




MEMO

TO: Albany City Council

VIA: Peter Troedsson, City Manager
Matthew Ruetters, Community Development Director 

FROM: Anne Catlin, Comprehensive Planning Manager *ale*
Beth Frelander, Planner II *bf*

DATE: November 27, 2024, for the December 11, 2024, City Council Meeting

SUBJECT: Public Hearing Regarding Housing Implementation Plan Policy Proposals

Relates to Strategic Plan theme: Great Neighborhoods and Effective Government

Action Requested:

Staff requests the city council hold a public hearing on the three proposed housing policies to support needed housing, deliberate, and adopt the attached ordinance to amend the Albany Municipal Code (AMC) and establish the Housing Construction Excise Tax (CET) and resolution to establish the CET tax rates, then adopt resolutions to establish the Low Income Rental Housing Property Tax Exemption (LIRHTE) and the policy to evaluate and consider surplus property for housing.

Background:

In 2021, the council appointed the Housing Affordability Task Force (HATF), that represented a wide range of housing interests to provide strategic direction on the Housing Implementation Plan. The HATF met between February 2022 and March 2023 to evaluate a variety of strategies and actions the City could take to address Albany's current and future housing needs. The Housing Implementation Plan (HIP), adopted in 2023, includes the strategies and actions recommended by the HATF including land use and zoning strategies, development incentives and policies, funding sources, programs and partnerships.

Over the last six months, the City has pursued and developed several priority strategies and policies to incentivize needed housing, sought public feedback on these strategies, and received council guidance at three work sessions (August 5, September 30, and November 4, 2024). Public engagement included focus groups, a survey, individual meetings and office hours. Staff received additional input on the proposed housing policies at the City's Housing Forum held November 14, 2024.

The three policy proposals for the council's consideration and adoption in the attached ordinances and resolutions represent the culmination of these efforts and the first phase of the HIP implementation.

Discussion:

On December 11, 2024, the city council will hold a public hearing regarding the housing policy recommendations outlined below. More details about these policies and programs are in the attached ordinances and resolutions and in the prior council work session packets.

- **Housing Construction Excise Tax (CET):** The CET is a one-time "tax" on new development charged at the issuance of building construction permits to create a stable revenue source to support needed housing. This tool was codified into state law in 2015, Oregon Revised Statutes (ORS) 320.175 to 320.195 following the passage of Senate Bill 1533. Since 2016 numerous Oregon cities of all sizes have enacted this tax to raise revenue to incentivize affordable and needed housing. The ORS allows governing bodies to enact a tax rate of up to one percent on residential development (Residential CET) and sets no limit on the tax rate on commercial and industrial development (Commercial CET). State statute allows the

City to retain up to four percent of CET revenue as an administrative fee to be applied to the cost of administering the programs and revenues. State statute also provides numerous exemptions from the CET. The council also supported an additional exemption for construction improvement projects for building permit valuations under \$50,000. Reflecting on public input received at the November 14, 2024, Housing Forum and anticipated opposition to the CET, staff propose to clarify this exemption to apply to the first \$50,000 of an improvement's permit valuation, meaning the exemption would apply to all new construction permits, thereby fully exempting smaller improvements and offering a discount to the tax assessed on all other projects. Based on past building permit history, staff predicts that revenue generated by the Housing CET will range between \$300,000 and \$900,000 annually, depending on the volume of new construction.

The attached Housing CET Ordinance would amend Title 3 of the AMC to include a new Chapter 3.09, Housing Construction Excise Tax, as detailed in ordinance Exhibit A.

CET Tax Rates: Staff presented different rate options to the council for the Residential and Commercial CET, based on research of rates enacted by other cities, and the projected revenues the tax rates could generate annually. The attached Housing CET Resolution reflects council input on the initial CET rates of one percent (1%) for residential improvements (Residential CET) and a rate of one and a half percent (1.5%) for commercial and industrial improvements (Commercial CET). Example CET fees:

- 1% tax on a 1,500 sq.ft. dwelling unit with a permit value of \$280,000 - \$50,000 = \$2,300 fee
- 1% tax on 33-unit apartment building valued at \$1,250,000 - \$50,000 = \$12,000 fee
- 1.5% tax on 6,890 sq.ft. commercial building valued at \$531,000 - \$50,000 = \$7,215 fee

Following public testimony, the council may choose to enact different tax rates than specified in the attached resolution. The CET rates may be amended at any time by resolution.

Effective Date: Staff recommends an effective date of March 15, 2025. This date will give developers three months before the new tax goes into effect and will give staff time to establish the housing fund and tax.

