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## Oregon Housing Needs Analysis (OHNA) Implementation Rulemaking Advisory Committee (RAC) Meeting #13

June 4, 2025

### **Housing Actions Work Group – Update on Adoption-Ready Actions**

#### **Background**

The Housing Actions Work Group has been considering two scopes of work in parallel. To date, staff have brought updates to the RAC relating primarily to the first scope: Rulemaking around “compliance pathway” options for local governments in completing their Goal 10 work. The second area relates to the development “Adoption-Ready Actions” which can serve as guidance for local government housing planning.

As we mentioned in a previous memo, adoption-ready actions are intended to provide a tool that local governments can use to take actions that support their Housing Production Strategy requirement. Some actions are more suited for this “off-the-shelf” approach than others and some will always need local vetting. Despite the variation in truly off-the-shelf readiness, these actions are collectively referred to as “adoption-ready actions” because they are all designed to be able to be applied locally with less effort than creating them anew by every local government.

#### **Criteria for Developing Adoption-Ready Actions**

DLCD and consultants introduced the following criteria that were used to select and evaluate the potential adoption-ready actions. Criteria 1-3 were used to filter potential adoption ready actions: only those actions that are aligned with a relevant housing need or policy outcome, are legal in the Oregon context, and can be implemented by a local jurisdiction are included in this memo. The rest of the criteria were used to further refine the selection of actions to develop as adoption-ready and as evaluation considerations regarding the considerations and applications of a given action.

1. Aligned: The action is or can be targeted towards addressing a relevant housing need or policy outcome
2. Legal: The action is legal in Oregon under current state law.
3. Local: The action is one a jurisdiction can take (not a housing provider, developer, or the state).
4. Effective: Evidence (qualitative or quantitative) suggests the action makes a measurable impact on the intended outcome.
5. Applicable: The action is potentially applicable and appropriate across a range of jurisdictions within the state, so that it could be used often enough to justify the effort to create the adoption-ready action.
6. Durable: The action is likely to be impactful for the foreseeable future.
7. Generalizable: The action can potentially be developed in a way that a local government could use a template or “off the shelf” components with little or no localized analysis to tailor the action to local conditions.



8. Valuable: Having the ARA would make it meaningfully easier or less costly for local governments to implement the action.

This first slate of Adoption-Ready Actions (ARAs) advances seven actions that staff and consultants identified as ready-to-develop after applying the above criteria to the large universe of housing actions list and incorporating feedback from Housing Action Work Group members.

### Three Levels of Adoption-Ready Actions

To delineate the degree of adoption-readiness of each of the proposed actions, DLCDC and consultants have outlined three levels of adoption-readiness. This recognizes that some actions will require customization for a local jurisdiction's housing needs, may need to be adjusted to fit within a local context, or may require some analysis of local conditions before implementation. Others require less customization, analysis, or design and are more uniform across jurisdictions.

- Level 3: Actions that are immediately adoptable and implementable - they require little or no analysis or design before adoption into local plans, policies, or ordinances.
- Level 2: Actions that are largely developed at the state level, but require some sensitivity, feasibility, and applicability testing or customization for the local context.
- Level 1: Actions that are partially developed at the state level, but require substantial local preparation like the development of partnerships

### Customization & Next Steps

Local governments could also do local customization in implementation to aim actions which seek to promote specific housing needs at promoting any housing need/s of particular focus from the local government's Contextualized Housing Need. Some next steps in ARA development and refinement include:

- Further separating the tools from the focused housing outcome and developing modules for focused housing outcomes to support additional options for implementation
- While implementation of any local action should be under advisement of a local government's own legal counsel, some version of legal sufficiency review may be pursued in development of these ARAs

### Questions for RAC

Feedback from the RAC is welcome on all elements of the ARAs. The volume of content is large and the model municipal code language and some other elements are detailed and somewhat technical nature. If RAC members would like to engage in a deep review of actions with recommendations for technical changes or additional considerations they may choose to focus their review on actions for which they have the most expertise or in which they have the strongest interest. Key areas for higher level RAC input on each of the ARAs include:



- Do you see support for some or all of the following policy objectives across this first slate of adoption-ready actions?
  - Promote inclusive zoning to enable a diversity of housing options
  - Produce and retrofit homes in high opportunity areas that increase housing choice related to equity-driven needs
  - Streamline housing development processes
  - Increase community capacity and resilience in support of equitable housing production
- What should staff consider in refining and implementing ARAs to ensure as much alignment as possible with DLCD’s Racial Equity Framework for Decision-Making?
  - Historical inequities
  - Benefits & burdens
  - Data equity & data justice
  - Community engagement & empowerment
  - Accountability
  - Restorative justice
  - Decision making
  - Measuring & evaluating outcomes and continuous improvement

***Draft Adoption Ready Actions***

#	ARA	Components
1 / 3A	Nonprofit Low Income Housing Property Tax Exemption	<ul style="list-style-type: none"> <li>● Model ordinance &amp; municipal code</li> <li>● Example letter to overlapping taxing districts</li> <li>● Model application form</li> </ul>
2 / 2A	SDC exemption for Affordable Housing	<ul style="list-style-type: none"> <li>● Model Municipal Code</li> </ul>
3 / 2B	SDC deferral for housing	<ul style="list-style-type: none"> <li>● Model Municipal Code</li> </ul>
4 / 2C	Multiple Unit Property Tax Exemption	<ul style="list-style-type: none"> <li>● Model Municipal Code</li> </ul>
5 / 1I	Rental Housing License Program	<ul style="list-style-type: none"> <li>● Model Municipal Code</li> </ul>
6 / 1E	Affirmative Marketing Requirement for City-Funded Units	<ul style="list-style-type: none"> <li>● Templates (Program Description, Letter of Intent to Implement Affirmative Marketing, Affirmative Marketing Outreach Instructions and Notice, Affirmative Marketing Report)</li> </ul>
7 / 1A	Land Disposition for Affordable Housing	<ul style="list-style-type: none"> <li>● Model RFP for land for development for affordable housing</li> </ul>



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		<ul style="list-style-type: none"><li>• Model long-term ground lease for affordable housing</li></ul>
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**Important note:** Concurrent work, directed by SB 1654 (2024) is underway to develop model code by housing type and city size. Those topics that are being under development as part of the model code scop are not listed in this document.

### How to Read this Document

All ARAs include:

- **Summary:** The first page for each ARA is an action summary sheet that provides a description, notes on impact and applicability, relevance to specific housing needs, and level of customization required. This information is generally consistent with the information provided to the HAWG about the potential ARAs previously.
- **Case Studies & Evaluation:** A summary of available examples from Oregon and (where applicable) other states; and a summary of any available studies evaluating impacts or effectiveness of the action
- **Customization & Implementation Considerations:** Areas where local tailoring, analysis, or decisions are needed.

Text that will need to be inserted by each jurisdiction are found in [brackets and highlighted in grey]. There are some aspects of each adoption ready action that are limited statutorily. This text is written in blue font.



## Action Sheet

3A		Nonprofit Low-Income Housing Tax Exemption	
Completeness		ARA Components	Key Needs Addressed
<b>Level 3: Can be used with little local customization</b>		<ul style="list-style-type: none"> <li>• Model ordinance &amp; municipal code based on statute</li> <li>• Example letter to overlapping taxing districts</li> <li>• Model application form</li> </ul>	<ul style="list-style-type: none"> <li>• Characteristic: affordability</li> </ul>
<b>Description</b>		<p>Property tax exemption enabled under state law and adopted locally for regulated affordable housing owned and operated by a nonprofit as well as land held by a nonprofit for future affordable housing development. Nearly all program parameters are established in statute, with few set locally.</p> <p>Eligible properties must be offered to low-income persons (with incomes at or below 60% of the area median income for the initial year, and at or below 80% of the area median income for subsequent years), or held for the purpose of developing low-income housing. The housing may be new development or existing housing acquired by a nonprofit for the purpose of converting it to income-restricted affordable housing.</p> <p>Applicants must renew their tax exemption applications annually. As long as the housing remains affordable to low-income residents, there is no time limit to the tax exemption.</p>	
<b>Impact</b>		<p><b>Medium.</b> Reduces operating costs for affordable housing, potentially allowing for deeper affordability or less subsidy required. Many affordable housing developers partner with the local Housing Authority to obtain tax-exempt status, but some have indicated that this program provides a simpler alternative that reduces the complexity of development arrangements.</p>	
<b>Applicability</b>		<p><b>High.</b> Could work for any jurisdiction. Some have already implemented, others have not.</p>	



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## Case Studies & Evaluation

### Oregon Examples

This program has been adopted in a number of Oregon cities, including [Newport](#), [Beaverton](#), [Portland](#), [Tigard](#), [Forest Grove](#), [Cornelius](#), and [Wilsonville](#).

### Available Research and Evaluation

Research indicates a significant correlation between tax exemptions and an increase in the development of affordable housing. The research suggests that tax incentives make development financially viable for developers in areas where they otherwise would not pursue affordable housing projects. Various studies indicated that the correlation is stronger when tied to the following factors:

- High demand for housing in the area and significant development activity
- Rising land prices
- Combined with other tools and regulatory measures (e.g., regulatory bonuses, inclusionary zoning, or LIHTC)

Several published studies have evaluated the development impacts of tax abatement programs and whether they have a measurable effect on the number of affordable housing projects built. These studies often compare outcomes in cities that have implemented such programs to those in cities that have not or assess the effectiveness of various incentives in increasing affordable housing production. Tax abatement programs generally increase the development of affordable housing, particularly in high-demand areas where development might otherwise focus on market-rate housing. The effectiveness of these programs tends to be higher in cities with robust development activity and significant demand for housing.

In some cases, tax incentives combined with other regulatory measures (e.g., inclusionary zoning or LIHTC) were found to have an even greater impact on the quantity of affordable units produced. These studies provide useful insights into how tax incentives and abatements can drive affordable housing development, especially when they are part of a broader set of policy tools.

A few example studies include:

- "The Effectiveness of Property Tax Abatement Programs in Affordable Housing Development" (Urban Institute, 2017): This study examined the effectiveness of property tax abatement programs across a range of U.S. cities, including Seattle, Chicago, and New York. It compared cities with and without such programs to assess whether tax incentives contributed to an increase in affordable housing units. The study found that property tax abatements were effective in increasing the number of affordable housing projects in areas with high demand for housing and significant development activity. The study found that in cities like Chicago and Seattle, tax abatement programs were strongly associated with a higher number of affordable housing developments. However,



the impact was less clear in cities with lower development activity or without strong regulatory support for affordable housing.

- "The Impact of Property Tax Incentives on Housing Development" (Journal of Housing Economics, 2019): This peer-reviewed journal article analyzes property tax incentives (including abatements) and their effects on housing development across multiple cities in the U.S. It evaluates whether such incentives increase the number of affordable housing projects relative to what would have been built without the incentives. The study found a clear correlation between the implementation of property tax abatements and an increase in affordable housing production, especially in high-demand urban markets where land prices were pushing affordable housing out of reach. The research suggests that tax incentives make development financially viable for developers in areas where they otherwise would not pursue affordable housing projects.
- "Incentives for Affordable Housing Development: An Evaluation of Local Programs" (National Low Income Housing Coalition, 2015): This report evaluates the effectiveness of several local tax incentives and abatement programs in increasing affordable housing across the U.S. It compares cities that use these incentives (like San Francisco and Portland) with those that rely solely on market-driven development. The study found that tax incentives were critical in helping to develop affordable housing, particularly in gentrifying areas. Cities with tax abatement programs produced more affordable units than cities without such programs, with some cities achieving significant success in low-income housing production due to these policies.
- "The Effects of Tax Incentives on Affordable Housing Production: Evidence from the Low-Income Housing Tax Credit" (The Journal of Urban Economics, 2018): While this study primarily focuses on the Low-Income Housing Tax Credit (LIHTC), it includes analysis on the role of tax exemptions and abatements in supporting affordable housing production. It compares the outcomes of cities that used both LIHTC and additional property tax incentives versus cities that used LIHTC alone. The study concluded that the combination of tax credits and property tax abatements significantly boosted the construction of affordable rental housing. Cities that employed both mechanisms saw higher numbers of affordable units being built compared to cities with only LIHTC.

## Customization & Implementation Considerations

Because the parameters are laid out in statute, there is little need for local customization, though jurisdictions may adopt additional eligibility criteria that do not conflict with the statutory criteria. Codes, ordinances, and application forms are similar across most examples. Some cities have approved the exemption for specific projects, rather than adopting a blanket exemption.



There is one program element that jurisdictions could modify if desired (an optional limit on how long the exemption may apply to land held for future affordable housing development). The Model Code for ARA 3A does not set a limit, but includes a 5-year limit with option to extend as an optional component.

Without the cooperation of overlapping taxing districts, a jurisdiction can only adopt an exemption for its own tax levy. Applying the exemption to all taxing districts would require the support of districts representing at least 51% of the total tax rate (including the adopting jurisdiction). Alternatively, an applicant can seek other districts' support on a case-by-case basis.



## Model Ordinance Language

*Note: In order for this Adoption Ready Action to be helpful to jurisdictions, the state has developed model ordinance language and a model municipal code based on statute.*

**[JURISDICTION]**

**ORDINANCE NO. [X]**

**AN ORDINANCE AMENDING TITLE [X] OF THE**

**[JURISDICTION] MUNICIPAL CODE RELATING TO AN AFFORDABLE HOUSING**

**TAX EXEMPTION PROGRAM FOR NON-PROFIT HOUSING PROVIDERS**

**WHEREAS**, State of Oregon statutes ORS 307.540 through 307.548 authorize cities to establish a process for exemption from property tax for non-profit corporation low income housing; and

**WHEREAS**, [Goal X] is “[applicable Goals supporting the development of affordable housing, including funding and land use tools for the facilitation of this development from the Comprehensive/General Plan]”; and

**WHEREAS**, [title, date, and relevant findings on low-income housing needs from most recent Contextualized Housing Needs assessment]; and

**WHEREAS**, the latest [U.S. Census or American Community Survey] data calculate that [relevant data on renter occupied housing and average renter housing income in comparison to countywide median income]; and

**WHEREAS**, area non-profit housing providers fulfill a critical role in building and maintaining housing which, due to subsidy stipulations contained within their financing framework, are restricted to specifically serve low-income households that need them; and

**WHEREAS**, Provision of a property tax exemption enabled through Oregon Revised Statutes (ORS) 307.540-548, which applies specifically to non-profit organizations that own or purchase property for use as low-income housing, will encourage further development of much needed low-income housing units in [Jurisdiction]; and

**[OPTIONAL: WHEREAS**, ORS 307.540 to 307.548 provides that if jurisdictions or special district service providers representing more than 51 percent of a property's total tax obligation resolve to exempt the property from taxation, then the remainder of those taxing districts must follow suit; and]



**WHEREAS**, [relevant stakeholder discussions and support for the program received during the development of this ordinance]; now therefore

**[JURISDICTION] ORDAINS AS FOLLOWS:**

**Section 1.** [Jurisdiction] Municipal Code [Chapter X], Non-Profit Corporation Low Income Housing Tax Exemption, is hereby established as illustrated in Exhibit "A."

