

Sec. 2.870. Criteria for exemption.

- (a) A property is exempt from property taxation as provided by sections 2.850 to 2.910 if:
- (1) The property is owned or being purchased by a corporation described in section 501(c)(d) 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) At the time the application is filed, the property is:
 - a. Occupied by low income persons; or
 - b. Held for a period not to exceed ~~two~~three years from the date the exemption is granted, for the purpose of developing low income housing.
 - (4) The property or portion of the property receiving the exemption, if occupied, is actually and exclusively used for the purposes described in section 501(c)(3) or (4) of the Internal Revenue Code;
 - (5) The property, at the time of application, and throughout the period of exemption, is maintained in a safe and habitable condition;
 - (6) Within 30 days of the date the initial exemption is granted by Council, the owner of the property has established, and shall maintain for the period of the exemption, a capital reserve for the property of at least ~~\$100~~\$450.00 per housing unit ~~per month, per year~~. The owner shall deposit the annually required minimum into the capital reserve account prior to annual recertification of the exemption. The Director may periodically adjust the required minimum reserve amount per housing unit with a minimum of six (6) month's notice;
 - (7) The property, and uses on the property, at the time the application is filed, and throughout the period of exemption comply with all applicable laws, regulations, and Council policies; ~~and~~
 - (8) ~~The exemption has been approved as provided in section 2.900 of this chapter. The applicant has demonstrated through an operating budget that the property is financially viable through the exemption period in 2.880.(a); and~~
 - (9) The exemption has been approved as provided in section 2.900 of this chapter.
- (b) For purposes of subsection (1) of this section, a corporation that has only 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) A partnership shall be treated the same as a corporation to which this section applies if the corporation is a general partner of the partnership, and responsible for the day-to-day operation of the property that is the subject of the exemption.

Sec. 2.880. Length of exemption; limited to levy of the City; exception.

- (a) An exemption granted by the City under section 2.900 shall be valid for a maximum period ten years from the date of the determination by Council at which time the exemption shall automatically expire, unless terminated earlier as provided by law. ~~An exemption may not be renewed or reauthorized after the ten-year period expires, without express approval by Council.~~
- (b) Except as set forth in subsection (c) of this section, an exemption granted by the City shall only apply to the tax levy of the City for the property.
- (c) Pursuant to ORS 307.543, to permit the exemption applied for to apply to the combined tax levy for the property of all applicable taxing districts, the City ~~may~~shall submit a ~~request~~notice to the governing bodies of taxing districts for which the property is certified, whose rate of taxation, when combined with the City's, equal 51 percent or more of the total combined rate of taxation on the property granted exemption, to ~~agree~~encourage agreement to the policy of exemption.

Sec. 2.890. Application for initial exemption; ~~annual certification; when due.~~

- (a) Application for exemption. Before ~~aan initial~~ request for exemption will be considered, an applicant must file an application for exemption with the Director, containing all information and material necessary to consider the application, on or before September 1 of the year preceding the assessment year for which the exemption is sought. The Director may, in the Director's sole discretion, grant a variance for good cause shown to allow a complete application to be filed after September 1. An application must contain the following:
 - (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 tenant income levels of low income occupants ~~eligibility for all units requested for exemption~~;
 - (4) A description of how the tax exemption will benefit project residents;
 - (5) If, at the time the application is submitted, the property is being held for future low income housing development, a declaration that:
 - a. The low income housing development will be completed and a certificate of occupancy obtained, for uses consistent with the exemption within ~~two~~three years of the date the exemption is granted;
 - b. A description of the anticipated low income housing development;
 - c. The minimum number of housing units to be provided; and
 - d. Identification of any features or amenities that will be provided as part of the development.
 - (6) A declaration 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;
 - (7) A description of how the corporation and the property, respectively meet the criteria set forth in section 2.870 of this chapter;
 - (8) Any other information reasonably required by the Director;