- **Low Income Rental Housing Tax Exemption Program (LIRHTE).** This program allows a 20-year tax exemption for any entity that provides new regulated rental housing serving low-income households. The program is effective once the City adopts the provisions of ORS 307.515-307.535 by ordinance or resolution. The proposed LIRHTE ordinance would establish the tax exemption program in accordance with ORS. The proposed LIRHTE program provisions are included in memo Attachment 3.
- **Surplus City-owned Land for Housing Policy:** The proposed policies would outline procedures for the City to take to consider surplus land for needed housing before disposing of surplus property that is not needed for a higher priority purpose or to generate revenue for the City. Steps include screening the surplus real property for suitability for housing, soliciting and considering affordable housing and needed housing proposals before selling or disposing of surplus real property for other uses. These policies are in the attached Surplus Land for Housing Resolution.

AC:BF:km

Attachments (6):

- 1: Ordinance (CET)
- 2: Resolution (CET Rate)
- 3: Program Provisions (LIRHTE)
- 4: Ordinance (LIRHTE)
- 5: Resolution (Surplus Land)
- 6: Public Testimony Received



ORDINANCE NO. _____

AN ORDINANCE AMENDING THE ALBANY MUNICIPAL CODE (AMC) TITLE 3 BY CREATING CHAPTER 3.09 AND ENACTING A HOUSING CONSTRUCTION EXCISE TAX

WHEREAS, the 2016 Oregon Legislature authorized the governing body of a city or county to impose a construction excise tax on new construction to fund housing incentives and development programs through Senate Bill 1533 (2016), Oregon Revised Statutes (ORS) 320.170 to 320.195; and

WHEREAS, the Albany City Council appointed members to the Housing Affordability Task Force (HATF) in November of 2021, and the HATF met five times between 2022 and 2023 to review and prioritize strategies the City could consider to address Albany’s housing needs as determined by the 2020 Housing and Residential Land Needs Assessment; and

WHEREAS, the recommended housing strategies were included in the Housing Implementation Plan (HIP), adopted on June 14, 2023; and

WHEREAS, the HIP recommended the Construction Excise Tax (CET) as a priority funding strategy to generate local revenue to support needed housing through a one-time tax on construction projects; and

WHEREAS, the City of Albany sought public input on this strategy in August and September of 2024 through office hours, focus groups, and public survey; and

WHEREAS, the Albany City Council held work sessions on August 4, September 30, and November 4, 2024 to consider the CET and other housing strategies; and

WHEREAS, the City of Albany published notice in the Albany Democrat Herald on November 26, 2024 of the Albany City Council December 11, 2024 public hearing on the proposed CET; and

WHEREAS, on December 11, 2024, the Albany City Council held a public hearing on the proposed housing CET, considered public comments, and then deliberated.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF ALBANY DO ORDAIN AS FOLLOWS:

Section 1: That Albany Municipal Code Title 3 Revenue and Finance is hereby amended as provided in Exhibit A, adding a new Chapter 3.09, “Housing Construction Excise Tax”.

Section 2: The Community Development staff shall provide reports for the City Council no less than every five years analyzing the impacts of the construction excise tax. The City Council may call for a public hearing to consider whether Chapter 3.09 should be amended or repealed.

Passed by the Council: _____

Approved by the Mayor: _____

Effective Date: _____

Mayor

ATTEST:

City Clerk

Chapter 3.09

HOUSING CONSTRUCTION EXCISE TAX

Sections:

- 3.09.010 Purpose
- 3.09.020 Definitions
- 3.09.030 Imposition of Tax
- 3.09.040 Exemptions
- 3.09.050 Collection of Tax
- 3.09.060 Statement of Full Value of Improvement Required
- 3.09.070 Interest and Penalties
- 3.09.080 Refunds
- 3.09.090 Dedication of Revenues
- 3.09.100 Use of Revenue, Deed Restriction, and Annual Accounting
- 3.09.110 Administrative Fee
- 3.09.120 Appeal Procedure
- 3.09.130 Enforcement by Civil Penalty

3.09.010 Purpose

This chapter established a construction excise tax on construction improvements to provide funding for needed housing in the city.

3.09.020 Definitions

The following definitions apply in this chapter.