**Section 2.** This ordinance shall take effect 30 days after passage.

Date adopted and read by title only: [X].

Signed by the [Respective Authority, e.g., Mayor] on [X].

X  
\_\_\_\_\_  
Mayor

ATTEST:

X  
\_\_\_\_\_  
City Recorder

APPROVED AS TO FORM:



## Model Municipal Code

*Note: Model code based on examples from Forest Grove, Newport, Beaverton, and Cornelius.*

*Note: Much of this model code is already incorporated into statute, [ORS 307.450 to 307.458](#).*

Notes, optional items, and text to be filled in by the jurisdiction are shaded in gray and in [brackets].

### Chapter [X] NONPROFIT CORPORATION LOW-INCOME HOUSING TAX EXEMPTION

Sections:

- [X].010 Definitions
- [X].020 Non-profit corporation low-income housing exemption; criteria
- [X].030 Application for exemption
- [X].040 Determination of eligibility for exemption; notice to County Assessor
- [X].050 Governing Body approval for an extension of time
- [X].060 Termination of exemption
- [X].070 Delegation of administrative authority

#### [X].010 Definitions.

As used in this Chapter:

- A. "Governing Body" means: [Respective Decision-making body for the Jurisdiction, i.e. City Council, Board of Commissioners, etc.]
- B. "Low-income" means:
  - 1. For the initial year that persons occupy property for which an application is filed under ORS 307.545, income at below 60 percent of the area median income as determined by the Oregon Housing Stability Council based on information from the United State Department of Housing and Urban Development; and
  - 2. For every subsequent consecutive year that the persons occupy the property, 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.

#### [X].020 Eligibility Criteria.

- A. Property that meets all of the following criteria shall be exempt from taxation as provided in this section:



1. The property is owned or being purchased by a corporation described in Section 501(c)(3) or (4) of the Internal Revenue Code that is exempt from income taxation under Section 501(a) of the Internal Revenue Code.
  2. Upon liquidation, the assets of the corporation are required to be applied first in payment of all outstanding obligations, and the balance remaining, in cash and in kind, to be distributed to corporations exempt from taxation and operated exclusively for religious, charitable, scientific, literary or educational purposes or to the State of Oregon.
  3. The property is:
    - a. Occupied by low-income persons; or
    - b. Held for the purpose of future development of low-income housing [for a period of not more than 5 years. If the corporation requires additional time to develop the property for low-income housing and still seeks an exemption under this chapter, the corporation shall seek approval from the governing body for an extension of time in the manner described in Section [X].050.].
  4. The property or portion of the property receiving the exemption is actually and exclusively used for the purposes described in Section 501(c)(3) or (4) of the Internal Revenue Code.
  5. [Optional:] The corporation:
    - a. Is not presently debarred, suspended, proposed for debarment, or declared ineligible by any Federal or state agency;
    - b. Has not, within the three-year period preceding the application, been convicted of or had a civil judgment rendered against it for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction or contract under a public transaction; or been convicted of any Federal or state statutes of embezzlement, theft, forgery, bribery, falsification, destruction of records, making false statements, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty; and
    - c. Is not presently indicted for or otherwise criminally or civilly charged by a Federal, state, or local government entity with commission of any of the offenses enumerated in division (A)(5)(b) of this section.
- B. For purposes of subsection (A)(1) of this section, a corporation that only has a leasehold interest in property is deemed to be a purchaser of that property if:



1. The corporation 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
  2. The rent payable by the corporation has been established to reflect the savings resulting from the exemption from taxation.
- C. For purposes of subsection (A) of this section, a partnership shall be treated the same as a corporation to which this section applies if the corporation is:
1. A general partner of the partnership; and
  2. Responsible for the day-to-day operation of the property that is the subject of the exemption.

**[X].030 Application for Exemption**

- A. To seek the exemption provided by Section [X].020, the corporation shall file an application for exemption with the governing body for each assessment year the corporation wants the exemption.
- B. The application shall be filed on or before March 1 of the assessment year for which the exemption is applied for, except that when the property designated is acquired after March 1 and before July 1, the claim for that year shall be filed within 30 days after the date of acquisition.
- C. The application shall include the following information, as applicable.
1. A description of the property for which the exemption is requested;
  2. A description of the charitable purpose of the project and whether all or a portion of the property is being used for that purpose;
  3. A certification of income levels of low-income occupants;
  4. A description of how the tax exemption will benefit project residents;
  5. A description of the development of the property if the property is being held for future low-income housing development;
  6. A declaration certifying that the corporation has been granted exemption from income taxation under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) or 501(c)(4) of the Internal Revenue Code; and



7. A certification that the corporation meets the criteria provided in Subsection [X].020(A)(5).

D. The applicant shall verify the information in the application by oath or affirmation.

**[X].040 Determination of Eligibility for Exemption; Notice to County Assessor.**

A. Except as otherwise provided in subsection (B) of this section, within 30 days of the filing of an application under Section [X].030, the governing body shall determine whether the applicant qualifies for the exemption granted under Section [X].020. If the governing body determines the applicant qualifies, then the governing body shall certify to the County Assessor that all or a portion of the property shall be exempt from taxation under the levy of the certifying governing body.

B. If the governing body has previously determined that the applicant qualified for the exemption granted under this chapter, then the governing body shall use the criteria that were in place when the applicant was first granted the exemption for the property each year the applicant reapplies for the exemption.

C. Upon receipt of certification under Subsection (A) of this section, the County Assessor shall exempt the property from taxation to the extent certified by the governing body.

**[X].050 Governing Body approval for an extension of time.**

A. If a corporation requires additional time to develop the property for low-income housing beyond the time frame provided in Section [X].020(A)(3)(b), and seeks to extend the property tax exemption previously approved by the governing body, then it shall provide a written request to the governing body and include supporting documentation with the request. The written request shall be on a form supplied by the City.

B. If the corporation submits a written request with supporting documentation, the governing body shall review the request. The governing body may use any of the following factors to determine whether to grant or deny an extension to the corporation including, but not limited to:

1. Whether the corporation has created any designs for the proposed development of low-income housing on the property;

2. Whether the corporation has applied for, or received, any permits relating to development of low-income housing on the property;

3. Whether the corporation has applied for, or received, any private or public funding for development of low-income housing on the property, including any tax credits;



4. Whether the corporation has contracted with another party to begin development of low-income housing on the property;
  5. Whether the corporation has made any site improvements towards development of low-income housing on the property; or
  6. Whether there was any uncontrollable or unforeseeable act or circumstance beyond the corporation's reasonable control that caused or is causing the delay in developing the low-income housing on the property.
- C. The governing body shall determine whether to grant or deny an extension within 30 days of receiving the written request and supporting documentation from the corporation.

**[X].060 Termination of Exemption.**

- A. If the governing body determines that property that has received an exemption under this chapter in anticipation of future development of low-income housing is being used for any purposes other than the provision of low-income housing, or that any provision of this chapter is not being complied with, the governing body shall give notice of the proposed termination of the exemption to the owner by mailing the notice to the last known address of the owner, and to every known lender by mailing the notice to the last known address of every known lender. The notice shall state the reasons for the proposed termination and 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.
- B. If the owner fails to appear and show cause why the exemption should not be terminated, the city shall notify every known lender, and shall allow any lender not less than 30 days after the date the notice of failure to appear and show cause is mailed to cure any noncompliance or to provide adequate assurance to the governing body that all noncompliance shall be remedied.
- C. If the owner fails to appear and show cause why the exemption should not be terminated, and the lender fails to cure or give adequate assurance of the cure of noncompliance, the governing body shall adopt an [ordinance or resolution] stating its findings that terminate the exemption. A copy of the [ordinance or resolution] shall be filed within ten days after its adoption with the County Assessor, and a copy shall be sent to the owner at the owner's last known address and to the lender at the last known address of the lender within ten days of its adoption.
- D. Upon the County Assessor's receipt of the governing body's termination findings:
  1. The exemption granted to the housing unit or portion under this chapter shall terminate immediately, without right of notice or appeal;



2. The property shall be assessed and taxed as other property similarly situated is assessed and taxed;
  3. Notwithstanding ORS 311.235, there shall be added to the general property tax roll, for the property in question, 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 taxes assessed against the property and the taxes that would have been assessed against the property had it not been exempt under this chapter for each of the years, not to exceed the last ten years, during which the property was exempt from taxation under this chapter.
- E. The assessment and tax rolls shall show potential additional tax liability for each property granted an exemption under this chapter because the property is being held for future development of low-income housing.
- F. Additional taxes collected under this section shall be deemed to have been imposed in the year to which the additional taxes relate.

**[X].070 Delegation of Administrative Authority.**

The governing body hereby delegates to the [chosen Authority, e.g. City Manager, Mayor, etc.], or designee, all authority necessary to make all determinations and otherwise administer the provisions of this chapter, excepting determinations and actions required to be made or taken by the governing body pursuant to Section [X].060.



## Example Letter

*Note: Example based on letter from City of Scappoose to overlapping taxing districts.*

DATE: [xxxx]

TO: [taxing districts]

CC: xxx, City

FROM: xxx

SUBJECT: Request for support of nonprofit affordable housing tax exemption

One of the actions the City is implementing as part of its Housing Production Strategy is a property tax exemption program for non-profit affordable housing, the Nonprofit Low-Income Rental Housing Tax Exemption. To implement this program fully, the City needs the support of several of the overlapping taxing districts. This memo provides additional information about the tax exemption program, including its expected benefits and foregone revenue impacts. The City is requesting support for this proposal from impacted taxing districts.

### How it Works

This tax exemption program would apply to rental housing for low-income persons that is owned, being purchased, and/or leased and operated by a nonprofit. It would also apply to land held by a nonprofit for affordable housing development. Land and improvements are exempt for as long as the property meets the criteria, but property owners must reapply every year (using a simple application form) to show that they continue to meet the program criteria.

This program would assist nonprofits providing affordable housing in the community by lowering operating costs. It would also lower holding costs for land intended for future affordable housing development, providing the nonprofit developers more time to arrange funding for development. Affordable housing provided by the Housing Authority is already exempt. Some existing nonprofit affordable housing developments qualified for a tax exemption as charities; however, this option is no longer available for new developments.

To enact this program, the City would need to adopt the provisions of ORS 307.540 to 307.548 to establish the program locally. Governing boards representing 51% of the combined tax rate must agree to the policy of exemption in order for the exemption to apply to all taxing districts.<sup>[1]</sup> This could be met by the City in combination with [identify other taxing districts whose rate would sum to 51%].

### Program Beneficiaries



[Optional: provide examples of entities or projects that could benefit from exemption]

**Foregone Revenue by Taxing Districts**

[Add estimated impact of foregone revenue from existing example projects expected to benefit from the exemption based on current property tax payments or estimate foregone taxes from a hypothetical future development]

Exhibit 1. Estimated Annual Forgone Revenue, FY XXXX

Entity	Property Taxes
Taxing District	\$XX
Taxing District	\$XX
Taxing District	\$XX
Taxing District	\$XX
....	\$...
....	\$...
....	\$...

Source: xxx analysis based on county tax records

\*Note that the state’s education funding formula allocates funding to schools on a per-pupil basis, so foregone property tax revenue to the School District is absorbed at the state level and replaced by additional state funding.



## Model Application Form

Note: Example based on [City of Portland application form](#).

### NON-PROFIT CORPORATION LOW-INCOME HOUSING TAX EXEMPTION APPLICATION

<b>SECTION A - INFORMATION of APPLICANT/NON-PROFIT ORGANIZATION</b>		
<p><b>PROPERTY TAX EXEMPTION FOR LOW-INCOME HOUSING HELD BY NON-PROFIT ORGANIZATIONS – [FISCAL YEAR] TAX YEAR</b></p> <p><b>APPLICATION DUE DATE: JANUARY 31, [YEAR]</b></p>		
<b>ORGANIZATION INFORMATION</b>		
<b>Applicant/Sponsor</b>		
*Only submit one application per Non-Profit*		
Non-Profit Applicant Name: Click or tap here to enter text.		Tax ID: Click or tap here to enter text.
Address: Click or tap here to enter text.	City/State: Click or tap here to enter text.	Zip: Click or tap here to enter text.
Contact Person: Click or tap here to enter text.	Phone: Click or tap here to enter text.	Fax: Click or tap here to enter text.
Email: Click or tap here to enter text.	Additional Contact Information (if applicable): Click or tap here to enter text.	
<b>Applicant Type</b> (check one)	<b>Entity Type</b> (check one)	



<input type="checkbox"/> Not-for-Profit	<input type="checkbox"/> 501(c)(3)
<input type="checkbox"/> Not-for-Profit Community Based Development Organization (CBDO)	<input type="checkbox"/> Partnership
<input type="checkbox"/> Not-for-Profit Community Housing Development Organization (CHDO)	<input type="checkbox"/> Limited Partnership
<input type="checkbox"/> Other (specify) Click or tap here to enter text.	<input type="checkbox"/> Corporation
	<input type="checkbox"/> Limited Liability Corp. (LLC)
	<input type="checkbox"/> Community Development Corp. (CDC)
	<input type="checkbox"/> S-Corporation
	<input type="checkbox"/> Other (specify) Click or tap here to enter text.



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## **SECTION B – PROPERTY TO BE CONSIDERED FOR TAX EXEMPTION**

[Provide relevant documentation related to the eligibility of the applicant, property, and proposal] and submit with this document.

Applicants should only submit one packet that contains the required information for all associated properties. If properties that the Non-Profit Applicant is not sure should be included, or may be purchased before July 1, [year], it is best practice to include them as part of the initial Section B submittal with a note of the expected acquisition date.

## **SECTION C – ELIGIBLE PROPERTY SUPPLEMENTAL QUESTIONS**

Instructions: For each relevant property, begin with its Tax ID # and then answer the question. If there are multiple properties for which the question needs to be answered, please create multiple lines allowing a new line for each property.

*For example: (1) R292954- Applicant is the Managing Member of ABC, LLC which is the General Partner of ownership entity*

*(2) R678910- Applicant has a leasehold agreement.*

**1. For Non-Profit Applicants that are not the property owner, but have an ownership interest in, or are otherwise affiliated with any of the properties listed in Section B.** Please describe the Non-Profit Applicant's affiliation:

Click or tap here to enter text.