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- (9) An oath or affirmation signed by a person with authority to bind the corporation verifying the accuracy of the information submitted in the application; and
- (10) Payment of the applicable fees as set by resolution of Council.
- ~~(b) Annual certification; request for extension. After an exemption has been granted, by September 1 of each year prior to the assessment year for which the exemption is sought, the owner shall submit a request to the Director that the exemption be extended for an additional year. The request must be accompanied by a certification from the owner attesting that the property continues to comply with Council's determination granting the exemption, and all the information and applicable fees identified in subsection (a) of this section.~~
- ~~(1) After review of the request and inspection of the property, if the Director finds that the property continues to meet the requirements of Council's determination, the Director shall, in writing, grant the extension for an additional year.~~
- ~~(2) If the Director finds that the property no longer meets the requirements of Council's determination, the Director shall submit a recommendation to Council that the exemption be terminated pursuant to section 2.910 of this chapter.~~
- ~~(b)(c)~~ Applications for exemption and requests for ~~extension~~recertification will be reviewed for completeness by the City, and untimely or incomplete applications or requests will be rejected, and an explanation of the ~~rejection~~defective application provided to the applicant, which explains the basis for the rejection and what information or materials must be submitted to make the application complete.

Sec. 2.900. Determination of initial eligibility, annual recertification, notice to County Assessor.

- (a) Within 60 days of receipt of a complete application for exemption for an initial determination of eligibility, and any payment of fees due, the Director shall:
- (1) If the property is already developed with low income housing, schedule an inspection of the property during normal working hours, and prepare written findings determining whether the property is maintained in a safe and habitable condition; The Director may rely on the reports of other City and inspecting agencies to formulate an opinion of the property's condition;
 - (2) ~~For all applications,~~ Prepare a report to Council, including preliminary findings whether the application meets the criteria set forth in section 2.870, and whether the exemption should be granted;
 - (3) Within 120 days of the filing of a complete application and payment of the applicable fees under section 2.890 of this chapter, the Council shall adopt a resolution determining whether the property shall be granted the exemption, and specifying:
 - a. What portion of the property, if any, is exempt from taxation;
 - b. Any conditions that shall be met to qualify for and maintain the exemption; and
 - (4) If Council determines that the applicant qualifies for the exemption, Council shall certify to the assessor of the county where the real property is located, as set forth in [section] 307.512, that all or a portion of the property is exempt from taxation under the levy of the City.
 - (5) Notwithstanding subsection (4) of this section, Council may send the certification on or before the deadline specified in ORS 307.512, or as promptly as practicable after making its determination, whichever is later.
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- (6) Upon issuance of Council's resolution granting an exemption, the applicant shall be approved to seek agreement to the policy of exemption from other taxing districts in order qualify for an exemption from the total combined rate of taxation on the property pursuant to section 2.880 of this chapter.
- (b) Annual recertification; request for extension. After an initial exemption has been granted, by September 1 of each year prior to the assessment year for which the exemption is sought, the owner shall submit a request to the Director ~~that the exemption be extended for an additional year~~ for recertification for an additional year. The request must be accompanied by a certification from the owner attesting that the property continues to comply with Council's determination granting the exemption, and all the information and applicable fees identified in Section 2.870.
- (1) The request shall provide supporting documentation confirming that the required capital reserve balance based on the number of years of exemption is available, an accounting of any capital expenses paid from the capital reserve in the preceding year, and a capital expenditure plan through the remaining years of the exemption period identified in Section 2.880. The Director may adjust the reserve balance requirement for recertification to accommodate capital outlays needed during the exemption period.
- (2) Every third year, the Director shall confirm through a tenant file review the income eligibility for exempt units.
- (3) The Director may rely on the reports of other City and inspection agencies to formulate an opinion of the property's condition;
- (4) After review of the request and a determination the property meets the exemption criteria of 2.870, the Director shall, in writing, grant the extension for an additional year recertification and communicate the result to the Office of the County Assessor prior to April 1st of the year preceding the tax year for which the exemption is sought.
- (5) If the Director finds that the property no longer meets the requirements of Council's determination, the Director shall submit a recommendation to Council by February 1st that the exemption be terminated pursuant to section 2.910 of this chapter.

Sec. 2.910. Termination of exemption, additional taxes.

If, after an exemption is granted, the property is ~~being used for any purpose inconsistent~~ non-compliant with the Council's determination granting the exemption, the Director shall ~~follow~~ initiate the procedures for termination set forth in ORS 307.548, except that any final decision to terminate an exemption shall be made by Council.