- (1) "Affordable housing" means a housing unit for which a person or household earning 80% or less of area median income would not pay more than 30% of their gross income for housing payments.
- (2) "Area Median Income" means the City of Albany median household income by household size as defined by the United State Department of Housing and Urban Development and published annually.
- (3) "Building Division" means the Albany Building Division.
- (4) "City Manager" means the Albany City Manager or the Manager's designee.
- (5) "Commercial" means designed or intended to be used, or actually used for uses other than residential purposes, including commercial, industrial, institutional, civic and other non-residential uses, and the non-residential portions of mixed-use property.
- (6) "Construct" or "Construction" means erecting, constructing, enlarging, altering, repairing, improving, or converting any building or structure, for which the issuance of a building permit is required by Oregon law.
- (7) "Housing units guaranteed to be affordable" means a residential dwelling unit for which a deed restriction or contractual obligation guarantees that the housing will remain affordable under guidelines established by the United States Department of Housing and Urban Development, to households that earn no more than 80 percent of the median household income for the area in which the construction tax is imposed , for a period of at least 60 years following the date of construction of the residential housing.

- (8) "Improvement" means a permanent addition to, or modification of, real property resulting in a new structure, additional square footage to an existing structure, or addition of living space to an existing structure.
- (9) "Net revenue" means revenues remaining after the administrative fees described in section 3.09.110 are deducted from the total construction excise tax collected.
- (10) "Structure" means something constructed or built and having a fixed base on or fixed to the ground or to another structure but does not include signs.
- (11) "Value of Improvement" means the total value of the improvement as determined in the process of issuance of the building permit."

3.09.030 Imposition of Tax (ORS 320.189-320.192)

The City Council shall set the percentage rate of the construction excise tax by resolution, in an amount not to exceed that permitted by state law. Unless subject to exemption under Section 3.09.040:

- (1) Each application for a building permit to construct Commercial improvements in the city shall be subject to the Commercial construction excise tax, in an amount based on a percentage of the full value of the improvement, as set by the City Council through resolution.
- (2) Each application for a building permit to construct Residential improvements in the city shall pay a Residential construction excise tax in an amount based on a percentage of the full value of the improvement, as set by the City Council through a resolution.
- (3) The Building Division shall calculate the amount of excise tax due under this Chapter based on the documentation provided by the permit applicant at the time of issuance of building permits and shall be based on the total value of all improvements associated with the project regardless of the number of separate building or associated development permits involved.

3.09.040 Exemptions

- (1) The following are exempt from the Housing Construction Excise Tax by Oregon Revised Statutes (ORS 320.093):
 - (a) Private school improvements.
 - (b) Public improvements as defined in ORS 279A.010 (Definitions for Public Contracting Code).
 - (c) Residential housing that is guaranteed to be affordable, under guidelines established by the United States Department of Housing and Urban Development, to households that earn no more than 80 percent of the median household income for the area in which the construction tax is imposed, for a period of at least 60 years following the date of construction of the residential housing.
 - (d) Public or private hospital improvements.
 - (e) Improvements to religious facilities primarily used for worship or education associated with worship.
 - (f) Agricultural buildings, agricultural grading and equine facilities, as defined in ORS 455.315.
 - (g) Facilities that are operated by a not-for-profit corporation and that are:
 - (i) Long term care facilities as defined in ORS 442.015,
 - (ii) Residential care facilities as defined in ORS 443.400, or
 - (iii) Continuing care retirement communities as defined in ORS 101.020.
 - (h) Residential housing being constructed on a lot or parcel of land to replace residential housing on the lot or parcel of land that was destroyed or damaged by wildfire or another event or circumstance that is the basis for a state of emergency declared under ORS 401.165 (Declaration of state of emergency) or 401.309 (Declaration of state of emergency by city or

county) or for the exercise of authority under ORS 476.510 (Short title) to 476.610 (Payment of claims).

- (i) Any improvements to buildings and facilities that are now or hereafter exempt under state law.
- (2) The following is also exempt from the CET:
 - (a) The first \$50,000 of the value of improvement for all building permits associated with the construction of improvements to new or existing structures on the same property within a twelve-month period, or in the case of multi-tenant properties, per tenant space within a twelve-month period.
 - (3) The Community Development Director may require any person seeking an exemption to demonstrate that the improvements associated with the building permit are eligible for exemption and to establish all the facts necessary to support the exemption.
 - (4) If within 5 years of the certificate of occupancy for improvement to property receiving an exemption under this section no longer qualifies for the exemption due to a change of use or ownership, the seller of the property or owner of the property, shall be liable for the foregone tax revenue, interest and fees outlined below:
 - (a) An amount equal to the applicable construction excise tax as identified on the issued building permit;
 - (b) Interest on the tax at an annual rate of 10 percent from the date of the exemption; and
 - (c) A late fee equal to 5 percent of total applicable taxes and interest owing under this section.