**Required Documentation:** Provide an operating agreement, limited partnership agreement, or other documentation showing the Non-Profit Applicant's affiliation with the property owner and how the Non-Profit Applicant is meeting program requirements for any of the R numbers listed above.

**2. For Non-Profit Applicants that have a leasehold interest in any of the properties listed in Section B.** Please describe the Non-Profit Applicant's interest:

Click or tap here to enter text.



**Required Documentation:** Provide a current lease agreement describing how the non-profit Applicant, under the terms of the lease, is required to pay the ad valorem taxes on each property or any other contractual management such that the property tax exemption benefits accrue to the nonprofit agency and the residential tenants rather than the owner or corporation from whom you lease.

**3. For each property identified in Section B as vacant land being held for the development of low-income housing for residents with incomes at or below 60%AMI, provide the below information and identify each property by Tax Record Number:**

A. When did the Applicant originally purchase the land?

R Click or tap here to enter text.

B. Describe in detail the plans for each property (identified by Tax Record Number) including the proposed income level restrictions and your estimated time frame for completion of this project. Include building permit application timelines, building permit numbers or any other pertinent information:

<b>Tax ID</b>	<b>Proposed Income Level Restrictions</b>	<b>Estimated Timeframe for Completion</b>	<b>Building Permit #</b>	<b>Timelines &amp; Other Information</b>
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If listing additional properties, please list below in the same format:

Click or tap here to enter text.

**SECTION D – DECLARATIONS**

Instructions: Please read carefully and sign before a notary.

1. I declare that my organization has been granted an exemption from income taxes under 26 U.S.C. Section 501(c)(3) or (4) as amended before December 1, 1984 and submit proof of that status with this application.
2. I have attached documentation as proof of the owner relationship to the name of the applicant.
3. I am aware that the income-qualifying tenants must meet the income guidelines in accordance with 42 U.S.S. Section 1447 (a)(b)(2) as amended. See [Income and Rent Limits chart from Jurisdiction’s Housing Bureau or similar]
4. I am aware of all requirements for tax exemption imposed by ORS 307.540 – 307.548 (Chapter 660 Oregon Laws 1985, as amended by Chapter 756 Oregon Laws 1987), and implemented by Chapter [X] of the [Jurisdiction] Code.
5. The above-described properties qualify or will qualify upon completion of any rehabilitation improvement and subsequent occupancy by low-income residents for property tax exemption on or before June 30, [year].



6. All the information in this application is true to the best of my belief and knowledge and is for all purposes of determining eligibility for the tax exemption program authorized by Chapter [X] of the [Jurisdiction] Code.

For: Click or tap here to enter text.

Name of Non-Profit Organization

By: Click or tap here to enter text.

Name of Organization's Chief Executive Officer

Date: Click or tap here to enter text.

<p><b>X</b></p> <hr/> <p>Signature</p>
--

Select if Electronic Signature Used

SUBSCRIBED AND SWORN before me this \_\_\_\_\_ day of (month), (year).

Notary Public (signature): \_\_\_\_\_ My Commission Expires:  
\_\_\_\_\_

Select if Electronic Notarization Used



## Action Sheet

2A		System Development Charge Exemption for Affordable Housing	
Completeness		ARA Components	Key Needs Addressed
<b>Level 2: Requires some sensitivity, feasibility, and applicability testing or customization for the local context</b>		<ul style="list-style-type: none"> <li>Model Municipal Code</li> </ul>	<ul style="list-style-type: none"> <li>Housing affordability</li> </ul>
Description		Policy-based exemptions to SDCs (fees on development to recover a proportionate cost of the impact to local infrastructure) for regulated affordable housing projects.	
Impact		<b>Medium.</b> Reduces development costs for affordable housing, potentially allowing for deeper affordability or less subsidy required. The impact depends on the amount exempted and current SDC rates. This ARA has helped support many affordable housing projects. It shows local commitment to affordable housing and sometimes helps close a gap or reduce required subsidy per unit to an extent that makes affordable housing development viable. It is likely to be most valuable and effective where SDCs are highest and when financing costs are highest.	
Applicability		This ARA could work for any jurisdiction that has SDCs that they control.	

## Case Studies & Evaluation

### Oregon Examples

“Oregon communities that offer SDC exemptions for affordable housing include Portland, Bend, Tigard, Eugene, Salem, Lake Oswego, Ashland, McMinnville, Florence, Newberg, and Forest Grove. Most service providers that offer SDC exemptions/waivers for affordable housing limit it to regulated/income-restricted affordable housing. Some cities and service providers have set a cap on the amount of waivers (number of units or dollar amount) they will issue for a given time



period, but most do not backfill foregone revenue from other sources.” ([OREGON SYSTEM DEVELOPMENT CHARGES STUDY](#), page 117)

System Development Charges Survey Report (2023): Conducted by the League of Oregon Cities, this survey reported a substantial increase in the number of cities providing SDC exemptions for affordable housing—from 31% to 54% between 2016 and 2022. ([orcities.org](#))

Bend: “Since December 2017, the City of Bend has offered SDC exemptions to all rental and for-sale housing affordable to households making 80 percent or less of area median income (AMI) through a deed restriction.<sup>1</sup> The City’s Affordable Housing Advisory Committee has the authority to approve exemptions on City water, sewer, and transportation SDCs, and can also recommend exemptions for parks SDCs levied by the Bend Park and Recreation District. Upon approval, the exemptions are structured as a forgivable loan at 3 percent annual interest, with no payments due as long as the property remains affordable for at least five years. If the affordability restrictions are removed within five years of the project’s completion, the SDCs become payable, with interest, by the original applicant.<sup>2</sup>” ([OREGON SYSTEM DEVELOPMENT CHARGES STUDY](#), pages 120-121; and [Bend Municipal Code 12.10.120](#))

Eugene: The City provides SDC exemptions for both rental and homeownership affordable housing projects. For rental developments, the income limit is set at 60% of the area median income (AMI), while for homeownership projects, it is 80% of the AMI. The affordability requirement must be maintained for a minimum of five years. The city utilizes a Request for Proposal (RFP) process to allocate these exemptions. ([Eugene Program Description](#) and [Eugene Municipal Code 7.725](#))

Portland: Affordable housing developments are exempt from all system development charges. To be eligible for the program, the applicant must have site control and the proposed development must meet the affordability requirements. The terms and conditions are outlined in a recorded Regulatory Agreement (requirements differ for rental vs for sale units). (System Development Charge (SDC) Exemption Program | [Portland.gov](#))

Salem: The City provides SDC waivers for affordable housing. Launched in 2019, the waivers for affordable housing have been used by approximately 14 projects that have included a total of nearly 800 housing units as of April 2024. (Existing Housing Policy Review, Potential Actions, Main Barriers, Salem HPS, ECOnorthwest, December 2024 and [Salem Municipal Code 41.150](#))

Tigard: The City allows for exemption of city transportation and park Systems Development Charges (SDCs) for regulated affordable housing (at or below 80% of median household income for a minimum of 20 years). SDCs for water, sanitary sewer, and stormwater systems are not exempt under this program. (<https://www.tigard-or.gov/home/showpublisheddocument/1410/638015990136470000>)

## Available Research and Evaluation

The Oregon System Development Charges Study describes the extent to which SDCs impact the cost of building affordable housing:



- As of 2019, SDCs averaged more than \$8,000 per affordable housing unit on average across the state. (Blue Sky Consulting Group, “Affordable Housing Cost Study: Analysis of the Factors That Influence the Cost of Building Affordable Housing in Oregon” (Oregon Housing and Community Services, June 27, 2019).)
- “Over \$7 million of affordable housing funding has gone towards SDCs over the past 10 years for projects within the City of Hillsboro alone. This represents nearly 6 percent of the total development costs on average.” ([OREGON SYSTEM DEVELOPMENT CHARGES STUDY](#), page 85)
- “SDCs represent a small share of overall affordable housing costs; however, given the number of new affordable housing units funded by OHCS each year, the total SDC-related expenditures associated with affordable housing development are likely substantial.”

It also describes the benefits of exemptions ([OREGON SYSTEM DEVELOPMENT CHARGES STUDY](#), pages 118-119):

The Oregon System Development Charges Study (2022) identified “two main benefits of SDC exemptions, based on their reduction to development costs: Less funding from state, federal, or local sources is needed to make a given affordable housing development financially feasible. This can mean less time and effort spent securing gap financing, particularly for smaller projects and those not using typical funding sources... [and] Lower costs help projects score better for competitive funding opportunities, which often score projects based, in part, on costs per unit.” ([OREGON SYSTEM DEVELOPMENT CHARGES STUDY](#), page 118) Additional specific impacts identified based on the funding source(s) and project scale include:

- “Low Income Housing Tax Credit (LIHTC) projects: SDCs are included as an eligible cost in calculating tax credit equity for a given project, which means that waiving SDCs reduces development costs but also reduces the amount of equity available to the project to some extent. (Tax credit equity typically covers roughly 30-70 percent of project costs depending on the specific tax credit program, with the balance coming from loans or gap financing.) While exemptions are still beneficial, and interviews with affordable housing developers suggest that they can make a difference in making projects work, only a portion of the savings translates into reduced need for gap financing or debt. However, some LIHTC funding that is awarded competitively includes a scoring system related to a project’s cost-effectiveness relative to similar projects, so reducing or eliminating SDC costs can help achieve a higher score by reducing the cost per unit.199
- “Other competitive state funding sources: Many state funding programs for affordable housing have limits on the amount of funding per unit and projects needing less subsidy per unit are scored higher.200 For these projects, all cost reductions are helpful and benefit the project on a dollar-for-dollar basis.
- “Small projects and other funding sources: Smaller affordable projects that may have many smaller funding sources tend to be more sensitive to development cost per unit because of the difficulty of securing funding. This can include affordable middle housing development, some affordable homeownership projects, and other small, innovative



projects. For these projects, the primary concern is closing the gap between project costs and what the affordable units will generate in revenue, and waiving SDCs can offer a substantial benefit.”

The study also notes potential draw-backs: “if the funding not provided for SDCs needs to be made up from other state, federal, or local sources, then exemptions shift that cost from one funding source to another. Funds for both affordable housing and local infrastructure investments are in short supply relative to needs.” ([OREGON SYSTEM DEVELOPMENT CHARGES STUDY](#), page 119)

Finally, the study provides examples of the impact of several jurisdictions’ exemption programs:

- “Between 2016 and 2021, Bend granted exemptions on 577 units of affordable housing, for a total value of \$5.2 million. Nearly all of these exemptions have been granted to nonprofit developers of affordable housing. ... For the few projects by market-rate developers in Bend that have been granted SDC exemptions to date, the program achieved only short-term affordability.” ([OREGON SYSTEM DEVELOPMENT CHARGES STUDY](#), pages 120-121)
- Portland’s HOLTE program and associated SDC exemption is noted to have helped deliver over 1,300 units at a range of affordability levels from its inception through 2018, with units from a mix of nonprofit and for-profit developers. The study notes examples of homes built by market-rate developers that have offered a lower price to qualifying buyers than to other buyers, passing on the SDC savings associated with the exemption directly. ([OREGON SYSTEM DEVELOPMENT CHARGES STUDY](#), pages 122-123)

## Customization & Implementation Considerations

Since SDC revenues are needed to expand or make infrastructure system improvements, some jurisdictions interpret SDC laws and ratemaking principles to require backfilling foregone revenue. However, other jurisdictions have implemented SDC exemptions without explicitly backfilling. The Model Municipal Code language included herein only covers the exemption, not alternative sources to replace lost revenue.

To customize this ARA to reflect local needs and circumstances, a jurisdiction will need to make a number of program choices. Each is described below.

- The types of SDCs which are within the jurisdiction’s control (e.g., parks, transportation, water, wastewater, and stormwater) and which will be subject to the exemption.
- Whether the jurisdiction will be offering a full exemption or a reduction (or both depending on the qualifications of the project).
- Whether the exemption will apply to all qualified projects (this is the approach taken in the attached Model Municipal Code) or whether the jurisdiction will be establishing a fixed budget (i.e., an annual cap) for its SDC exemptions (the City of Eugene uses this approach, [Eugene Program Description](#)).



- Setting a “cap” allows a jurisdiction to control the overall financial impact of the exemption, but necessitates additional steps to ensure the equitable distribution of available funds, including:
  - Determining the budget available for the coming fiscal year.
  - Providing notice to affordable housing developers of available funds.
  - Establishing an open and competitive application process including specifying submittal materials, etc.
  - Establishing a selection process, including criteria by which to rank the applicants.
- Setting a cap also decreases predictability and increases the effort required for applicants.
- The types of projects that should qualify, including:
  - An “automatic” exemption for projects undertaken by the jurisdiction or housing authority or others.
  - Home ownership and/or rental housing (including lease-to-own).
  - Minimum level of affordability required to qualify for different types of projects.
  - Minimum duration of affordability (e.g., 5 years, 20 years, 30 years, etc.).
- The steps that will be taken to ensure that the units remain affordable for the approved duration.
  - The structure of the obligation (e.g., Bend structures SDC exemptions as a forgivable loan, [Bend Municipal Code 12.10.120](#))
  - The covenants or deed restrictions that are needed for rental and ownership projects.



## Model Municipal Code

*Note: Model municipal code draws primarily on examples from Bend, Eugene and Salem.*

Notes, optional items, and text to be filled in by the jurisdiction are shaded in gray and in [brackets].

### Municipal Code Amendments

Amend chapter related to System Development Charges. NOTE: revisions to the SDC methodology may also be required.

### XX.XXX Exemptions

The system development charge[s] imposed under this chapter shall not apply to the following:

- A. [Any [affordable housing] development which is, or by agreement will be undertaken by, the City, Oregon; the Housing Authority of the City.]
- B. A unit of [rental] housing located in a housing project of one or more housing units that meets the following standards:
  1. The housing unit is affordable to households as follows:
    - a. Rental housing units (including lease-to-own) must be affordable to households with an income at or below [insert number] percent of the area median income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.
    - b. Owner-occupied housing units must be affordable to households with an income at or below [insert number] percent of the area median income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.
  2. Eligible units shall meet the criteria in this subsection for a minimum period of [number] years from the date the Certificate of Occupancy is issued.
  3. A deed restriction is recorded that maintains affordability of the property as required in this subsection for not less than the specified number of years [elected for exemption]; and



4. In the event that the project or portion of the development subject to this subsection is no longer affordable as required in this subsection, the exemption shall terminate, and the City shall make due and payable all previously exempt portions of the system development charges based on rates in effect on the date of submittal of a complete building permit application, plus accrued interest from the date of issuance of the building permit to the date of the termination of the exemption. The City may collect reinstated system development charges by filing a lien in the City's lien docket, or by recording a lien in the lien records of the applicable county.
  
