelines.

(1)(a) ORS 307.651 to 307.687 apply to single-unit housing located within the jurisdiction of a governing body that adopts, by resolution or ordinance, ORS 307.651 to 307.687. Except as provided in subsection (2) of this section, the exemption provided by ORS 307.651 to 307.687 applies only to the tax levy of a governing body that adopts ORS 307.651 to 307.687.

(b) Each governing body that adopts, by resolution or ordinance, ORS 307.651 to 307.687 shall adopt rules specifying the process for determining the boundaries of a distressed area and for distressed area boundary changes. The cumulative land area within the boundaries of distressed areas within a city, determined for purposes of ORS 307.651 to 307.687, may not exceed 20 percent of the total land area of the city.

(2) The tax exemption provided under ORS 307.651 to 307.687 applies to the tax levy of all taxing units when upon request of the city that has adopted ORS 307.651 to 307.687, the rates of taxation of taxing units whose governing bodies agree by resolution to the policy of providing tax exemptions for single-unit housing as described in ORS 307.651 to 307.687, when combined with the rate of taxation of the city, equal 51 percent or more of the total combined rate of taxation levied on the property which is tax exempt under ORS 307.651 to 307.687.

(3) The city shall designate one or more distressed areas, located within the territorial boundaries of the city, within which the city proposes to allow exemptions under ORS 307.651 to 307.687.

(4) The city shall adopt standards and guidelines to be utilized in considering applications and making the determinations required under ORS 307.651 to 307.687, including but not limited to:

(a) Standards and guidelines for designating a distressed area, including but not limited to the probability of revitalization in the area without the assistance of the property tax exemption provided under ORS 307.651 to 307.687.

(b) Design elements for construction of the single-unit housing proposed to be exempt.

(c) Extensions of public benefits from the construction of the single-unit housing beyond the period of exemption. [Formerly 458.015]

307.660 [1975 c.428 §8; 1995 c.596 §8; renumbered 307.621 in 2005]

307.661 Median sales price. Prior to January 1 of each assessment year, the governing body of a city that adopts ORS 307.651 to 307.687 shall adopt by resolution the median sales price to be used for purposes of determining if dwelling units are qualified under ORS 307.651 to 307.687. In determining the median sales price, the governing body, assisted by the county assessor, shall use the sales data collected under ORS 309.200 in the county in which the greater portion of the taxable assessed value of single-unit housing in the city is located, as of the period ending the prior November 30. [2005 c.470 §5]

307.664 Exemption; limitations. Each qualified dwelling unit of single-unit housing that qualifies for exemption under ORS 307.651 to 307.687 shall be exempt from ad valorem taxation for no more than 10 successive tax years beginning July 1 of the first tax year following approval of the application under ORS 307.674, as determined under rules adopted by the Department of Revenue. The exemption provided by this section shall be in addition to any other exemption provided by law for the property. However, the amount of assessed value exempted under this section may not exceed the real market value of the structure determined as of the date that the property is inspected for purposes of making a determination under ORS 307.674. [Formerly 458.020]

307.667 Application for exemption. (1) Any owner desiring an exemption under ORS 307.651 to 307.687 shall first apply to the city on forms supplied by the city.

(2) The application shall describe the property for which an exemption is requested, set forth the grounds for the exemption and be verified by oath or affirmation of the applicant.

(3) The city may permit the applicant to revise an application made under this section prior to final action by the city. [Formerly 458.025]

307.670 [1975 c.428 §9; 1979 c.425 §4; 1981 c.697 §6; 1983 c.493 §2; 1989 c.1051 §4; 1991 c.459 §75; 1995 c.596 §9; renumbered 307.624 in 2005]

307.671 Approval criteria. The city may approve an application made under ORS 307.667 if it finds that:

- (1) The proposed construction will be located in a distressed area.
- (2) The proposed construction will constitute single-unit housing.
- (3) The owner has agreed to include the design elements adopted under ORS 307.657 (4) in the construction.
- (4) The construction will result in public benefits beyond the period of exemption. [Formerly 458.035]

307.674 Application, approval and denial procedures; filing with assessor; fee. (1) The city shall approve or deny an application filed under ORS 307.667 within 180 days after receipt of the application. An application not acted upon within 180 days shall be deemed approved.

(2) Final action upon an application by the city shall be in the form of an ordinance or resolution that shall contain the owner's name and address, a description of the structure that is the subject of the application that includes either the legal description of the property or the assessor's property account number and the specific conditions upon which the approval of the application is based.

(3) On or before April 1 following approval, the city shall file with the county assessor and send to the owner at the last-known address of the owner a copy of the ordinance or resolution approving the application. 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 an ordinance or resolution under subsection (2) of this section, as to each application deemed approved under subsection (1) of this section.

