



COUNCIL ORDINANCE No. 22-02

AN ORDINANCE OF THE CITY OF MANZANITA, OREGON, ESTABLISHING A WORKFORCE HOUSING TAX ABATEMENT.

WHEREAS, the City of Manzanita recognizes that workforce housing is critically needed in our city to support local businesses, working families, and people of all incomes;

WHEREAS, a diversity of housing options contributes positively to our community; and

WHEREAS, market conditions necessitate that the City take every action possible to incentivize and encourage the development of housing affordable to a range of incomes; and

Now, Therefore, the City of Manzanita does ordain as follows:

The city shall implement a Property Tax Exemption for Workforce Housing within the City of Manzanita; Providing Administrative Procedures for Compliance and Enforcement of the Exemption Program.

Section 1. Title

This Ordinance shall be known as the "Workforce Housing Property Tax Exemption Ordinance" and may be cited and pleaded as such and shall be cited herein as "this Ordinance", or by any reference to a section or subsection of this Ordinance.

Section 2. Authority

This Ordinance is enacted pursuant to ORS 203.035.

Section 3. Purpose

The purpose of this Ordinance is to incentivize workforce housing in the City of Manzanita. Oregon House Bill 2377 (2017) and Chapter 624 Oregon Laws 2017 enable local governments to enact a property tax exemption for certain multiunit rental housing. This Ordinance implements House Bill 2377 and Chapter 624 Oregon Laws 2017 and provides additional terms for receipt and administration of the property tax exemption.

Section 4. Applicability

This Ordinance shall apply within the City of Manzanita as allowed in the provisions of Oregon House Bill 2377 (2017) and Chapter 624 Oregon Laws 2017.

Section 5. Definitions

Except where the context otherwise requires, the definitions established in this Section govern the construction of this Ordinance.

- (a) "Affordable". Housing which costs a household no more than thirty percent (30%) of Area Median Income adjusted to household size.
- (b) "Area median income". The Housing and Urban Development Area Median Income for Tillamook County that is effective as of January 1 of the calendar year in which an applicant is seeking this property tax exemption.
- (c) "Assessor". The Tillamook County Assessor.
- (d) "Building". The same as it does at Section 11.030 of the Tillamook County Land Use Ordinance.
- (e) "Claim" or "claimed". A unit that was deemed eligible and for which the applicant sought the property tax exemption.
- (f) "Community Development". The Tillamook County Department of Community Development.
- (g) " Dwelling unit". The same as it does at Section 11.030 of the Tillamook County Land Use Ordinance.
- (h) "Eligible". A building or dwelling unit that qualifies under Section 6 of this Ordinance.
- (i) "Multiunit rental housing". For the purposes of this exemption, any detached structure within which there are at least three (3) separate dwelling units.
- (j) "Real Market Value". The real market value as determined by the Assessor.

- (k) "Rehabilitation". Bringing an existing multifamily building, having been occupied for no fewer than twenty (20) years, up to full compliance with applicable building code and completing all deferred maintenance. Additionally, the cost of the rehabilitation must exceed fifty percent (50%) of the most recent Real Market Value of the structure prior to the proposed improvement.

- (l) "Transient lodging" means:
 - (A) Hotel, motel, and inn dwelling units that are used for temporary overnight human occupancy;
 - (B) Spaces used for parking recreational vehicles or erecting tents during periods of human occupancy; or
 - (C) Houses, cabins, condominiums, apartment units or other dwelling units, or portions of any of these dwelling units, that are used for temporary human occupancy.

- (m) "Unclaimed". An otherwise eligible unit for which the applicant did not claim the property tax exemption.

Section 6. Eligibility and Duration of Exemption

- (a) An applicant may apply for this exemption on the basis of new construction or rehabilitation; in either case, the property tax exemption shall apply in the first property tax year after receipt of a Certificate of Occupancy for the subject building.

- (b) Only those dwelling units which are affordable to households making up to one hundred twenty percent (120%) of the Area Median Income shall be considered eligible for the property tax exemption.
 - (A) An applicant may choose to omit an otherwise eligible dwelling unit from the exemption program; this unit shall be referred to as unclaimed.
 - (1) No more than twenty percent (20%) of the total units shall be omitted via this mechanism.