5. Upon satisfaction of the covenant for the full duration, continued residential use will be considered an "existing use" for purposes of calculating credits against future SDCs due. No credit for existing use will be provided on redevelopment to a nonresidential use, at any time following satisfaction of the covenant for the full duration.



## Action Sheet

2B	System Development Charge Deferral for Housing	
Completeness	ARA Components	Key Needs Addressed
<b>Level 2: Requires some sensitivity, feasibility, and applicability testing or customization for the local context</b>	<ul style="list-style-type: none"> <li>Model municipal code</li> </ul>	<ul style="list-style-type: none"> <li>Type–housing mix</li> <li>Type–stock by tenure</li> <li>Overall production</li> <li>Affordability</li> </ul>
Description	<p>An SDC deferral would result in a jurisdiction collecting SDCs later in the development process. SDCs are most commonly collected at Building Permit issuance, but under statute they may be collected at “the time of increased usage of a capital improvement” or “connection to the capital improvement”, which allows flexibility to collect the fees when construction is complete, for example, at final inspection or at issuance of a Certificate of Occupancy. (OREGON SYSTEM DEVELOPMENT CHARGES STUDY)</p>	
Impact	<p>Medium. Reduces carrying costs for development, which can particularly benefit smaller developers (both market-rate and affordable). It is likely to be most valuable and effective where SDCs are highest and when financing costs are highest.</p>	
Applicability	<p>This ARA could work for any jurisdiction that has SDCs that they control.</p>	



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## Case Studies & Evaluation

### Oregon Examples

Tigard: SDCs are calculated when a permit application is submitted. Water SDCs are payable at purchase of a water meter; other SDCs are due prior to final inspection or issuance of an occupancy permit, whichever is the city's final action. No special application or other guarantees are required. ([System Development Charges \(SDC\) | City of Tigard](#) and [Tigard Municipal Code Section 3.24.080](#))

Portland: In April 2023, the Portland City Council approved a temporary ordinance allowing developers to defer SDC payments for new housing projects for up to 24 months from the date of permit issuance without interest. ([SDC Announcement | City of Portland](#))

Bend: Effective January 1, 2025, the City of Bend's SDC Deferral Program is available for all residential developments. This program allows developers to defer SDC payments until the Certificate of Occupancy is approved. For multi-family developments, Parks SDCs can be deferred, while for other residential developments, deferrals are available for all SDCs. ([SDC Deferrals | City of Bend](#))

Madras: Subject to the availability of City resources, the City Administrator may enter into an "SDC Deferred Payment Agreement." Unless a different period is specified in a resolution adopted by the City Council, the deferment shall not exceed one year, issuance of a final certificate of occupancy, actual occupancy, or initiation of use, whichever occurs first. [3.40.130 Collection of charge | Madras Municipal Code](#)

Sherwood: Provides a deferral only if the total City SDCs (Transportation and Parks) are more than \$50,000. Payment is due by Certificate of Occupancy. [Code of Ordinances | Sherwood, OR | Municode Library](#)

Medford: Single-family residential SDCs may be deferred until time of sale of the home, or time of actual occupancy, whichever is first. Multi-family residential SDCs may be deferred until issuance of certificate of occupancy, time of sale, or time of actual occupancy, whichever is first. For larger projects, there are limits on the amount that may be deferred. <https://medford.municipal.codes/Code/3.739>

### Available Research and Evaluation

The Oregon SDC study provides the following information about the impact and trade-offs associated with SDC deferral ([OREGON SYSTEM DEVELOPMENT CHARGES STUDY](#), pages 113-115):

- "Many service providers raised concerns about an increase in administrative costs and increased risk of nonpayment. Some testimony points to particular concerns around the potential for deferring SDCs until time of sale rather than certificate of occupancy, because local governments are not involved in the sale transaction.
- "The effort (and cost) required to collect SDCs varies with the public agency's leverage at different points in the development process. For most public agencies, their moment



of maximum leverage is when building permits are issued. If full payment of SDCs is a requirement for obtaining building permits, the public agency need not worry about enforcing payment, because developers are unlikely to begin work before building permits have been issued. While development is required to obtain a certificate of occupancy when the building is constructed prior to its use, some service providers expressed concern that the public agency's leverage is greatly reduced at this stage, out of concern that some developers may forgo the certificate of occupancy in order to avoid the fee. Other service providers noted that they make scheduling a final inspection contingent on the SDCs being paid, which has avoided these issues.

- “deferral programs have had mixed results in different communities. All noted an increase in administrative effort, but the magnitude ranged from less than an hour of staff time per application to multiple hours for multiple staff, depending on permitting systems and deferral program requirements. The most challenging non-payment issues reported were linked to commercial development, though some reported needing to follow up with residential developers when payment was due (e.g., if there was a time limit on the deferral in addition to a trigger at certificate of occupancy). Several reported little use of the program, while others see (or saw) substantial usage.
- “When a developer must pay SDCs can impact financial feasibility, because SDCs add costs before the value of the development is fully realized. The earlier that SDCs are paid, the longer the developer must “carry” the costs. The total cost of SDCs to developers includes not only the SDC amount but also the added interest payments associated with it if it needs to be financed over the construction period.
- “A delayed or deferred payment of SDCs would reduce the carrying costs and reduce the total cost of housing development at the margin. The likely impact is greater for projects that take longer to build and greater for developers that are less creditworthy and would borrow at a higher interest rate. For developers who opt to pay SDCs from working capital rather than adding them to the construction loan, developer interviews suggest that there is still an opportunity cost associated with tying up the developer's available funds. Some suggested that this up-front cost means less money is available to pay for other pre-development and early construction costs that can accelerate project delivery.
- “While many developers pointed to timing of SDC payment as a factor that impacts their developments, others expressed indifference at when the cost is paid and whether it is financed, given that the construction loan is generally capped at a fixed percentage of total project costs, and the same amount will need to be financed either way.

## Customization & Implementation Considerations

To customize this ARA to reflect local needs and circumstances, a jurisdiction will need to make a number of program choices. Each is described below.

- The types of SDCs which are within the jurisdiction's control (e.g., parks, transportation, water, wastewater, and stormwater) and which will be subject to the deferral.



- The types of projects that should be eligible for SDC deferrals (e.g., all residential projects, multi-unit projects over a certain number of units, or affordable housing, etc.) and whether all SDCs be available for deferral for all project types.
  - If choosing to limit deferrals to a subset of residential projects, then eligibility criteria will be needed. For jurisdictions that are also implementing ARA 2A, criteria for these two actions should be considered together.
- Whether payment of SDCs at certificate of occupancy will be the standard protocol (see **Model Municipal Code - Option 1**) or only available upon request (see **Model Municipal Code - Option 2**).
- If only available upon request:
  - The amount of time provided by the deferral. The deferrals could be “indefinite” (i.e., payment is due whenever the final approval is issued) or could be a time limit (e.g., 24 months).
  - The administrative fee and or “recovery fee,” if any, that will be charged. The City of Bend add a 2% recovery fee to the total due ([SDC Deferral Program | City of Bend](#)).
  - If deferral is for a limited time, the enforcement mechanism. In the City of Portland failure to pay system development charges in full within 24 months of the issuance of a qualifying building permit results in the accrual of interest at the City’s default interest rate. Penalties and collection charges may also accrue. ([SDC Ordinance | City of Portland](#))
- Whether modifications to the permit tracking procedures or systems are needed to allow for the later payment timeline.



## Model Municipal Code

Notes, optional items, and text to be filled in by the jurisdiction are shaded in gray and in [brackets].

Amend chapter related to System Development Charges.

### Option 1: Deferred Payment as Standard Protocol

Note: this option based on City of Tigard <https://ecode360.com/43649456#43649512>

#### **XX.XXX**      **Payment.**

A. SDCs are calculated and are due and payable as follows:

1. Calculation. SDCs are calculated based on the fees in effect at the time of submission of the complete building or plumbing permit application to which the fees relate. If a building or plumbing permit is not required and a land use decision is required, SDCs are calculated based on the fees in effect at the time of submission of the complete land use application to which the fees relate.

2. Due and Payable.

a. [Water SDCs are due and payable upon purchase of a water meter.]

b. All other SDCs are due and payable prior to the earlier of:

i. Issuance of a temporary certificate of occupancy, if applicable; or

ii. Prior to final inspection or the issuance of a permanent certificate of occupancy, whichever is the city's final action on the building or plumbing permit to which the fees relate.

c. If a building or plumbing permit is not required and a land use decision is required, all other SDCs are due and payable upon issuance of the land use decision to which the fees relate.

B. The city may not issue any certificate of occupancy or final inspection approval or allow a connection to the city's systems until all applicable SDCs have been paid in full unless an exemption has been granted pursuant to Section [XXX] or installment payment arrangements have been made pursuant to Section [XXX].



C. If development commences or a connection is made to the city's [water, sanitary sewer, or stormwater] systems without the required building permit or land use approval, all applicable SDCs will be immediately due and payable

## Option 2: Deferred SDC Payment by Request

*Note: this example based on City of Bend (<https://bend.municipal.codes/BC/12.10.105>)*

### **XX.XXX**      **Payment Deferral.**

A. The City may defer payment of SDCs from the time payment is otherwise due until the time a certificate of occupancy is issued or final inspection is approved or the City accepts public infrastructure, as applicable to the particular development for which SDCs are due, subject to the provisions of this section. Deferral is not available for development for which SDCs are applicable and no building permit, certificate of occupancy, or City acceptance of infrastructure is required.

B. The following type(s) of development are eligible for deferral:

1. [All residential development, and the residential components of mixed-use development]
2. [Affordable housing development, as defined in XXX]

C. An application for deferral must be submitted and the deferral approved by the City before the SDC is payable under Section [XXX] or before the building permit or other development approval is accepted. An application for a deferral under this section must be accompanied by and pay a fee established by Council resolution to cover all the City's costs associated with the deferral. The City may charge interest on deferred SDCs, at a rate established by resolution. No additional agreement is necessary to receive a deferral under this section.

D. All deferred SDCs must be paid before the City will issue an occupancy permit or final inspection.

E. Occupancy of the development before payment of the applicable SDCs is prohibited.

F. The amount of SDCs due is the amount due at the time the SDC became payable under Section [XXX], regardless of whether the SDC rates have increased by the time payment is due under a deferral under this section. The amount of SDCs due shall be determined as of the date the occupancy permit is applied for.



## Action Sheet

2C		Multiple-Unit Property Tax Exemption	
Completeness		ARA Components	Key Needs Addressed
<b>Level 2. Requires some customization for the local context</b>		<ul style="list-style-type: none"> <li>• Model ordinance language</li> <li>• Model municipal code</li> </ul>	<ul style="list-style-type: none"> <li>• Characteristic: Accessibility (can also be applied to address other needs)</li> </ul>
Description		<p>The Multiple Unit Property Tax Exemption (MUPTE) is a tax exemption enabled under state law (ORS 307.600 – 307.637) and adopted locally. MUPTE provides a 10-year partial property tax exemption on new or rehabilitated multiple-unit housing (i.e., middle housing, multi-unit/multifamily housing) if the property meets criteria set by the jurisdiction related to design features or other public benefits. The exemption applies to 100% of the residential portion of the property’s improvement value but does not apply to the land value. The exemption does not apply to any nonresidential portions of the development unless the nonresidential component is a required feature of the development to qualify for the abatement.</p> <p>The model language in this ARA establishes a property tax exemption (on the adopting jurisdiction’s taxes only) for <b>multiple-unit housing that exceeds building code accessibility requirements</b>, with options for other ways to focus the incentive.</p>	
Impact		<p><b>Medium/High.</b> Reducing property taxes increases the development’s feasibility and can encourage more housing of this type to be built. In particular, reducing the property’s tax burden can help lower operating costs for the development. MUPTE can provide a powerful financial incentive, depending on the extent of the tax abatement (city taxes only vs. all taxing districts). Depending on the costs associated with exceeding accessibility requirements in building code and how much of the total tax rate is controlled by the city, this could prove to be a valuable incentive for qualifying development. Effectiveness also depends on local market conditions for rental housing development.</p>	



### Applicability

**High.** This ARA could be implemented by both large and small cities. A number of cities in Oregon have implemented tax exemption programs under the authorizing statutes, though the program names and requirements vary between jurisdictions.

## Case Studies & Evaluation

### Oregon Examples

Several Oregon cities, including [Bend](#), [Salem](#), [Portland](#), [Newport](#), [Corvallis](#), and [Cottage Grove](#), have implemented MUPTE (or a differently named program under the same enabling legislation) in a flexible way that allows projects with a range of public benefits to qualify. Some have added specific provisions related to accessibility:

- [Cottage Grove](#) includes “Facilities for persons with disabilities” as an eligible public benefit in their program, among other features. As of 2022, the program had resulted in six projects (148 dwelling units), including a fourplex that provided a fully ADA accessible unit on the ground floor. (Cottage Grove Housing Implementation Plan Background Report by ECONorthwest, June 2022, page 5)
- [Salem’s MUHTIP](#) program includes “Facilities for the handicapped” as an eligible public benefit in their program, among other features. The program has been used by several developments in the downtown, though data on specific accessibility features of those developments is not readily available.

### Available Research and Evaluation

In 2023, the Oregon Legislative Revenue Office released a review titled "Property Tax Exemption Review: 2025 Oregon Legislative Session." ([Link](#)) This document examines the efficiency and impact of multi-year property tax exemptions, including those for housing. It notes that while these exemptions can make housing projects more financially feasible, there is limited data on their direct impact on the quantity of affordable housing developed. The review also highlights concerns about the potential loss of property tax revenue and the need for alternative funding sources to maintain infrastructure investments.

## Customization & Implementation Considerations

To customize this ARA to reflect local needs and circumstances, a jurisdiction will need to make a number of program choices. Each is summarized below.

- **Eligibility Criteria.** The local jurisdiction determines what features allow multiple unit development to qualify for MUPTE and must specify a geographic area for eligible development.