Section 3.09.050 Collection of Tax

- (1) The construction excise tax shall be due and payable, and must be paid, prior to the issuance of any building permit as required by ORS 320.189.
- (2) The construction excise taxes may be paid by the owner of the subject property or any agent of the property owner authorized to apply for a building permit on the property owner’s behalf.

Section 3.09.060 Statement of Full Value of Improvement Required

It is a violation of this Chapter for any person or legal entity to fail to state, or to understate, the full value of improvements to be constructed in the city in connection with an application for a building permit.

Section 3.09.070 Interest and Penalties for Failure to Comply

All amounts of construction excise tax not paid when due shall bear interest on the entire unpaid amount at the rate of 0.833 percent simple interest per month or fraction thereof (10 percent per annum), computed from the original due date to the 15th day of the month following the date of the payment. Interest amounts may not be waived.

A penalty of five percent of the underpayment of construction excise tax shall apply to:

- (1) Any underpayment due to the improvements constructed initially failing, or later ceasing, to be exempt affordable housing under section 3.09.040 (3) prior to expiration of the applicable income restriction period or failing to be an exempt use permitted under 3.09.040.
- (2) Any underpayment involving a failure to state or an understatement of the full value of improvements.

If not paid within ten days after billing all interest and penalties shall merge with and become part of the construction excise tax required to be paid under this Chapter. From the point of merger, the previously assessed interest and penalty become part of the tax due for calculation of interest and penalty for subsequent periods.

Section 3.09.080 Refunds

The City shall issue a refund to any person who has paid a construction excise tax the amount of the tax actually paid:

- (1) If the payer establishes that the tax was paid for improvements that were otherwise eligible for an exemption under section 3.09.040.
- (2) If the payer establishes that construction of the improvements has not commenced, and the associated building permit has been cancelled by the Building Division.
- (3) Upon determination by the City Manager or the Council that the amount of any construction excise tax, penalty, or interest has been erroneously collected or paid to the City under this Chapter.

The City Manager shall either refund all amounts due under this section within 30 days of a complete application for the refund or give written notice of the reasons why the application has been denied. Any request for a refund must be submitted within three years from the date of payment.

Section 3.09.090 Dedication of Revenue

Net revenues from the construction excise tax shall be deposited into the General Fund, then used or transferred in a manner required to meet the obligations set out for these revenues under state law and by city housing program guidelines.

Section 3.09.100 Use of Revenue, Deed Restriction, and Annual Accounting

- (1) Except for the funds withheld for administrative costs under Section 3.09.110, all construction excise taxes levied upon Residential improvements shall be used in accordance with state law and as specified in subsections (a) through (c) below.
 - (a) 50 percent must be used to fund developer incentives pursuant to ORS 197.309(5)(c) and (d) and 197.309(7). Incentives include but are not limited to whole or partial fee or systems development charge reductions, land acquisition, finance-based incentives to support affordable housing unit construction, and public improvements associated with affordable housing;
 - (b) 35 percent may be used flexibly to fund developer incentives as described in (1)(a) of this section and affordable housing programs in accordance with Oregon laws, and further defined by the City, to include incentives to decrease the sale or rental price of housing units (down-payment assistance), rent buy-downs and subsidies, and foreclosure prevention assistance; and
 - (c) 15 percent to Oregon Housing and Community Services to fund home ownership programs.
 - (d) Any affordable housing unit built or purchased with the Residential CET funds shall have recorded in its chain of title a deed restriction that requires the property remain “affordable housing” as defined by this Chapter for a period of no less than 60 years from the date of restriction.
- (2) Except for the funds withheld for administrative costs under Section 3.09.110, the construction excise taxes levied upon Commercial improvements shall be used to fund housing programs as defined by the City.

- (3) The Community Development Director will provide the City Council with an annual accounting, based on the city's fiscal year, for construction excise taxes collected and the projects funded from each account in the previous fiscal year.

Section 3.09.110 Administrative Fee

As authorized by ORS 320.195, the City shall receive an administrative fee equal to four percent of the gross construction excise taxes, without regard to the subsequent reductions due to refunds, failed payments, or similar reductions.

The City shall deduct the administrative fees directly from the collected CET.

The City may recover from the construction excise taxes, any banking fees or penalties that arise from the collection of construction excise taxes such as returned check charges.