(4) If the application is denied, the city shall state in writing the reasons for denial and send notice of denial to the applicant at the last-known address of the applicant within 10 days after the denial. The notice shall inform the applicant of the right to appeal under ORS 307.687.

(5) The city, after consultation with the county assessor, shall establish an application fee in an amount sufficient to cover the cost to be incurred by the city and the assessor in administering ORS 307.651 to 307.687. The application fee shall be paid to the city at the time the application for exemption is filed. If the application is approved, the city shall pay the application fee to the county assessor for deposit in the county general fund, after first deducting that portion of the fee

attributable to its own administrative costs in processing the application. If the application is denied, the city shall retain that portion of the application fee attributable to its own administrative costs and shall refund the balance to the applicant. [Formerly 458.040]

307.675 [1981 c.697 §5; 1987 c.158 §45; 1987 c.459 §33; 1991 c.459 §76; 1999 c.808 §7; 2003 c.457 §7; renumbered 307.627 in 2005]

307.677 Extension of construction period; effect of destruction of property. Notwithstanding any provision of ORS 307.651 to 307.687:

(1) If the city finds that construction of the single-unit housing was not completed by a date that is 12 months after the date on which applications may no longer be approved under ORS 307.674, and further finds that the failure to complete construction was due to circumstances beyond the control of the owner, and that the owner had been acting and could reasonably be expected to act in good faith and with due diligence, the city may extend the deadline for completion of construction for a period not to exceed an additional 12 consecutive months.

(2) If property granted exemption under ORS 307.651 to 307.687 is destroyed by fire or act of God, or is otherwise no longer capable of occupancy due to circumstances beyond the control of the owner, the exemption shall cease but no additional taxes or penalty shall be imposed under ORS 307.651 to 307.687 upon the property. [Formerly 458.065]

307.680 [1975 c.428 §10; 1991 c.459 §77; 1995 c.596 §10; 1997 c.541 §141; renumbered 307.631 in 2005]

307.681 Exemption termination for failure to meet requirements; procedures. (1) Except as provided in ORS 307.684, if, after an application has been approved under ORS 307.674, the city finds that construction of single-unit housing was not completed within two years after the date the application was approved or on or before January 1, 2015, whichever is earlier, or that any provision of ORS 307.651 to 307.687 is not being complied with, or any provision required by the city pursuant to ORS 307.651 to 307.687 is not being complied with, the city shall give notice to the owner, mailed to the owner's last-known address, of the proposed termination of the exemption. The notice 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 show cause why the exemption should not be terminated, the city shall adopt an ordinance or resolution stating its findings and terminating the exemption. A copy of the ordinance or resolution shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address within 10 days after its adoption. [Formerly 458.045]

307.684 Immediate termination of exemption; additional tax. (1) If, after application has been approved under ORS 307.674, the county assessor discovers that the single-unit housing or a portion of the single-unit housing is changed to a use that is other than single-unit housing:

(a) The exemption granted the single-unit housing or portion under ORS 307.651 to 307.687 shall terminate immediately, without right of notice or appeal;

(b) The property or portion 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 discovery, to be collected and distributed in the same manner as other real property tax, an amount equal to the difference between the amount of tax due on the property and the amount of the tax that would have been due on the property had it not been exempt under ORS 307.651 to 307.687 for each of the years, not to exceed the last 10 years, during which the property was exempt from taxation under ORS 307.651 to 307.687.

(2) If, at the time of discovery, the property is no longer exempt, additional taxes shall be imposed as provided in this section, but the number of years that would otherwise be used to compute the additional taxes shall be reduced by one year for each year that has elapsed since the year the property was last granted exemption.

(3) The assessment and tax rolls shall show potential additional tax liability for each property granted exemption under ORS 307.651 to 307.687.

(4) Additional taxes collected under this section shall be deemed to have been imposed in the year to which the additional taxes relate. [Formerly 458.050]

307.687 Review of denial of application; procedures following termination of exemption; correction of tax roll; additional tax. (1) Review of a denial of an application under ORS 307.674 shall be as provided by ORS 34.010 to 34.100.

(2) Upon termination of an exemption, the county officials having possession of the assessment and tax rolls shall

correct the rolls in the manner provided for omitted property under ORS 311.216 to 311.232 to provide for the assessment and taxation of any property for which exemption was terminated by the city or by a court, in accordance with the finding of the city or the court as to the year in which the exemption is first to be terminated. The county assessor shall make such valuation of the property as shall be necessary to permit such correction of the rolls. The owner may appeal any such valuation in the same manner as provided for appeals under ORS 311.216 to 311.232.