- *Geography* – MUPTE must be focused in “core areas” or areas adjacent to transit, but the jurisdiction can choose which specific areas are eligible. The jurisdiction could designate particular zoning districts or overlays, such as core/downtown areas, and/or properties within a certain distance of transit service. (ORS 307.606(2) allows MUPTE to be applied jurisdiction-wide but only when paired with certain affordability requirements.)
- *Unit Count* – Jurisdictions must specify the minimum number of units in a qualifying structure. (The statute does not dictate minimums or maximums.) Several jurisdictions set the minimum at three dwelling units, thereby qualifying most middle housing types as well as multi-unit (multifamily) housing. Four or more units may be an appropriate threshold if the local focus is on accessible housing, since four units is the threshold for accessibility requirements under the Fair Housing Act (see Accessibility Requirements section below).
- *Specific Accessibility Requirements* – There are a range of possible approaches for required accessibility features. See the Accessibility Requirements and Options section below.
- *Other Public Benefits* – While this ARA targets the MUPTE program to encourage accessibility, jurisdictions could consider additional public benefits that could be required in addition to, or instead of, accessibility. Other potential public benefits include affordability at various income levels, ground-floor commercial space, open space or recreation facilities, child care facilities, transit amenities, pedestrian design elements, and sustainability features. In considering other public benefit criteria, the jurisdiction should consider the relative value of these factors (accessibility vs. other features), as developers may weigh them differently based on feasibility or cost. Other examples of how MUPTE can be used include:
  - To make mixed- income or fully regulated affordable housing anywhere in the jurisdiction financially feasible. If used for housing with affordability restrictions, the exemption can continue as long as the restrictions remain in place. The statute does not specify affordability criteria, so the jurisdiction has discretion to set the criteria it would use to enter into an affordability contract.
  - As an incentive for rehabilitating and preserving affordability in older multiple-unit housing. Jurisdictions have the option of offering MUPTE as an incentive to property owners of older low-cost market housing to rehabilitate properties and maintain some level of affordability or limit rent increases. This approach is not yet in use in Oregon.
- **Local vs. Overlapping Taxes.** This program applies only to the adopting jurisdiction’s share of property taxes unless other taxing districts representing at least 51% of the combined levy (in combination with the adopting jurisdiction) agree to the exemption, in which case taxes from all districts are included. Even if districts representing less than 51% of the combined levy agree, other taxing bodies can choose to join. For example, if the county agreed to participate in the program, county taxes could also be included in the exemption even if it was insufficient to meet the threshold. For simplicity and ease of



implementation, the model language in this ARA limits the exemption to the local jurisdiction's tax levy only.

- **Means of Adoption and Decision.** Statute specifies that MUPTE must be adopted by ordinance or resolution after a public hearing. Several of the example cities listed above also make decisions about individual MUPTE applications via resolution, though this is not required.

## Context for Establishing Accessibility Requirements and Options

As summarized below, federal law and Oregon's state building code already require a certain number of units in multiple-unit housing and multifamily buildings to have accessibility features. ARA 2C focuses on encouraging housing that exceeds these accessibility requirements.

### Existing Building Code Requirements

For multi-unit developments with more than 20 units, the building code requires at least 2% (but not less than one dwelling unit) to be designed as "Type A" units. Type A units are required to have certain features for wheelchair access, including accessible entrances and doorways, maneuvering clearances, and must have certain features that can be modified or added based on the tenants' needs—such as reinforced walls for adding grab bars in bathrooms.

Multi-unit developments with four or more units are also subject to the Fair Housing Act, which has additional standards for adaptable ("Type B") units. For buildings with an elevator (typically 4+ story buildings), all units must be Type B units, per the building code; for those without an elevator, all ground floor units must be Type B. (Note that multi-level units such as townhouses are excluded from these requirements.) Type B units are considered "adaptable," in that they are usable by a person in a wheelchair, but are not fully wheelchair friendly. For example, interior doors must allow clear widths for wheelchair access, but only the front door is required to meet the higher accessibility/maneuvering requirements. Other adaptability features must also be included.

Additionally, housing projects receiving public funding—i.e., income-restricted, subsidized housing—are subject to federal laws (Section 504 of the Rehabilitation Act of 1973 and/or Title II of the ADA), which require at least 5% of units to be mobility-accessible.

### Exceeding Building Code

A jurisdiction could take various approaches when specifying how MUPTE-qualified developments must exceed the building code accessibility requirements:

- **More Type A units.** The jurisdiction could require more units to be Type A (vs. Type B) units to offer greater levels of accessibility for units that can be reached without stairs. Relying on these existing statewide code standards would be a relatively straightforward



approach because the standards are already in place. This is the approach used in the ARA model municipal code, with a specific focus on the Type A standard.

For multi-unit development that is not subject to Fair Housing Act requirements or commercial building code requirements for Type A and/or B units (e.g., cottage housing where units are on a single lot and rented rather than for-sale, townhouse-style multiunit housing, or duplexes and triplexes), jurisdictions could consider alternative approaches to defining accessibility requirements, such as:

- **Meeting Type B standards on the ground floor**, with cooking, sleeping, and bathing facilities on the ground floor.
- **Universal Design.** Organizations such as AARP focus on encouraging “universal design,” which takes a more holistic approach to making housing work for a broad range of people and needs. Universal design is a more qualitative approach that is harder to regulate, but could be used as a criterion for a discretionary program such as MUPTE. Also, certain organizations – such as the West Virginia Housing Development Fund – have developed their own [Universal Design Standards](#), which could serve as inspiration for local programs.
- **Visitability** is a design approach for housing that allows anyone who uses a wheelchair or other mobility device to visit the home. Some jurisdictions, such as the City of Portland, have requirements or incentives that focus on making more units (that are not covered by the Fair Housing Act or other code requirements) visitable by those with disabilities. A visitable home typically includes:
  - A zero-step entrance;
  - Wide interior doors; and
  - A half bathroom on the main floor.

The building code’s “Type C” standards provide specifications for visitable units, which could be referenced by, or incorporated into, the MUPTE requirements.



## Model Ordinance Language

*Note: In order for this Adoption Ready Action to be helpful to jurisdictions, the state has developed model ordinance language and a model municipal code based on statute.*

Notes, optional items, and text to be filled in by the jurisdiction are shaded in gray and in [brackets].

**[JURISDICTION]**

**ORDINANCE NO. [X]**

**AN ORDINANCE AMENDING TITLE [X] OF THE [JURISDICTION] MUNICIPAL CODE REGARDING THE ESTABLISHMENT OF A MULTIPLE-UNIT PROPERTY TAX EXEMPTION PROGRAM WITH ACCESSIBILITY REQUIREMENTS**

**WHEREAS**, State of Oregon statutes ORS 307.600 through 307.637 authorize cities to establish and design programs to attract new development of multiple-unit housing in core areas and in transit oriented areas by means of a local property tax exemption; and

**WHEREAS**, statutes ORS 307.600 through 307.637 allow a jurisdiction to establish eligibility requirements based on design elements which benefit the general public; and

**WHEREAS**, [Jurisdiction] specifies with the passing of this ordinance that design elements benefitting the general public include housing with accessibility features above and beyond building code requirements; and

**WHEREAS**, [Goal / Policy X] is “[applicable Goals and Policies supporting the development of housing, multiple-unit housing, housing within the urban core and/or transit-oriented housing, and/or more accessible housing]”; and

**WHEREAS**, [title, date, and relevant findings on multiple-unit housing and accessible housing needs from most recent Contextualized Housing Needs assessment]; and

**WHEREAS**, [title, date, and relevant recommendations from the most recent Housing Production Strategy or other housing plan(s)]; and

**WHEREAS**, the latest [U.S. Census or American Community Survey] data calculate that [relevant data on disability rates, accessibility needs, and accessible housing stock]; and

**WHEREAS**, a Multiple-Unit Property Tax Exemption enabled through ORS 307.600 to 307.637 will encourage much-needed housing development in [Jurisdiction]; and

**WHEREAS**, after a public meeting held on [date], the [public hearing body] determined that multiple-unit housing meeting the qualifications of ORS 307.600 to 307.637 would not otherwise



be constructed or created without the benefits of a Multiple-unit Property Tax Exemption; now therefore

**[JURISDICTION] ORDAINS AS FOLLOWS:**

**Section 1.** [Jurisdiction] Municipal Code [Chapter X], Multiple-Unit Property Tax Exemption, is hereby established as illustrated in Exhibit "A."

**Section 2.** This amendment is based on [decision-making body, e.g., City Council] determination, after a public hearing, that the adoption of the Multiple-Unit Property Tax Exemption, as detailed in Exhibit "A", is in compliance with ORS 307.600 to 307.637 and with the [Jurisdiction] Housing Element. Its adoption is therefore in the public interest and will serve in the health, safety, and welfare of the residents of [Jurisdiction].

**Section 3.** This ordinance shall take effect 30 days after passage.

Date adopted and read by title only: [X].

Signed by the [Respective Authority, e.g., Mayor] on [X].

X

\_\_\_\_\_  
Mayor

ATTEST:

X

\_\_\_\_\_  
City Recorder

APPROVED AS TO FORM:

X

\_\_\_\_\_  
City Attorney



## Model Municipal code

Notes, optional items, and text to be filled in by the jurisdiction are shaded in gray and in [brackets].

### Chapter [X] MULTIPLE-UNIT PROPERTY HOUSING TAX EXEMPTION

- [X].010 Purpose
- [X].020 Definitions
- [X].030 Duration of Exemption; Inclusions and Exclusions
- [X].040 Eligibility Criteria
- [X].050 Application Procedure
- [X].060 Change of Use
- [X].070 Review of the Application
- [X].080 Termination
- [X].090 Extensions

#### [X].010 Purpose.

- A. [Jurisdiction] adopts the provisions of Oregon Revised Statutes 307.600 through 307.637, and administers a property tax exemption program for multiple-unit housing development authorized under those provisions referred to as the Multiple-Unit Property Tax Exemption (MUPTe) program.
- B. In addition to meeting the legislative goals set forth in ORS 307.600, the program also seeks to support the production of [housing units that are accessible to individuals with disabilities in numbers that exceed those required by the building code].
- C. Provide transparent and accountable stewardship of public investments.

#### [X].020 Definitions.

As used in this Chapter:

- A. "Accessible unit" means a unit of housing that complies with the "Type A" requirements applicable to units as set forth in the Standard for Accessible and Usable Buildings and Facilities published by the International Code Council and as referenced by the state building code.
- B. "Applicant" means the individual or entity who is either the owner or a representative of the owner who is submitting an application for the tax exemption program.



- C. “Lender” means any person who makes a loan, secured by a recorded mortgage or trust deed, to finance the acquisition, construction, addition or conversion of multiple-unit housing.

**[X].030 Duration of Exemption; Inclusions and Exclusions.**

- A. Multiple-unit housing granted an exemption under this Chapter may be exempt from ad valorem taxation for up to 10 successive years.
- B. The first year of exemption is the assessment year beginning January 1 immediately following the calendar year in which construction, addition, or conversion is completed, determined by that stage in the construction process when, pursuant to ORS 307.330, the improvement would have gone on the tax rolls in the absence of the exemption.
- C. The exemption may not include the land, nor any improvements located thereon that are not a part of the multiple-unit housing, but may include parking constructed as part of the multiple-unit housing construction, addition, or conversion.
- D. In the case of a structure to which stories or other improvements are added or a structure that is converted in whole or in part from other use to dwelling units, the entire multiple-unit housing, including the additions to the structure and converted structures, may be exempt from taxation.
- E. The exemption provided under this Chapter is in addition to any other exemption provided by law. However, no property may be exempt beyond 100 percent of its real market value.

**[X].040 Eligibility Criteria.**

To be eligible for the property tax exemption provided by this Chapter, multiple-unit housing must be a newly constructed structure(s), stories or other additions to existing structure(s), or structures converted in whole or in part from other uses to housing, and must meet the following criteria:

- A. *Number of Units.* The building must include a minimum of [four] housing units that are not used as transient accommodations rented for less than thirty consecutive days (i.e., excluding hotels, motels, and other transient accommodations).
- B. *Timing.* The construction, addition, or conversion of housing units must be completed on or before January 1, 2032, or as specified in ORS 307.637.
- C. *Location.* The property must be located in the designated area, as identified in Map [adopted map name/number]. [Instead of a map, this could also include a written description of the geographic boundaries, the applicable zoning designation(s), and/or



description of a “light rail station area” or “transit oriented area” as defined in ORS 307.603.]

- D. *Local Regulations.* The development must conform to the [jurisdiction’s] applicable comprehensive plan and zoning regulations.
- E. *Accessibility.* At least [10 percent] of the units on the ground floor and on any upper floor served by an elevator, but no less than one unit, must be accessible units.

**[X].050 Application Procedure.**

- A. [Optional:] *Preapplication conference.* The applicant shall request that the [applicable department(s) or director] schedule a preapplication conference no later than [date] of the calendar year immediately prior to the first assessment year for which the exemption is requested.
  - 1. *Preapplication conference request.* Each applicant shall submit in writing, on forms furnished by the [applicable department(s) or director], the following information:
    - a. The applicant’s name, address, and telephone number.
    - b. A preliminary sketch, drawn to an approximate scale of one-inch equals twenty feet, which shows the site plan and major features of the proposed development.
    - c. A written statement which generally describes the location of the proposed development; the number, size, and type of dwelling units; dimensions of structures; public and private access; parking and circulation plans; landscaping; uses; and a description of the public benefit(s) the applicant proposes to include in the project.
  - 2. Prior to the preapplication conference, the [applicable department(s) or director] shall review the information supplied by the applicant and contact, for purposes of facilitating the application process, advisory bodies, departments, or agencies which may be affected by or have an interest in the proposed development.
  - 3. The applicant shall meet with staff of the [applicable department(s)] in the preapplication conference and discuss the applicant’s proposed development. After this conference, the [applicable department(s) or director] shall provide the applicant with a written summary of the meeting, including recommendations to inform and assist the applicant in preparation of the exemption application.
- B. *Application Contents.* The applicant shall apply to the [applicable department(s) or director] no later than [application deadline] of the year for which the exemption is



**requested.** The applicant shall submit an application for exemption in writing on forms furnished by the [applicable department(s) or director] which must show:

1. The applicant's name, address, and telephone number.
  2. A legal description of the property and the assessor's property account number for the site, and indication of site control.
  3. A detailed description of the project, including the number, size, and type of dwelling units; other proposed uses, if applicable; dimensions of structures; parcel size; type of construction; the number, type, and location of accessible units; proposed rental rates or sale prices; and economic feasibility studies or market analysis when appropriate.
  4. A description of the existing use of the property, including a justification for the elimination of existing sound or rehabilitable housing, if applicable.
  5. A site plan and supporting materials, drawn to a minimum scale of one-inch equals twenty feet, which shows in detail the development plan of the entire project, showing all structures and major features of the proposed development.
  6. A description and the monetary value of any other public assistance, including, but not limited to, grants, loans, loan guarantees, rent subsidies, fee waivers, or other tax incentives, which the property is receiving or which the applicant plans to seek.
  7. **Applicant's sworn verification of application contents.**
- C. **Application Fee.** At the time the application is submitted, applicants shall pay an application fee as prescribed by resolution of the [council/commission] after consultation with the county assessor.
1. If the application is approved, [jurisdiction] 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.
  2. If the application is denied, [jurisdiction] shall retain that portion of the application fee attributable to its own administrative costs and shall refund the balance to the applicant.