 - (B) An applicant may not claim or unclaim new units for this exemption once an application has been approved and the first property tax year of the approved exemption has begun, unless the City of Manzanita and Community Development, in conjunction with the Assessor, determines that unforeseen circumstances necessitate the change. Tax statements shall

be adjusted, including adding previously exempt property taxes as required, according to any changes in eligibility made as a result of this subsection, to be assessed on the next property tax year.

- (c) The percentage of units that claim the exemption, rounded down to the nearest ten percent (10%), shall determine the duration of the exemption according to the following table:

Minimum% of Eligible Units	Years of Exemption
10%	1
20%	2
30%	3
40%	4
50%	5
60%	6
70%	7
80%	8
90%	9
100%	10

- (d) No building shall be eligible for this property tax exemption more than once for its lifetime, regardless of whether it was claimed on the basis of rehabilitation or new construction.
- (e) Any limits on rent pursuant to this Ordinance shall expire on the first property tax year after the exemption expires.
- (f) A property shall only be eligible for the exemption granted under this Ordinance upon passage of a resolution by the City of Manzanita whose property tax rates, when combined with the rates of Tillamook County, equal 51 percent or more of the total combined rate of taxation on the eligible rental property.
 - (A) The exemption, if granted, shall apply to all property tax levies of all taxing districts in which eligible rental property is located.
- (g) If this Ordinance or Chapter 624 Oregon Laws 2017 is repealed, eligible rental property that is granted exemption under this Ordinance shall continue to receive the exemption under the provisions of this Ordinance for the period of time for which the exemption was granted.

Section 7. Rent Limits

- (a) The maximum chargeable monthly rent for a claimed unit shall be based on the maximum rent affordable to 120% of the Area Median Income adjusted to household size.
- (b) Rent limits are calculated based on thirty percent (30%) of the Tillamook County Area Median Income adjusted to the household size.
- (c) The average rent of the claimed units shall not exceed the average rent of the same units rented at a level affordable to a household making one hundred percent (100%) of the Area Median Income.
- (d) Any utilities separately charged from the landlord to the tenant shall count toward the charged rent. Utilities for which the tenant is solely responsible, or for which the landlord does not separately charge the tenant, shall not count

- (e)
- (f) An otherwise eligible building seeking this exemption on the basis of rehabilitation, which has received State or Federal funding and which, as a condition of securing said funding, limits rents to those affordable to households making eighty percent (80%) or less of Area Median Income at the time of application for this program, and which continues to be limited by that condition at the time of application for this exemption, shall be prohibited from setting rents on its claimed units any more than that percentage limit to which they were previously bound, for the duration of the property tax exemption.

Section 8. Additional Rules

- (a) All rents and rent limits shall be rounded to the nearest dollar for the purposes of determining compliance.
- (b) Claimed units shall be prohibited from being converted to any form of transient lodging for the lifetime of the building.
 - (A) Property owners shall record a legally binding covenant with the County Clerk identifying units for which the property tax exemption was claimed and prohibiting them from future usage as transient lodging.

Section 9. Application Process

- (a) Community Development shall provide the City of Manzanita to provide the applicant with the necessary forms to apply for this exemption both initially and as part of the yearly renewal required by this Ordinance.
- (b) The applicant must own or lease the property to which the application relates.
- (c) The applicant shall pay a fee of one hundred dollars (\$100) to Community Development to pay for review of the application.
- (d) The applicant must submit an application to the City of Manzanita renewing the exemption each year for the duration of the property tax exemption.
 - (A) This renewal shall not require a Resolution by the City of Manzanita but shall be recorded by the City of Manzanita and Community Development.

- (e) Upon receipt of an application, Community Development shall determine, as soon as practicable:
 - (A) Whether the subject property falls within the boundary of the County and City of Manzanita;
 - (B) The date on which the rehabilitation or construction of the subject property was or will be completed;
 - (C) The date on which the subject property was first offered for residential occupancy;
 - (D) The rent charged for each unit of the subject property and whether the rent meets the requirements of this Ordinance.