(3) Unless the exemption is terminated pursuant to ORS 307.684, where there has been a failure to comply with ORS 307.681, the property shall become taxable beginning July 1 of the tax year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th day of the month next following the month of correction. If not paid within such period, the additional taxes shall be delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made. [Formerly 458.060]

Estimate of Cost/Benefits for Property Tax Abatement for New Residential Construction

Address
 Market Land Value \$ 106,375.00
 Market Structure Value \$ -
 Total Market Value \$ 106,375.00
 Assessed Value \$ 55,315.00
 Property Tax Rate \$ 0.0174291
 Annual Property Taxes \$ 964.09

Year	Without Improvements			Improved - no abatement			Improved with abatement			Property Tax Collection Difference	Newberg Property Tax Difference
	Market Value without improvements	Assessed Value	Property taxes	Market Value with improvements	Assessed Value	Property Taxes	Assessed Value	Property Taxes			
(Improvement Amount)				\$ 100,000	\$ 52,000						
(Growth Rate)				4%	3%		3%				
1	\$ 110,630	\$ 55,315	\$ 964	\$ 206,375	\$ 107,315	\$ 1,870	\$ 55,315	\$ 964	\$ (906)	\$ (244)	
2	\$ 115,055	\$ 56,974	\$ 993	\$ 214,630	\$ 110,534	\$ 1,927	\$ 56,974	\$ 993	\$ (934)	\$ (251)	
3	\$ 119,657	\$ 58,684	\$ 1,023	\$ 223,215	\$ 113,850	\$ 1,984	\$ 58,684	\$ 1,023	\$ (962)	\$ (259)	
4	\$ 124,444	\$ 60,444	\$ 1,053	\$ 232,144	\$ 117,266	\$ 2,044	\$ 60,444	\$ 1,053	\$ (990)	\$ (267)	
5	\$ 129,421	\$ 62,258	\$ 1,085	\$ 241,430	\$ 120,784	\$ 2,105	\$ 62,258	\$ 1,085	\$ (1,020)	\$ (275)	
6	\$ 134,598	\$ 64,125	\$ 1,118	\$ 251,087	\$ 124,407	\$ 2,168	\$ 64,125	\$ 1,118	\$ (1,051)	\$ (283)	
7	\$ 139,982	\$ 66,049	\$ 1,151	\$ 261,130	\$ 128,140	\$ 2,233	\$ 66,049	\$ 1,151	\$ (1,082)	\$ (291)	
8	\$ 145,582	\$ 68,030	\$ 1,186	\$ 271,575	\$ 131,984	\$ 2,300	\$ 68,030	\$ 1,186	\$ (1,115)	\$ (300)	
9	\$ 151,405	\$ 70,071	\$ 1,221	\$ 282,438	\$ 135,943	\$ 2,369	\$ 70,071	\$ 1,221	\$ (1,148)	\$ (309)	
10	\$ 157,461	\$ 72,174	\$ 1,258	\$ 293,736	\$ 140,022	\$ 2,440	\$ 72,174	\$ 1,258	\$ (1,183)	\$ (318)	
Total - Years 1-10			\$ 11,052			\$ 21,442		\$ 11,052	\$ (10,390)	\$ (2,798.31)	
11	\$ 163,759	\$ 74,339	\$ 1,296	\$ 305,485	\$ 144,222	\$ 2,514	\$ 144,222	\$ 2,514	\$ 1,218		
12	\$ 170,310	\$ 76,569	\$ 1,335	\$ 317,705	\$ 148,549	\$ 2,589	\$ 148,549	\$ 2,589	\$ 1,255		
13	\$ 177,122	\$ 78,866	\$ 1,375	\$ 330,413	\$ 153,006	\$ 2,667	\$ 153,006	\$ 2,667	\$ 1,292		
14	\$ 184,207	\$ 81,232	\$ 1,416	\$ 343,630	\$ 157,596	\$ 2,747	\$ 157,596	\$ 2,747	\$ 1,331		
15	\$ 191,575	\$ 83,669	\$ 1,458	\$ 357,375	\$ 162,324	\$ 2,829	\$ 162,324	\$ 2,829	\$ 1,371		
16	\$ 199,238	\$ 86,179	\$ 1,502	\$ 371,670	\$ 167,193	\$ 2,914	\$ 167,193	\$ 2,914	\$ 1,412		
17	\$ 207,208	\$ 88,764	\$ 1,547	\$ 386,537	\$ 172,209	\$ 3,001	\$ 172,209	\$ 3,001	\$ 1,454		
18	\$ 215,496	\$ 91,427	\$ 1,593	\$ 401,998	\$ 177,375	\$ 3,091	\$ 177,375	\$ 3,091	\$ 1,498		
19	\$ 224,116	\$ 94,170	\$ 1,641	\$ 418,078	\$ 182,697	\$ 3,184	\$ 182,697	\$ 3,184	\$ 1,543		
20	\$ 233,081	\$ 96,995	\$ 1,691	\$ 434,801	\$ 188,178	\$ 3,280	\$ 188,178	\$ 3,280	\$ 1,589		
Total Years 11-20			\$ 14,853					\$ 28,816	\$ 13,963	\$ 3,760.70	