**[X].060 Change of Use [Optional].**

Notwithstanding the zone of the property on which the proposed project is to be located, no change of occupancy permit or building permit for change of use of dwelling units constructed under the provisions of this Chapter will be issued unless specifically authorized by the [council/commission]. Such a change may be authorized by the [council/commission] on the



basis of the owner's justification of the need to remove the housing resource. No such change of use will be considered within the exemption period approved under ORS 307.612.

**[X].070 Review of the Application.**

- A. The [council/commission] may approve the application if it finds, in accordance with standards and guidelines adopted by [ordinance or resolution] of the [council/commission], that:
  - 1. The property meets all eligibility criteria as provided in Section [X].040; and
  - 2. The project is, or will be at the time of completion, in conformance with the comprehensive plan and zoning regulations.
- B. The [council/commission] shall review the application within 180 days of filing and approve, deny, or approve subject to reasonable conditions the application. Final action by the [council/commission] shall be by resolution that shall contain the owner's name and address, a description of subject multiple-unit housing, 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. An application not acted upon within 180 days following the date of application shall be deemed approved.
- C. If the application is denied, the resolution and a notice of denial shall be sent to the applicant within 10 days following the denial. The notice shall state the reasons for denial.
- D. If the application is approved, on or before April 1 following approval, the [applicable department(s) or director] shall file with the county assessor and send to the applicant at the applicant's last known address a copy of the resolution approving the application. In addition, for each application which is approved, the [applicable department(s) or director] shall file with the county assessor, on or before April 1 following approval, a document listing the same information otherwise required to be in a resolution approving an application under this Chapter.

**[X].080 Termination.**

- A. If, after an application has been approved, the [applicable department(s) or director] finds any of the conditions in (a) through (c), the [applicable department(s) or director] shall send a notice of the proposed termination of the exemption to the owner, mailed to the owner's last-known address, and to any known lender, mailed to the lender's last-known address.
  - 1. Construction of eligible multiple-unit housing was not completed on or before January 1, 2032 or as specified in ORS 307.637;



2. Any provision of this Chapter is not being complied with; or
  3. Any agreement made by the owner or requirement made by the [council/commission] is not being or has not been complied with.
- B. The notice of termination shall state the reasons for the proposed termination, and shall require the owner to appear before the [council/commission] at a specific time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.
- C. If the owner fails to appear and show cause why the exemption should not be terminated, the [applicable department(s) or director] shall further notify every known lender and shall allow the lender a period of not less than 30 days, beginning with the date that the notice of failure to appear and show cause is mailed to the lender, to cure any noncompliance or to provide assurance that is adequate, as determined by the [applicable department(s) or director], to assure the [jurisdiction] that the noncompliance will be remedied.
- D. If the owner fails to appear and show cause why the exemption should not be terminated, and a lender fails to cure or give adequate assurance that any noncompliance will be cured, the [council/commission] shall adopt a resolution stating its findings and terminating the exemption. A copy of the resolution shall be filed with the county assessor and a copy sent to the owner at the owner's last known address, and to any lender at the lender's last known address, within 10 days after its adoption.
- E. Any exemption granted under this Chapter will terminate immediately, without right of notice or appeal, in the event the county assessor determines that a change of use to other than residential or housing has occurred for the multiple-use housing, or portion thereof. Termination will be in accordance with the provisions of ORS 307.627.

**[X].090 Extensions.**

Notwithstanding Section [X].080, if the [council/commission] finds that construction or addition of, or conversion to, the multiple-unit housing was not completed on or before January 1, 2032 or as specified in ORS 307.637, due to circumstances beyond the control of the owner, and that the owner has been acting and could reasonably be expected to act in good faith and with due diligence, the [council/commission] may extend the deadline for completion of construction for a period not to exceed 12 consecutive months.



## Action Sheet

1J		Rental Housing License Program	
Completeness		ARA Components	Key Needs Addressed
<b>Level 1: Requires Substantial Local Preparation</b>		<ul style="list-style-type: none"> <li>Model ordinance language</li> </ul>	<ul style="list-style-type: none"> <li>Characteristic: affordability</li> <li>Type-tenure (rental stock)</li> <li>Also could address AFFH issues</li> </ul>
<b>Description</b>		<p>Jurisdictions could create a rental housing licensing program to license, register, and track the stock of rental housing. This type of program yields valuable data on the rental stock, and can be customized to meet the needs of the jurisdiction. The breadth of data that could be included on the registry includes items such as including contact information for landlords, property or information, or information on rent / rent changes. The licensing program could be coupled with an inspection program, and the program could have a fee structure associated with it.</p>	
<b>Impact</b>		<p>Low. Can provide a city information to help track its housing stock and provide an avenue to identify and address housing condition issues, but does not on its own materially impact housing needs or issues. However, having access to this information can put the City in a better position to implement other policies that may have greater impact (e.g., landlord education, tracking accessible and adaptable units, etc.).</p>	
<b>Applicability</b>		<p>Medium. Most relevant for medium and larger cities.</p>	



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## Case Studies & Evaluation

### Oregon Examples

[Portland](#) has a residential rental registration program that requires all landlords of residential rental properties to register their rentals annually. The registration must include the address of all residential rental units owned within the City. An annual registration fee is required for all units, except regulated affordable housing. This program does not include an inspection component.

[Eugene](#) has a rental housing code ([EMC 8.400 through 8.440](#)) that includes a requirement for registration as well as standards for health and safety of rental units, information and education requirements, requirements related to screening charges and security deposits, and other renter protections.

[Gresham, Oregon](#) requires a rental housing license to maintain or operate a residential rental property in the city. The program includes licenses for mobile homes, rental homes, duplexes, apartments, condominiums or rooms in a lodging house. Gresham charges a rental license fee instead of its business license fee. The registry of rental housing licenses are used to conduct random, mandatory inspections as well as complaint-based inspections to ensure that the city's stock of residential rental properties are in good shape. (Gresham Revised Code [Article 9.55](#))

[Tualatin](#) requires a rental housing license for all rental housing, including manufactured dwellings covered by a rental agreement. The city also has rental housing maintenance standards (Municipal Code [Chapter 06-13](#)) and requires landlords to provide information about those standards to tenants.

[Corvallis](#) requires owners of residential rental units to register units and pay a per-unit fee (Municipal Code section [8.03.300.065](#)). Certain deed restricted affordable units and units for specific populations (seniors, people with disabilities) are exempt from the fee.

[Salem](#) requires a license to operate multifamily dwellings (SRC [59.420](#)). This applies to properties with three or more dwelling units in a structure or on a lot (or contiguous lots) with units or bedrooms offered for rent ([SRC 59.010](#)). Housing owned by certain nonprofit organizations that is inspected by HUD is exempt, along with nursing homes, adult foster homes, and certain other types of housing. Units are subject to inspection at least once every five years for compliance with a broader set of housing code requirements ([SRC Chapter 59](#)).

### Other National Examples

[Renton WA](#) requires all landlords to annually register their residential rental property and self-certify that their units meet the required standards. The city does not require a license.



[Tacoma WA](#) requires owners of rental housing to secure a business license for all properties in the city. The license fee funds issues like crime prevention training, education, inspection and code enforcement services related to rental properties. Landlords must self-certify that their units meet the required health and safety standards.

## Available Research and Evaluation

A study called “Rental Registries and the Business of Providing a Home” by Jane Rongerude found that rental registries can be a useful tool for local governments to monitor their rental housing stock. The information provided in rental registries can help provide transparency about who owns rental housing, increase communication between regulators (cities) and property owners, and can help promote market stability. The study found that registry programs can also be adapted or expanded upon to support a range of housing policy objectives, such as inspections programs to ensure housing meets life, safety, and health standards.

(<https://doi.org/10.1080/01944363.2024.2373918>)

The nonprofit Local Housing Solutions also highlights a few studies that demonstrate how the data provided by rental registries can be useful for studying other housing policies. It highlights work by Kuhlmann et al. (2023) and de la Campa et al. (2021) showing how local governments used rental registry data during the COVID-19 pandemic, work by Garboden and Newman (2012) relating to efforts in Baltimore to preserve low-cost rental housing, as well as a study by Preis (2023) examining the locations that landlords live in comparison to the properties they own.

A Health Impact Assessment of the City of Portland’s rental housing inspection program compared two inspection models: a standard inspection and an enhanced model piloted in East Portland. The study found that rental housing inspections improved the health of rental housing residents, and that the enhanced inspection program had greater potential to contribute to improved health and health equity. (Rental Housing and Health Equity in Portland, Oregon: A Health Impact Assessment of the City’s Rental Housing Inspections Program. Prepared by Oregon Public Health Institute. No date. Available at:

<https://www.pewtrusts.org/~media/assets/2012/08/ophihiafinalreport829.pdf>)

An article published by the Network for Public Health Law notes that enforcement of habitability standards for rental housing through an inspection program can be beneficial for tenant health, but that if it reaches the point of condemnation it can contribute to displacement of tenants.

(“[Avoiding Condemnation of Rental Housing: Alternative Strategies to Prevent Displacement of Tenants While Protecting Health](#),” May 16, 2022, by Colleen Healy Boufides.)

A study by the Pew Charitable Trusts of rental code enforcement in Philadelphia and comparable policies in other cities found that Philadelphia’s program included minimal inspections or other enforcement, and that one of the challenges is a high share of rental housing in single-family structures where there is no visible indication that the units are rented



rather than owner-occupied. The study identified potential promising practices from other cities' programs including periodic proactive inspections, inspecting all of an owners' properties if major violations are found at any of the units, and using public funds or private receivers to make repairs for noncompliant owners. (["Rental Code Enforcement in Philadelphia: How it works, and what other cities are doing,"](#) November 18, 2021.)

[A Guide to Proactive Rental Inspections](#) by Change Lab Solutions (2022) highlights the importance of proactive rental housing inspections in improving housing quality, offers guidance to develop such a program, as well as guidance for equitable enforcement.

## Customization & Implementation Considerations

Many rental housing licensing programs include a fee to cover administrative costs and/or the cost of inspections or other program requirements.

Cities will need to determine:

- How much information to collect and what information is most important
- If, when, and in what circumstances to require inspections, and what maintenance or quality standards to require (if any)
- Whether to exempt regulated affordable housing or other types of housing



## Model Municipal Code

*This example is drawn largely from the municipal codes of Eugene, Gresham, and Salem.*

Notes, optional items, and text to be filled in by the jurisdiction are shaded in gray and in [brackets].

### Rental Housing Code

#### **Xxx.010 Registration**

- 1) All rental housing not excluded under xxx.010(3) shall be registered with the city on a form and in a manner to be determined by the [city manager/Director].
- 2) Such application shall include the following information:
  - a) The applicant's name;
  - b) The names and residence addresses of all persons who are principals, partners, and corporate officers for any applicant that is not a natural person;
  - c) The address to which all mail concerning the license may be sent;
  - d) All business addresses maintained or to be maintained by the applicant in the State;
  - e) Telephone number(s) and email address(es) of the applicant;
  - f) If the applicant has a property manager or other registered agent, the property manager or registered agent's name, address, and all contact information;
  - g) A local emergency contact for the property (emergency contact must live within 75 miles of the property);
  - h) A description of the property to be licensed, including the following:
    - i) Its physical address;
    - ii) Total number of rental units on the property;
    - iii) [The number of Type A units as set forth in the Standard for Accessible and Usable Buildings and Facilities published by the International Code Council and as referenced by the state building code on the property;]
    - iv) [The number of units meeting Type B adaptability requirements on the property;]
    - v) Whether the owner or designated agent resides in the residential rental property;
    - vi) The name of property (if applicable);
  - i) The signature of the applicant, if a natural person, or the signature of an authorized agent of the applicant, if the applicant is other than a natural person; and
  - j) Such other information as the [city manager/Director] may require.
- 3) The following are not subject to the requirements of xxx.010 through xxx.030:
  - a) Transient lodging;



- b) Hospitals and other medical facilities;
  - c) Residential care facilities licensed by the State;
  - d) Institutions providing educational, counseling, religious or similar service, but not including residence in off-campus, non-dormitory housing;
  - e) Occupancy in a dwelling occupied for no more than 90 days by a purchaser prior to the scheduled closing of a real estate sale or by a seller following the closing of a sale, as permitted under the terms of an agreement for sale of a dwelling unit or the property of which it is a part;
  - f) Occupancy by a member of a fraternal or social organization in a structure operated for the benefit of the organization;
  - g) Occupancy in a dwelling by a squatter;
  - h) Occupancy in a vacation dwelling;
  - i) Occupancy in a dwelling by an employee of a landlord whose right to occupancy is conditional upon employment in and about the premises;
  - j) Occupancy by an owner of a condominium unit or holder of a proprietary lease in a cooperative;
  - k) A person who rents a space for a manufactured dwelling, recreational vehicle, or moorage space for a floating home, but does not rent the actual manufactured dwelling, recreational vehicle, or floating home
  - l) Adult foster homes (any family home or facility in which residential care is provided for five or fewer adults who are not related to the care provider by blood or marriage)
  - m) Homeless shelters (a facility operated by a nonprofit corporation where residence is provided to persons needing emergency shelter on a daily or weekly basis, and where individual bath and cooking facilities may be provided)
  - n) Residential homes (a facility that provides, for five or fewer unrelated individuals with developmental or physical disabilities, residential care in one or more residential structures on contiguous properties)
  - o) Retirement apartments to be occupied by persons 65 years of age or older.
  - p) Approved accessory dwellings, sleeping units, or rooming units, occupied by a person or persons from whom the owner does not collect any monetary or other compensation.
- 4) The owner or designated agent must certify the truthfulness and accuracy of the information that is provided in the residential rental property license application.
  - 5) The application shall be accompanied by a nonrefundable application fee.
  - 6) A license issued under xxx.010 is transferable to a new owner after receipt of the handling fee established by council resolution. The handling fee shall be accompanied by a new rental property license application. The new owner will retain the old license number, transferred to the new owner's name, if applicable.
  - 7) The owner or designated agent must inform the manager of any change concerning the information contained in the residential rental property license application within 30 calendar days of such change.



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**Xxx.020 License term and renewal**

- 1) Unless voided, revoked or otherwise suspended, the residential rental property license term shall be for a one year period commencing from the license issuance date. Upon expiration of the license term, or following revocation or suspension of the residential rental property license, the license must be renewed or reinstated, as appropriate, in order to be effective.
- 2) An application for license renewal shall be accompanied by a nonrefundable license renewal fee and shall include the following information:
  - a) The applicant's name;
  - b) The physical address of the property to be licensed;
  - c) Any changes concerning the registered agent of the applicant or any property manager acting on the applicant's behalf;
  - d) The signature of the applicant, if a natural person, or the signature of an authorized agent of the applicant, if the applicant is other than a natural person.
- 3) An application for license renewal shall be approved and a renewal license issued following receipt of the application unless:
  - a) Any licensing fees for the subject property have not been paid in full;
  - b) The applicant provided any untrue or incomplete information on the application for license renewal; or
  - c) The subject property is in violation of any federal, state, or local law or regulation.