Section 3.09.120 Appeals

- (1) Any written determination issued by the Community Development Department applying the provisions of this Chapter believed to be in error, may be reviewed by the City Manager if the recipient requests review in writing delivered to the City Manager within ten days after receipt of the written determination together with all documentation required to support the request.
- (2) Any written determination from the City Manager applying the provisions of this Chapter regarding liability for payment of construction excise taxes may be appealed to the Council by filing a notice of appeal with the City Manager's office within 10 days of receiving the City Manager's written determination. The City shall determine a date and time for the City Council to hear said appeal. Action by the City Council on appeals shall be decided by a majority of the members of the Council present at the meeting where such an appeal is considered.
- (3) The filing of any appeal shall not stay the effectiveness of the written determination unless the Council so directs.

Section 3.09.130 Enforcement by Civil Action

The construction excise tax, and any assessed interest and penalties due and owing under this Chapter constitutes a debt owing to the City by the person liable for the tax as set forth in Section 3.09.030.



RESOLUTION NO. _____

A RESOLUTION SETTING THE TAX RATES FOR A HOUSING CONSTRUCTION EXCISE TAX (CET) RELATED TO ALBANY MUNICIPAL CODE SECTION 3.09.030, "IMPOSITION OF TAX"

WHEREAS, the 2016 Oregon Legislature authorized the governing body of a city or county to impose a construction excise tax on new construction to fund affordable housing incentives and housing development programs through Senate Bill 1533 (2016), Oregon Revised Statutes (ORS) 320.170 to 320.195; and

WHEREAS, the City adopted the Housing Implementation Plan (HIP) on June 14, 2023, that recommends the Council Consider adopting a CET to generate local revenue to fund needed housing; and

WHEREAS, the City enacted Section 3.09 of the Albany Municipal Code by Ordinance No. _____ to enact the CET program; and

WHEREAS, Oregon Law provides that the local government imposing the affordable housing CET may retain four percent of the CET revenues as a fee for administering the tax; and

WHEREAS, Oregon law allows the rate of the construction excise tax on residential construction to be one percent of the permit value of the construction, but imposes no limit on the rate of the CET on commercial and industrial construction; and

WHEREAS, on November 26, 2024, the City of Albany advertised the December 11, 2024, public hearing on the proposed housing CET; and

WHEREAS, the Albany City Council held a public hearing on December 11, 2024, on the Housing CET and comments were considered.

NOW, THEREFORE, BE IT RESOLVED by the Albany City Council that the rate of taxation under the Albany Municipal Code Section 3.09 shall be one (1) percent for the construction of residential improvements (Residential CET), and one and a half (1.5) percent for the tax on non-residential improvements (Commercial CET).

DATED AND EFFECTIVE THIS 11TH DAY OF DECEMBER 2024.

Mayor

ATTEST:

City Clerk

Low Income Rental Housing Tax Abatement Program

ORS 307.515- 307.535

Definitions (ORS 307.515)

1. *AMI or Area Median Income.* The area median income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.
2. *Community Development Director.* The Community Development Director of the City of Albany, or the Community Development Director's designee.
3. *Low-income.* Low income means household income at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development;
 - (a) For the initial year that persons occupy property for which an application for exemption is filed under ORS 307.521, household income is at or below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development; and
 - (b) For every subsequent consecutive year that the household occupies the property, income is at or below 80 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development; or
 - (c) For housing units on property that is awarded tax credits through the Federal low-income housing tax credit program and is a qualified low-income housing project meeting the requirements of 26 U.S.C. 42(g)(1)(C), persons with income at or below 80 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United States Department of Housing and Urban Development, provided the average area median income of all housing units on the property is at or
4. *Qualified rental housing.* A property or portion of a property that is offered for rent solely as a residence for low-income persons.

Criteria for Exemption (ORS 307.515-307.518)

1. To be eligible for the Low Income Rental Housing Property Tax Exemption, properties or portion of a property(ies) must meet the following criteria as provided in ORS 307.515 through 307.523.
 - a. Property is located within the limits of the City of Albany;
 - b. The housing units on the property were constructed after the City enacted this program;
 - c. The property is offered for rent solely as a residence for low-income purposes or is or held for the purpose of developing qualified rental housing within the next twelve months.
 - d. If occupied, the property is occupied solely by low-income people. Property will be deemed to be occupied by low-income people if it is made available and reserved exclusively for low-income people and has been occupied by a low-income person within the last six months. Only that portion of the real property and improvements located thereon that is occupied by low-income people will be eligible property.