- (f) An application for the property tax exemption shall be filed by March 1 of the year preceding the tax year to which the application relates.

- (g) An application may be filed by December 31 of the current property tax year if accompanied by a late filing fee of two hundred dollars (\$200) or one-tenth of one percent (0.1%) of the real market value as of the most recent assessment date of the eligible rental property to which the application relates, whichever the greater.

- (h) An application may be filed on or before April 1 of the current property tax year if the application is accompanied by a late filing fee of two hundred dollars (\$200) and the applicant demonstrates good and sufficient cause, as defined in ORS 307.162, for failing to file a timely application or is a first-time filer, as defined in ORS 307.162, of an application under this property tax exemption.

- (i) Late fees collected shall be deposited to the Tillamook County General Fund.

- (j) Determinations made under this application process cannot be appealed.

- (k) An application must receive final approval via Resolution by

the Board of County Commissioners acknowledging the property tax exemption on or before April 1 of the year preceding the year to which the application relates.

Section 10. Reporting and Enforcement

- (a) The City of Manzanita and Community Development shall track active property tax exemptions under this Ordinance, including the duration as well as all units of the affected buildings, their eligibility and claim on the exemption, and their rents.
- (b) Community Development shall publish the annual rent thresholds no later than the second Monday of the year following the effective date of the Housing and Urban Development Area Median Income for Tillamook County and shall notify affected property owners via written notice as soon as practicable, in addition to publishing the thresholds on the County website.
- (c) Any activity which the City of Manzanita or Community Development deems to have violated the terms of the property tax exemption and in which Community Development has exhausted all notice requirements required by this section shall result in a recommendation to the Assessor on whether to terminate the exemption; the Assessor shall make a final determination and act accordingly without right of notice or appeal for the applicant.
 - (A) Exemptions terminated via this process shall have all property taxes previously exempted via this Ordinance assessed the next applicable property tax year.
- (d) As soon as practicable, but no later than fourteen (14) days after the rent thresholds are published, all property owners receiving the exemption shall file an application to continue the property tax exemption with Community Development.
 - (A) Failure to apply within fourteen (14) days shall result in written notice to the owner.
 - (B) Failure to apply within twenty-eight (28) days shall result in immediate termination of the exemption according to

Section 10(c).

- (e) Property owners who receive the exemption must provide written notice to all tenants at time of lease that their unit is rent limited and provide contact information for the City of Manzanita and Community Development.
 - (A) Community Development shall provide the requisite language and shall have forms available to the City of Manzanita and at the Community Development office for this purpose.
- (f) Any change in rents on claimed units shall be reported to the City of Manzanita and Community Development no later than one (1) week before the change in rent is due to take effect.
 - (A) Any changes in rent must continue to comply with Section 7 of this Ordinance.
- (g) If at any time the rent of an individual claimed unit exceeds the limits set forth in the published rent limits, or if the average rent of all claimed units exceeds the average rent limit, Community Development shall notify the landlord with written notice.
 - (A) Failure to adjust the rent below the individual unit limit within fourteen (14) days of notice shall result in termination of the exemption according to Section 10(c).
- (h) Repeat offenses of the rent limits are subject to the terms of Section 10(c).
- (i) The assessment and tax rolls shall show "potential additional tax liability" for each eligible rental property granted exemption under this Ordinance.
- (j) The above subsections notwithstanding, no part of this ordinance precludes a property owner from adjusting rents on a given claimed unit.

Section 11. Severability

If any section, subsection, provision, clause or paragraph of this Ordinance shall be adjudged or declared by any Court of competent jurisdiction to be unconstitutional or invalid, such judgment shall not affect the validity or the remaining portions of this Ordinance and it is hereby expressly declared that every other section, subsection, provision, clause or paragraph of this

Ordinance, irrespective of the portion thereby declared to be unconstitutional or invalid, be valid.

Read the first time on _____, and moved to second reading by _____ vote of the City Council.

Read the second time and adopted by the City Council on _____.

Signed by the Mayor on _____.

Michael Scott, Mayor

ATTEST:

Leila Aman, City Manager/Recorder