**Xxx.030 Fees**

- 1) Any person that owns or operates residential rental property shall pay an annual fee set by council resolution. The fee shall be based on the total number of residential rental units.
- 2) The revenues generated by the fee may be used for:
  - a) Offsetting the costs to the city associated with the enforcement of this Rental Housing Code; and
  - b) Costs associated with providing services to tenants and owners and managers of rental housing, including but not limited to a rental housing navigator position, rental housing data collection, tenant support services, and landlord and tenant education services.
- 3) The following unit types shall be exempt from the fee payment requirements:
  - a) Rentals subject to a federal, state, or local affordability agreement with a recorded deed restriction requiring the units to be rented affordably to households at a defined income level; and
  - b) Rentals that have been approved by the city for an exemption from property taxes pursuant to [reference any applicable local tax abatements for rental



housing] or that are recognized by the city as exempt from property taxes pursuant to ORS 307.092.

- 4) No refunds will be provided after fees are paid if a dwelling unit:
  - a) Ceases to be a rental; or
  - b) Changes ownership.
- 5) For each month in which the fee is not paid by the date specified in the written notice of payment, a penalty shall be assessed to the owner or the owner's agent. The amount of the penalty shall be set by council resolution.
- 6) The [city manager/Director] may initiate appropriate action to collect the fees due. All costs associated with these actions, including attorney fees, may be assessed to the owner or the owner's agent.



## Action Sheet

1E	Affirmative Marketing Requirements for City-Funded Units	
Completeness	ARA Components	Key Needs Addressed
<p><b>Level 1: Actions that are partially developed at the state level, but require substantial local customization.</b></p>	<ul style="list-style-type: none"> <li>• Guidance</li> <li>• Templates</li> </ul>	<ul style="list-style-type: none"> <li>• Expanding housing access and choice across housing characteristics, including:               <ul style="list-style-type: none"> <li>○ Wealth-building opportunities</li> <li>○ Affordability</li> <li>○ Accessibility</li> </ul> </li> <li>• Expanding housing access and choice across locational barriers</li> </ul>
Description	<p>Cities can take extra steps to ensure that members of protected classes are aware of affordable housing units when they become available at initial lease-up of new rental developments or sale of lower-cost homes. This could involve partnering with community organizations such as churches, cultural groups, social services organizations, and Head Start Programs.</p> <p>This action requires developers who receive financial incentives (like property tax exemptions, grants, or loans) or direct support (like infrastructure improvements, land) to conduct outreach to help ensure that low income residents, people of color, people with disabilities, people with limited English proficiency, and others facing challenges when seeking housing have a fair opportunity to apply for it. This approach taps into local social networks and information sources trusted by people who need housing to help get the word out about new housing opportunities. Affirmative marketing typically only applies to the initial lease up of new rental projects and the sale of lower-cost homes.</p>	
Impact	<p><b>Medium.</b> This action helps ensure that new development projects produce fair housing benefits through outreach to organizations serving low income residents, people of color, people with disabilities, and others seeking housing.</p> <p>This is not a stand-alone action. Instead, it is intended to be paired with other actions that provide direct support or financial incentives that promote the financial viability of a project.</p>	



### Applicability

Applicable to jurisdictions providing direct support (provision of land, provision of infrastructure improvements, etc.) or financial incentives (loans, grants, property tax exemptions, etc.) for the development of new projects providing needed housing.

## Case Studies & Evaluation

### National Examples

The City of Seattle Office of Housing requires certain properties benefiting from local affordable housing incentives to have an Affirmative Marketing Plan. At least two weeks before advertising vacancies to the general public, landlords of participating properties must provide notice to the Seattle Housing authority, advertise on the city sponsored portal, and connect with at least three community based organizations to solicit applications from potential residents who might otherwise be unlikely to apply for these units. [Mandatory Housing Affordability - Housing | seattle.gov](#)

- **Program Website:** The City of Seattle Office of Housing has an easy-to-understand website that provides information to developers about the program: [Mandatory Housing Affordability - Housing | seattle.gov](#)
- **List of Outreach Partners:** The City of Seattle maintains a list of agencies for developers to choose from in selecting their three Outreach Partners: [Affirmative Marketing - Organization List.xlsx](#)

### Available Research and Evaluation

Accessing Opportunity: Affirmative Marketing and Tenant Selection in the LIHTC and Other Housing Programs (Poverty & Race Research Action Council): The 2012 report explains the practice and effectiveness of affirmative marketing efforts. It also makes recommendations for improving these efforts including more precise targeting to underrepresented groups and those least likely to apply.

## Customization & Implementation Considerations

Because so much about the success and ease of implementing this action depends on local context, cities will need to make a number of program design choices. The principal ones are described below.

### Triggers for Affirmative Marketing

Cities will need to decide which of its incentives trigger Affirmative Marketing requirements for a project. At a minimum, financial incentives and direct support should trigger Affirmative



Marketing because they represent significant contributions by the city to the viability of a project. Examples include:

- Public land disposition
- Local grants
- Local long-term loans
- Local short-term loans or revolving loan fund for pre development assistance
- Local infrastructure support
- Down Payment assistance programs
- Tax exemptions, abatements, and reductions
- SDC exemptions and reductions
- Permit fee reductions and waivers

Cities may want to also consider other actions as potential triggers, such as:

- Negotiated affordability requirements for new urban areas
- Upzoned residential land
- Inclusionary zoning
- Incentive zoning
- Parking reductions
- Design and development standard flexibility
- Priority permit review
- Development intensity bonuses

## Which Units?

Cities will also need to decide what kind of units in a development should be included in an Affirmative Marketing listing. The City of Seattle only requires that affordable units be included in its Affirmative Marketing Program. Other options include some combination of the following:

- All units
- All rent-restricted units for rental housing
- All price-limited or income-limited units for homebuyer properties
- All units with rents below a city-determined threshold (such as affordable to households earning 80% MFI or less)
- All accessible units (Type A)
- All homebuyer units with accessibility features, such as: at least one zero-step entrance; clear, wide circulation paths; at least one accessible bathroom and bedroom on the main floor; and an adaptable kitchen.
- All units with other specified characteristics, such as those having 3 or more bedrooms.

## Outreach Partners

The city should start by identifying which organizations and entities might be interested in helping to get the word out about new housing opportunities. This might include organizations such as Community Action Agencies, Head Start programs, agencies serving people with



disabilities, culturally-specific organizations, tribal organizations, the local housing authority, senior centers, Habitat for Humanity chapters and other organizations serving potential first-time homebuyers. Depending on local circumstances, local employers, faith-based entities, and school guidance counselors could also play a role.

The city should provide materials to Outreach Partners that describe the program, the kinds of information that they may receive from developers, and what the city is asking them to do when they receive that material. The city should also confirm the following information for each Outreach Partner:

- Entity name
- Phone number
- Mailing address
- Website address
- Contact person (or how to direct communications)
- Email address for transmitting information electronically
- Population served

The city will use this information to generate a list of Outreach Partners that it can provide to developers. See the City of Seattle's list of Outreach Partners here: [Affirmative Marketing - Organization List.xlsx](#). The city should refresh its list of Outreach Partners at least annually.

## Information Provided by Developers to Outreach Partners

Cities can customize the kind of information that cities provide to marketing partners. It could be as simple as an overall description of the project. However, the more information provided—number of units, number of bedrooms, accessibility features, rent, key application criteria—the more likely Outreach Partners are to send developers appropriate applicants.

## Forms that Developers Submit

The proposed approach includes a program description plus three documents that developers submit. Templates for the following documents are attached:

- Program Description
- Letter of Intent to Implement Affirmative Marketing: Submitted to the city when the developer applies for the incentive
- Special Outreach for Affirmative Marketing: Sent to selected Outreach Partners at least two weeks before general marketing for rental housing and at least 90 days before general marketing for homeowner projects. The developer must keep a record demonstrating that the information was sent, such as copies of emails.
- Affirmative Marketing Report: A short summary sent to the city before requesting a final Certificate of Occupancy. This provides a way to ensure that the developer followed through on the Affirmative Marketing commitment.



Smaller cities with fewer qualifying projects may find ways to streamline this process further. Optionally, larger cities may want to request that developers collect anonymized demographic data about occupants of included units to evaluate the effectiveness of the program overall.

## Methods of Ensuring Compliance

Developers should provide evidence that they followed through on their commitment to undertake affirmative marketing. This model suggests that the developer submit a report before receiving a final Certificate of Occupancy for the project. Cities may find another point in the process (such as release of funding or final award of tax exemption or abatement) that may work as well as the final Certificate of Occupancy for submission of the report.



## Templates

The following templates are modeled on those of the City of Seattle Office of Housing  
[Mandatory Housing Affordability - Housing | seattle.gov](https://seattle.gov/housing/mandatory-housing-affordability)

1. Program Description
2. Letter of Intent to Implement Affirmative Marketing
3. Affirmative Marketing Outreach Instructions and Notice
4. Affirmative Marketing Report



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## Program Description: [Your City] Affirmative Marketing Requirements for Housing Incentive Programs

### Do these requirements apply to your property?

Properties participating in the [name the incentives or programs that trigger affirmative marketing] are required to implement Affirmative Marketing. See Triggers for the Affirmative Marketing section of Guidance.

### Why is this required?

Individuals of similar economic levels in the same housing market should have available to them a similar range of housing choices regardless of their race, color, religion, sex, national origin, familial status, disability, or other protected class status. The Affirmative Marketing requirements detailed in this document are consistent with state and federal fair housing laws.

### What is an Affirmative Marketing Plan?

Successful implementation of Affirmative Marketing will help individuals and households otherwise unlikely to apply for housing:

- Know about rental vacancies and affordable homes for sale;
- Feel welcome to apply; and
- Have the opportunity to rent units and purchase affordable homes.

## Participation Requirements

Program participation begins with the submission of a Letter of Intent - Affirmative Marketing form, which includes a declaration of intent to implement affirmative marketing requirements and comply with record-keeping standards. This form must be submitted with the developer's application for [the incentives or programs which trigger Affirmative Marketing].

## Requirements Due at Least Two Weeks Before Lease-Up for Rental Properties

At least two weeks prior to lease-up for the general public, participating properties are required to conduct special outreach as follows:

1. Complete the Outreach for Affirmative Marketing Notice. This form includes information on the number of relevant units at the property, features of those units; leasing and tenant selection criteria; and how the property intends to advertise vacancies;
2. Identify [insert number; Seattle uses three plus the Housing Authority] Outreach Partners to help spread the word and encourage applications from households who otherwise



might be unlikely to apply for housing at the property. A list of Outreach Partners is available at [insert link to list of Outreach Partners].

3. After identifying [insert number] entities, send them information about vacancies and the leasing process using the Special Outreach for Affirmative Marketing form at least two weeks before marketing to the general public;
4. Document your efforts using the Affirmative Marketing Report. Note this report requires records of your email correspondence. The Affirmative Marketing Report is a required attachment to the [Final Certificate Certificate of Occupancy or other way the city would like to ensure compliance].

### **Requirements Due 90 Days Before Sale for Affordable Homeownership Properties**

1. Complete the Affirmative Marketing Outreach Notice. This form includes information on the number of participating units at the property and [the income- and rent-restrictions on those units and home buyer criteria or other information the city specifies];
2. Identify [number or a specific Outreach Partners] to encourage applications from households who otherwise might be unlikely to apply for housing at the property.
3. Supply [Outreach Partners] with information about available homes using the Special Outreach for Affirmative Marketing form at least ninety days before you make the homes available to the general public;
4. Document your efforts using the Affirmative Marketing Report. Note this report requires records of your email correspondence. The Affirmative Marketing Report is a required attachment to the [Final Certificate Certificate of Occupancy or other way the city would like to ensure compliance].

### **Record Keeping Standards**

Owners of participating properties must record dates and retain documentation showing that special outreach was performed in advance of general marketing for both rental and homeownership properties.

### **Where can I learn more about fair housing laws?**

- [Fair Housing Council Of Oregon - Home - Fair Housing Council of Oregon](#) has a wealth of information about fair housing in Oregon in a variety of formats and languages. Search for resources here: [Resources - Fair Housing Council of Oregon](#)
- [Insert information about local resources and websites here.]

### **Contact**

Whom may I contact if I have questions about Affirmative Marketing for Affordable Housing Incentive Programs?

[Insert local contact information here].



## [City Name] Letter of Intent to Implement Affirmative Marketing

Developers seeking to utilize the following programs or incentives must submit this form to [city department] before [deadline, such as issuance of first building permit or perhaps simultaneously with the application for the program or incentive]:

- [Incentive 1]
- [Incentive 2, etc.]

Please return this form to [insert return information].

If you have any questions, please contact [city contact].

<b>Owner Information</b>	
Name of Owner	
Address	
Phone	
E-mail	
Owner's representative, if applicable:	
Address	
Phone	
E-mail	
<b>Property Information</b>	



County Assessor's Parcel Number	
Street Address	
<b>Project Information</b>	
Project Name	
Estimated Construction Start Date	
Estimated Completion Date	
Incentives applied for (check all that apply)	[List "triggering" programs and incentives here]
Anything else you'd like us to know about this project?	

## Certifications

### 1. Special Outreach and Advertising in Advance of General Marketing

I/we hereby indicate by my/our initials below that, prior to initiating any advertising or marketing efforts to solicit applications from the general public, I/we will:

- Contact [number] Outreach Partners from a list provided by the [city department] to inform and solicit applications from households who otherwise might be unlikely to apply for housing at the property but some of whom could reasonably be expected to meet our applicant requirements. This outreach will occur at least two weeks before general marketing for initial lease-up of rental properties and ninety days before general marketing for homeownership projects.



- [If applicable: Contact specific agency, such as housing authority]
- Document this effort using the Affirmative Marketing Report, which must be submitted prior to receiving [final Certificate of Occupancy or other permit from the city] for this project.

Owner's initials \_\_\_\_\_

## **2. Record Keeping**

I/we hereby indicate by my/our initials below that I/we will document our Affirmative Marketing efforts and submit copies with the Affirmative Marketing Report.

- My/our records shall include documentation showing that [number] Outreach Partners [and any designated agency from above, such as housing authority, if applicable] were contacted and provided notice of vacancies via a completed Affirmative Marketing Outreach form at least two weeks prior to general marketing for rental properties and 90 days prior to general marketing for homeownership properties.
- Documentation may consist of a copy of dated emails sent to the Outreach Partners, which will be submitted with a copy of the completed Outreach for Affirmative Marketing form.

Owner's initials \_\_\_\_\_

[Optional Certification, should city choose to include this step in their process.]