- e. Property must be offered for rent to qualified low-income households for a period of no less than 20 years. If vacant, the unit(s) must be offered for rent only to qualified low-income households. The affordability period starts when the project is first occupied.
2. The full value of the property tax exemption must be fully passed on to renters by charging lower rent.
3. The tax exemption on the property must be approved by the City Council in accordance with the provisions of ORS 307.515–535.
4. The application for tax exemption under this ordinance must have been filed before July 1, 2030.
5. Eligible units are constructed after adoption of this program by Albany City Council.
6. For the purposes of this tax exemption, a person that has only a leasehold interest in property is deemed to be 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 on that property; or
 - (b) The rent payable has been established to reflect the savings resulting from the exemption.

Property Tax Exemption (ORS 307.519)

1. Except as provided in subsection (2) of this section, the exemptions granted under ORS 307.515 apply only to the tax levy of the City.
2. The exemption granted under ORS 307.515 apply to the tax levy of all taxing districts in which property certified for exemption is located if, upon request of the City, the rates of taxation of such taxing districts whose governing boards agree to the policy of exemption under ORS 307.515 through 307.523, when combined with the rate of taxation of the City, equal 51 percent or more of the total combined rate of taxation on the property granted exemption.
3. Property tax exemptions approved under this chapter will be for a period of 20 years.
4. Applications for property tax exemption under this policy are eligible for property tax exemptions for tax years beginning on or after July 1, 2024.

Application for Exemption (ORS 307.521)

1. A person seeking the exemption granted under ORS 307.515 to 307.523 must file an application for exemption with the City of Albany Community Development Director on a form provided by the City of Albany.
2. The application must include the following information, as applicable:
 - (a) The applicant's name, address, and contact information
 - (b) A description of the property or a portion of the property for which the exemption is requested;
 - (c) A description of the purpose of the project and whether all of a property or a portion of the property is being used for that purpose;
 - (d) 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;
 - (e) A certification of income levels of low income occupants;
 - (f) A description of how the tax exemption will benefit project residents;

- (g) If the exemption is an exemption described in ORS 307.518, evidence satisfactory to the governing body that the corporation is a nonprofit corporation and meets the criteria for a public benefit corporation or a religious corporation;
 - (h) A description of the plans for development of the property if the property is being held for future low-income rental housing development; and
 - (i) A list of secured lien-holds with addresses of the lienholders; and
 - (j) Such other information as requested by the City of Albany.
3. The applicant shall verify the information in the application by oath or affirmation.
 4. Applications must be filed on or before December 1 of the calendar year immediately preceding the first assessment year for which exemption is requested and must be accompanied by the application fee required by the City. However, if the property is acquired after November 1, the application must be made within 30 days after the acquisition.
 5. An application which does not contain all the information required by this section and/or is not accompanied by payment of the proper fees will be returned. Any application returned for these reasons will be deemed to have not been filed.

Review of Application (ORS 307.521)

1. The Community Development Director will process each complete application and make a written recommendation to the City Council in sufficient time to allow the Council to take final action within 30 days of the filing of the application. Upon receipt of the Community Development Director's recommendation for approval or denial, the Council will consider the application and determine if the applicant qualifies for the exemption. Within 30 days of the filing of the application, the Council must adopt a resolution approving or denying the application.
2. Council will review the staff's findings and recommendation and determine whether or not to grant the exemption. Staff will also coordinate with other taxing districts to gain their support and approval. If there is the support of 51% of the taxing districts and Council approves the Exemption, a resolution will be adopted containing the owner's name and address, a description of the housing unit, either the legal description of the property or the county assessor's property account number, any specific conditions upon which the approval of the application is based and if only a portion of the property is approved, a description of the portion that is approved.
3. A resolution approving an application must contain findings on the criteria for approval and must certify to the Linn County or Benton County tax assessor that all or a portion of the property for which the application was made is exempt from the ad valorem property tax levy of the City of Albany.
4. If the application is denied, the City will state in writing the reasons for denial and send the notice of denial to the applicant within 10 days after the denial. The notice will inform the applicant of the right to appeal under.
5. Following approval, the City will file with the Linn County or Benton County assessor, as applicable, and send to the applicant a copy of the resolution approving the application. If the application is approved, the copy of the resolution will 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 will file with the county assessor a document listing the same information otherwise required to be in a resolution as to each application deemed approved.

Requirements of Properties Granted Tax Exemption

1. Recipients of the property tax exemption will provide a report demonstrating compliance with the affordability requirements annually for the duration of the 20-year property tax exemption period. If the property qualifies for the property tax exemption while being held for the purpose of developing low-income housing, reporting will be required for the twenty years following the construction of the affordable rental housing units to demonstrate compliance.

Termination (ORS 307.530)

An exemption granted under ORS 307.515 to 307.523 shall be immediately terminated and additional taxes imposed as provided in ORS 307.531 if the exempt property is:

1. Is used for any purpose other than the provision of low income rental housing; or
2. Being held for future development of low-income rental housing and is used for any purpose other than the provision of low income rental housing.



ORDINANCE NO. _____

AN ORDINANCE ADOPTING THE PROVISIONS OF OREGON REVISED STATUTES (ORS) SECTIONS 303.515 THROUGH 307.535 TO ESTABLISH A LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTION

WHEREAS, the 2020 Albany Housing and Residential Land Needs Assessment noted there is a need for more affordable housing and other housing types within the city limits and the City wishes to encourage the development of affordable and needed housing within Albany’s city limits; and

WHEREAS, and City adopted the Housing Implementation Plan (HIP) on June 14, 2023, that recommends the Albany City Council consider adopting a policy to use property tax exemptions to encourage affordable housing; and

WHEREAS, the Oregon Legislature authorizes a city or county to exempt property taxes for new low-income rental housing developments through Oregon Revised Statute (ORS) 307.515; and

WHEREAS, for purposes of the low-income property tax exemption, the definition of “low-income” shall be that in ORS 307.515; and

WHEREAS, the property tax exemption is limited to the tax levy of the taxing district in which the property applying for exemption is located and they adopt ORS 307.515 to 307.523 at the time of application, except that if the combined rate of taxation of the governing bodies that adopt the provisions of ORS 307.515 to 307.523 equal 51 percent or more of the total combined rate of taxation, then a full exemption shall be granted; and

WHEREAS, on November 26, 2024, the City of Albany advertised the December 11, 2024, public hearing on the proposed Low Income Rental Housing Tax Exemption program; and

WHEREAS, the Albany City Council held a public hearing on December 11, 2024 on the Low Income Rental Property Tax Exemption policy and comments were considered; and

WHEREAS, the Albany City Council must approve applications for tax exemption in accordance with ORS 307.515 to 307.535.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF ALBANY DO ORDAIN AS FOLLOWS:

Section 1: The provisions of Oregon Revised Statues (ORS) Sections 307.515 through 307.535 are hereby adopted.

Passed by the Council: _____

Approved by the Mayor: _____

Effective Date: _____

Mayor

ATTEST:

City Clerk



RESOLUTION NO. _____

A RESOLUTION ADOPTING A PROCEDURE FOR THE SALE OF CITY REAL PROPERTY FOR NEEDED HOUSING PURPOSES

WHEREAS, Oregon Revised Statutes 221.725 through 221.729 outlines procedures for the City of Albany to sell city-owned real properties and procedures for the sale of real property to develop affordable housing as defined in ORS 456.270; and

WHEREAS, the 2020 Albany Housing and Residential Land Needs Assessment noted there is a need for more affordable housing and other housing types within the city limits and the City wishes to encourage the development of affordable and needed housing within Albany's city limits; and

WHEREAS, and the City of Albany adopted the Housing Implementation Plan (HIP) on June 14, 2023, that recommends the City Council consider adopting a policy to consider city-owned surplus real property to address needed housing; and

WHEREAS, from time to time the City of Albany owns various properties that are surplus to the City's needs and could be developed for needed housing purposes; and

WHEREAS, the current procedures for the sale or disposal of surplus real property are not conducive to prioritizing housing needs; and

WHEREAS, on November 26, 2024, the City of Albany advertised the December 11, 2024, public hearing on the proposed surplus real property for housing; and

WHEREAS, the Albany City Council held a public hearing to hear comments on the surplus real property for housing policy proposal on December 11, 2024, and comments were considered.

NOW, THEREFORE, THE ALBANY CITY COUNCIL RESOLVES to follow the guidance below for city-owned property before any action to dispose of the real property.

1. When the City of Albany has determined there is no priority purpose for city-owned real property, including financial needs, prior to any action to dispose of city-owned surplus real property, the City will first evaluate the property for its suitability for residential development based on zoning, size, location, and other considerations.
2. When the city-owned surplus real property has been determined suitable for residential development, the City may follow this process:
 - Invite parties interested in developing the property for use as affordable housing to submit proposals to the Albany City Council in accordance with ORS 221.729 and sell the real property for use as affordable housing if it is subject to an affordable housing covenant; or
 - Issue a request for proposals or invite bids for needed housing on the real property.
 - Make a good faith effort to first negotiate with affordable housing developers who provide a proposal for the real property.
 - The City Council may give more weight to proposals that provide more affordable units, are affordable to lower incomes, or have longer affordability periods, than other housing proposals.
 - Enter into a development agreement or outline specific terms and conditions associated with the sale or disposal of real property for housing.
3. If no affordable housing proposals are submitted or no agreement can be reached with an affordable housing developer, the City Council may consider alternative proposals for the property.