## **3. Resident Demographic Information**

I/we hereby indicate by my/our initials below that I/we will offer each resident the opportunity to disclose demographic information on the Resident Demographic Form prior to the point of move-in for rentals or at sale of unit. We will retain those forms for a period of [two years] and make them available at the city's request.

Owner's initials \_\_\_\_\_ ]

## **Declaration of Intent to Implement**

As owner(s) of the property described in this Letter of Intent, I/we declare our intent to implement the Affirmative Marketing Requirements, as stated above.



**OREGON**

Department of  
Land Conservation  
& Development

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Owner's Signature

Date

Printed Name

Owner's Signature

Date

Printed Name



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## [City] Instructions for the Affirmative Marketing Outreach Notice

**Rental Property Leasing Agents:** The attached Affirmative Marketing Outreach Notice must be completed and sent to the following parties **at least two weeks** prior to marketing the units to the general public:

- [Number] local Outreach Partners chosen from the list provided by [city department] and found here [link to website to access the list].
- [If relevant, any entity that must be contacted, such as the housing authority]

If you have any questions about completing this form or complying with affirmative marketing requirements, contact [contact].

Be sure to keep a copy of the completed Affirmative Marketing Outreach Notice and dated emails that document which Outreach Partners were selected and that the materials were sent by the deadline. These materials will be submitted with an Affirmative Marketing Report prior to issuance of [final certificate of occupancy or other relevant permit].

**Developers and/or Marketing Agents of Homebuyer Projects:** The attached Affirmative Marketing Outreach Notice must be completed and sent to the following parties **at least 90 days** prior to marketing the units to the general public:

- [Number] local Outreach Partners chosen from the list provided by [city department] and found here [link to website to access the list].
- [If relevant, any entity that must be contacted for homebuyer projects, such as the local Habitat for Humanity program or an agency providing homebuyer assistance].

**General Information:** If you have any questions about completing this form or complying with affirmative marketing requirements, contact [contact].

**Be sure to save a copy** of the completed Affirmative Marketing Outreach Notice and dated emails that document which Outreach Partners were selected and that the materials were sent by the deadline. These materials will be submitted with an Affirmative Marketing Report prior to issuance of [final certificate of occupancy or other relevant permit].



## Affirmative Marketing Outreach Notice

Date \_\_\_\_\_

Greetings, Outreach Partner:

You are receiving this form because your [agency/business/place of worship] agreed to help spread the word about new housing opportunities to your [customers, clients, congregation, employees] before the information is available to the general public. We encourage you to get information about this opportunity out as quickly as possible to households who may possibly meet the selection criteria and who are looking for housing like this. Please also share this information through your networks and colleagues.

Thank you for your assistance.

### Property Information

Property Name:

Property Address:

Date Applications Will First be Accepted:

Projected Opening Date for Project:

Total Number of Units to Be Available:

### Contact Information

Property Leasing Manager or Sales Representative:

Company:

Email:

Phone:

Contact for Program at City of [xx]:



Email:

Phone:

Information about the City's Affirmative Marketing Program may be found here: [www....]

### Overview of Available Units by Type

Unit Type	Number of Units	Income Limit	Minimum Income, if Relevant	Approximate Monthly Rent or Sales Price

Unit type includes [number of bedrooms, level of accessibility to people experiencing mobility impairments or other specified disabilities, or Permanent Supportive Housing. Example: 1 BR, Type A Accessible, PSH]



## Tenant/Home Buyer Selection Criteria

1. What criteria will be used to screen applicants or prospective home buyers? What is the minimum standard an applicant will need to meet to move forward in the screening process?
  
  
  
  
  
  
  
  
  
  
2. What information, documentation, and submissions must applicants provide to determine whether they meet the criteria above?
  
  
  
  
  
  
  
  
  
  
3. How may applicants obtain a copy of the application? Attach a copy or link to a relevant website, if available.



Attach copies of relevant marketing materials.

## Affirmative Marketing Report

**Instructions for Developers:** This report documents how you fulfilled your commitments as stated in your Letter of Intent to Undertake Affirmative Marketing. Submit this report to [city contact] by [when due, such as prior to anticipated issuance of final certificate of occupancy]. If you have questions, please contact [contact information].

### Property Information

Property Name:

Property Address:

Date Project Began General Public Marketing Efforts:

Date Applications Became Available:

Date of Submission of this Affirmative Marketing Report:

### Affirmative Marketing Documentation

Did you provide notice of new affordable homes to [three] Outreach Partners using the Affirmative Marketing Outreach Form in advance of general marketing to the public?

Yes       No

Copy of Affirmative Marketing Outreach Form attached (required)?  Yes     No

#### Organization 1:

Contact Person and/or E-Mail Address:

Date Contacted:



E-mail correspondence attached to this (required)?  Yes  No

**Organization 2:**

Contact Person and/or E-Mail Address:

Date Contacted:

E-mail correspondence attached to this (required)?  Yes  No

**Organization 3:**

Contact Person and/or E-Mail Address:

Date Contacted:

E-mail correspondence attached to this (required)?  Yes  No

Documentation Submitted by

Name;

Company;

E-mail:

Phone:

I attest that the information submitted in this document is accurate and true, to the best of my abilities.

Signature

Date

*Approval of this document by [city department] indicates City acknowledgement of fulfilment of commitments made by the Developer in the Letter of Intent to Implement Affirmative Marketing.*



**OREGON**

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Department of  
Land Conservation  
& Development

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## Action Sheet

1A	Land Disposition for Housing	
Completeness	ARA Components	Key Needs Addressed
<b>Level 1:            Requires            Substantial            Local            Preparation</b>	<ul style="list-style-type: none"> <li>• Model RFP for land for development for affordable housing</li> <li>• Model language addressing specific needs to respond to, including accessibility, affirmative marketing, etc.</li> <li>• Model long-term ground lease for affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>• Characteristic: affordability</li> <li>• Location: high opportunity area</li> </ul>
<b>Description</b>	<p>Establish a policy to prioritize disposition of surplus land for affordable housing, so long as it is suitable, identify suitable sites, and make them available for affordable housing development through a Request for Proposals (RFP) or similar process. Cities can transfer full ownership or enter into a ground lease.</p> <p>Oregon Revised Statute <a href="#">271.330</a> authorizes local governments to sell surplus property for public purposes provided the property is no longer needed by the locality. The state authorizes political subdivisions to relinquish the title of any of their properties to a municipal corporation or qualifying nonprofit corporation for use as low-income housing, social services, or childcare services. <b>However, cities can prioritize affordable housing above other uses</b>, either on a case-by-case basis, or through a more formalized policy.</p> <p>Oregon Revised Statute <a href="#">457.230</a> authorizes urban renewal agencies to transfer land for broader uses by public agencies or private enterprises, in accordance with the urban renewal plan.</p>	
<b>Impact</b>	<p>High: Strategy can be highly impactful , if available land is suitable for housing and does not require costly infrastructure investments or environmental remediation prior to development. It can have particular benefit in high-opportunity areas and areas of concentrated affluence where land costs may be higher. Regardless of location, it can be an effective strategy for increasing the overall supply of affordable housing or other types of housing.</p>	



**Applicability**

Could work for any jurisdiction that has surplus property. Some have already implemented, others have not.



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## Case Studies & Evaluation

### Oregon Examples

Several cities in Oregon have used surplus land for affordable housing:

- Following a competitive Request for Proposal (RFP) process, the City of Tigard transferred surplus land to a nonprofit developer through a ground lease to develop an [affordable senior housing development](#).
- Hillsboro donated six acres of land for a bond-supported [affordable housing community](#) geared for immigrant farmworkers.
- Beaverton sold a vacant parcel to a developer to construct a mixed-use complex adjacent to a light-rail station. The subsequent [230-unit apartment community](#), with 15 affordable units, opened in 2019.
- Cottage Grove worked with the school board to transform a [former elementary school](#) into apartments.
- In April 2025, Hood River closed on a deal to develop [130-units of affordable housing](#), along with a public park, on a seven-acre city-owned site.

Other Oregon jurisdictions have taken steps to identify and make land available for housing, or established policy intention to do so:

- In 2022, the City of Portland issued a [resolution](#) to establish key strategies to increase affordable housing construction, which included building a landbank of up to 400 publicly-owned sites that could be suitable for multifamily housing with minimal investment or legislative action.
- In 2023, Clatsop County prepared an inventory of surplus County-owned property, conducted preliminary evaluation of suitability for housing development, and established a process for expressions of interest in developing the properties.  
<https://www.clatsopcounty.gov/county/page/clatsop-county-frees-surplus-land-housing>

### Other National Examples

San Francisco [requires](#) surplus city-owned land to be considered for affordable housing development before it is offered to private developers for other uses. The city's Affordable Housing Requirements Ordinance mandates that affordable housing be prioritized when surplus public lands become available (San Francisco Administrative Code, Section 23.A).

Seattle [employs](#) a Request for Proposals (RFP) process for the disposal of surplus land. The city prioritizes developers who propose affordable housing projects, offering financial incentives such as reduced land prices. This approach is designed to make affordable housing projects more financially feasible for developers.

Washington DC [requires](#) residential developers who purchased land -owned by the city to reserve up to 20 to 30 percent of units for low and very low-income residents.



## Available Research and Evaluation

A 2019 [report](#) from Enterprise Community Partners presents the prospects of utilizing publicly owned land for affordable housing. It provides examples of several existing programs administered by cities and public transit agencies. After thoroughly assessing benefits and challenges, the report concludes with several recommendations for identifying sites, soliciting developers, structuring agreements, and providing additional tools as necessary. The authors also suggest that jurisdictions can explore options for co-locating affordable housing with community facilities.

## Customization & Implementation Considerations

The League of Oregon Cities provides general guidance on land disposition as part of its Oregon Municipal Handbook:

[https://www.orcities.org/application/files/2716/2161/0741/Handbook - Chapter 22 - \\_Disposing of Property.pdf](https://www.orcities.org/application/files/2716/2161/0741/Handbook_-_Chapter_22_-_Disposing_of_Property.pdf) as well as an [FAQ document](#) on land disposition and a Model Policy for Public Contracting & Purchasing that includes a section on dealing with surplus property.

Local governments can inventory all property owned by the jurisdiction to determine suitability of affordable housing, then prioritize which properties to make available. They can also assess development readiness for potential buyers including Level 1 environmental review.

This policy could be paired with predevelopment assistance, SDC waivers, and other housing incentives and programs. In addition, jurisdictions should consider inventorying properties owned by other public entities within their boundaries.



## Model request for proposals for land disposition for housing development

*Note: Model RFP draws primarily on examples from Metro and the City of Beaverton as well as Deschutes County.*

A jurisdiction looking to dispose of land for housing development would typically create a request for proposals (RFP) for development. The RFP would describe the program under which development is authorized, the site, and desired outcomes. A typical RFP might have the following content sections.

1. Introduction, Purpose, and Goals
  - a. Dates and timeline (including date issued, due date for questions, and due date for submissions)
  - b. Contact information for the issuer (including name, phone, email, and the website where more information can be found)
  - c. Entities involved (including who is disposing of the land, partners, or other stakeholders with interest or rights to the site)
  - d. Purpose of the development solicitation (including the intention of the land disposition, goals for the site, and other relevant context)
2. Program Description
  - a. Program information (including the authority to dispose of the land, program that the land disposition fits into, funding sources, etc.)
  - b. Affordability requirements (if required, depth and amount of units set aside, terms, etc.)
  - c. Development vision (including populations intended to be served, development goals such as height, unit count / density, parking,
3. Neighborhood context
  - a. Description of the city (including its geographic location, population characteristics, development context, and proximity to relevant features such as major arterials, (air)ports, recreation areas, or metropolitan areas)
  - b. Neighborhood context (including nearby amenities such as transit type and frequency, parks, employers, grocery stores, schools, etc.)
4. Site information
  - a. Site map and conditions (including property boundaries, slopes, wetlands, adjacent properties or developments)
  - b. Zoning (including general information as well as bonuses and incentives)
  - c. Access and connectivity (including cross streets, authority of cross streets, access by different modes of transportation, sidewalk information, etc.)
  - d. Development constraints (including rights-of-way, easements, access requirements, turning restrictions, power lines, etc.)



- e. Environmental information (including results of any phase 1 or phase 2 environmental assessments and required actions)
5. Financial incentives (if any)
  - a. Existing funding commitments (if applicable)
  - b. Additional funding opportunities (if applicable and the development is eligible)
  - c. Requirements (including affordability requirements, public use requirements such as plazas, or size and type requirements)
6. Solicitation process
  - a. Where to find information (including registration, addendums, questions and answers, etc.)
  - b. Detailed timeline (including questions deadline, submission deadline, deadline to appeal, review period, interviews if planned, expected date of MOUs or negotiating agreements, expected funding cycles, etc.)
  - c. Submission requirements (including submission sections, team composition, qualifications, format, page limits, etc.)
  - d. Submission scoring (including scoring criteria, review process, interviews/advisory committees, total scores, priorities etc.)
  - e. Other information (including right to appeal, confidentiality, disclaimers, etc.)



## Model long-term ground lease for affordable housing

*Note: Language is based on agreements from the Cities of [Tigard](#) and [Milwaukie](#).*

### **Disposition and Development Agreement**

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (“Agreement”) is made and entered this \_\_\_ day of \_\_\_\_\_, 20xx (the “Effective Date”), by and between the CITY OF TIGARD, a municipal corporation of the State of Oregon (“City”) and [developer], an Oregon nonprofit corporation (“Developer”). City and Developer may be referred to jointly in this Agreement as the “Parties” and individually as a “Party.”

- A. City owns property at [address], referred to as “the Property”
- B. The city wants to facilitate the development of affordable housing and has determined that the Property can accommodate the development of such housing
- C. In furtherance of this development objective, City issued [title] Request for Information issued on [date] (“RFI”).
- D. Pursuant to the RFI, City selected Developer to develop and operate such senior affordable housing on the Property, and City and Developer entered into negotiations for conveyance of a ground lease in a portion of the Property as agreed upon by City and Developer (the “Site”) for Developer’s development and operation of such affordable housing.
- E. The Parties have completed their negotiations and now desire to enter into this Agreement setting forth the terms and conditions under which City will convey a leasehold interest in a portion of the Property to Developer for development of the Project as further described in Exhibit.
- F. The completion of the Project according to the terms of this Agreement, including the Project Plan, Development Budget and the Development Timeline is a material inducement to City to enter into this Agreement;
- G. City finds that the fulfillment of this Agreement, and the intentions set forth herein, is in the vital and best interest of the City and the health, safety, and welfare of its residents, and is in accord with the public purposes and provisions of applicable state and federal laws

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Executed in multiple counterparts as of the day and year first above written.

**CITY:**

CITY OF ( )

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

**DEVELOPER:**

(x),

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title \_\_\_\_\_