DATED AND EFFECTIVE THIS 11TH DAY OF DECEMBER 2024.

Mayor

ATTEST:

City Clerk



1142 Willagillespie Road #30, Eugene, OR 97401 / PO Box 50171 Eugene, OR 97405

November 1, 2024

Community Development-Planning
City of Albany
c/o Beth Frelander, Planner II
333 Broadalbin St. SW
Albany, OR 97321

Sent via email: Beth.Frelander@albanyoregon.gov

RE: **Housing Implementation Plan**

Ms. Frelander:

I am corresponding today in my capacity as Executive Officer of the Western Oregon Builders Association (WOBA), wanting to reach out in advance of and submit for inclusion in the public testimony portion of the upcoming hearing, our association's opinion on the Construction Excise Tax (CET).

Aside from no mention as to whether future increases, parameters or caps apply to the proposed tax, WOBA's objection to this proposal is that it comes at a time when fees for permits and Systems Development Charges (SDC) across the board have been increasing. And while there has been discussion about deferring SDC's until occupancy is certified, the September 30 published report disseminated is void of any mention of the SDC deferral.

Specific to the CET, 1% is not an insignificant number given the rising costs making homes less affordable. In the end consumers, home buyers, will pay the added cost of the CET whether they are purchasing a newly built home or an existing one. And the reason for that is because the two compete against each other in the market. Similarly, one could presume that rents will also increase in response to another tax.

In summary, given the rapid rise in permits and SDC's and limited detail on the proposed, WOBA cannot support the CET, even though we understand it's suggested intent to support affordable housing and developer incentives.

Regards,

Dan

Dan Revell

Executive Officer



P: (541) 484-5352

www.westernoregonbuildersassociation.com



DEVELOPING THRIVING COMMUNITIES

11/22/2024

Albany City Council
333 Broadalbin St SW
Albany, OR 97321

Re: Letter of Support for housing-related policy proposals (12/11 Council Meeting)

Dear Mayor Johnson and City Councilors,

I am writing to offer DevNW's support for the slate of housing production-related policy proposals, including the surplus property policy, Construction Excise Tax (CET) and LIRPTE programs, on Council's agenda.

DevNW is a nonprofit affordable housing developer – of both rental and homes for ownership - and an asset building organization providing financial, rental and pre-purchase education and counseling, coupled with financial resources such as downpayment assistance. Our goal is to create financial stability and generational wealth building opportunities by supporting many low- and moderate-income families to become first-time homebuyers, start small businesses, earn college degrees, or other activities that offer a long term pathway out of poverty.

As a housing developer, we see firsthand the barriers to creating affordable housing throughout our communities, with the supply of buildable land being one of the most prominent. Having access to land through a supportive partner like the City of Albany, one who understands the requirements and timeline of building affordable housing, is critically important to moving projects forward. Many private sellers are unable, or unwilling, to allow land to be held with site control as financing is secured through state or federal channels to accomplish affordable development.

The implementation of a CET is an excellent local commitment to affordable housing development. Funding from a CET supports multiple pathways to develop housing, from pre-development to capital funds, and can be a flexible tool to meet specific housing goals and

devNW.org



212 Main Street
Springfield, OR 97477

P.O. Box 790
Corvallis, OR 97339

528 Cottage Street NE, Suite 1C
Salem, OR 97301

421 High Street, Suite 110
Oregon City, OR 97045



DEVELOPING THRIVING COMMUNITIES

needs within Albany. In our experience, this local funding source has the power to leverage state, federal and private funding, often by factors of 5:1, 8:1 or even 10:1.

We also support the inclusion of tax exemptions like LRPTTE as it expands the tools available to a community to spur affordable housing development throughout the continuum.

We applaud the work of staff within the City of Albany to think carefully and creatively about a wide breadth of local actions that can increase affordable housing development, from rental to ownership, and are thrilled to lend our support for the slate of housing-related policy proposals. We have seen Council's support of these ideas in past discussions, and we encourage you to pass the full slate presented at this meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Emily Reiman".

Emily Reiman, CEO