

# House Bill 2316

Sponsored by Representative MANNIX (Pre-session filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

**Digest:** This Act allows DAS to designate state lands for homes for sale to first-time home owners and OHCS to designate locally identified land for homes for sale to lower income home owners. Designated lands are exempt from land use laws and, for five years, exempt from tax based on the value of the land. (Flesch Readability Score: 61.9)

Allows designation of Home Start Lands to be used for housing. Exempts Home Start Lands from statewide land use laws. Requires that the Home Start Lands designated by the Housing and Community Services Department be used for affordable housing. Requires that the Home Start Lands designated by the Oregon Department of Administrative Services be developed for housing by the department and sold to first-time home buyers under a lottery-based prioritization system.

Exempts dwellings created on Home Start Lands from property tax assessments on the value of the land for a period of five years following the sale to a homeowner. Applies to property tax years beginning July 1, 2028, and before July 1, 2034.

## A BILL FOR AN ACT

1  
2 Relating to lands designated for housing.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Definitions. As used in sections 2 to 10 of this 2025 Act:**

5 (1) **"Home Start Lands"** mean lands designated by the Oregon Department of Adminis-  
6 trative Services under section 2 of this 2025 Act or nominated by a local government under  
7 section 3 of this 2025 Act.

8 (2) **"Local government"** means:

9 (a) **For land within a city's boundaries, the city; or**

10 (b) **For all other land not described in paragraph (a) of this subsection, the county in**  
11 **which the land is located.**

12 **SECTION 2. State designation of Home Start Lands. (1) As used in this section:**

13 (a) **"Lands owned by the state"** means real property or interest in real property that is:

14 (A) **Subject to ORS 270.100;**

15 (B) **Controlled by the State Department of Fish and Wildlife;**

16 (C) **State forestlands that the State Forestry Department controls; or**

17 (D) **Controlled by the Department of Transportation.**

18 (b) **"Lands owned by the state"** does not include real property that is:

19 (A) **State lands as classified in ORS 273.251, or is otherwise a part of the Common School**  
20 **Fund;**

21 (B) **Land held by the state as a trustee; or**

22 (C) **Lands whose use under sections 2 to 10 of this 2025 Act would be unconstitutional**  
23 **or prohibited by or inconsistent with any federal law.**

24 (2) **The Oregon Department of Administrative Services shall identify lands owned by the**  
25 **state and shall designate the property as Home Start Lands if, in the department's dis-**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 cretion, the lands have not been used or committed for any permanent state purpose and  
 2 are, or could be made, better suited for the development of housing.

3 (3) The department may also identify real property owned by the state for exchange for  
 4 real property of approximately equal aggregate value that will be designated as Home Start  
 5 Lands.

6 (4) The department shall confer with the any state agency that owns, manages, operates  
 7 or is authorized to act on behalf of the state regarding the real property prior to designation  
 8 under this section.

9 (5) Lands designated under this section are not subject to ORS chapter 270 or any law  
 10 governing the state or any agency's use, management or operation of lands owned or oper-  
 11 ated by the state.

12 (6) The department may adopt rules administering this section and sections 6, 7, 9 and  
 13 10 of this 2025 Act.

14 **SECTION 3. Housing and Community Services Department designation of Home Start**  
 15 **Lands.** (1) The Housing and Community Services Department may designate real property  
 16 as Home Start Lands if the department finds that the property complies with the require-  
 17 ments under subsection (2) of this section and that the local government and property own-  
 18 ers have identified a plan or funding source that is substantially likely to increase the supply  
 19 of affordable housing in this state.

20 (2) Local governments may, by ordinance, nominate real property for designation as  
 21 Home Start Lands, provided that:

22 (a) The property is all or a portion of a tract, as defined in ORS 215.010, that is contig-  
 23 uous to, or across a road from, an urban growth boundary;

24 (b) The property is subject to an affordable housing covenant as described in ORS 456.270  
 25 to 456.295 that will make the property, including each lot or parcel created from the property  
 26 by division of land, developable only for housing that will be made available for  
 27 homeownership and affordable to middle or low income households for a period of no less  
 28 than 30 years from date of sale to a homeowner; and

29 (c) All owners of the property have consented to the designation.

30 (3) The department may adopt rules to administer this section.

31 **SECTION 4. Planning and uses of Home Start Lands.** (1) Home Start Lands may be zoned,  
 32 divided, developed and used only for one single-family dwelling.

33 (2) Except for laws applicable only to the procedures for dividing land under ORS 92.010  
 34 to 92.192, Home Start Lands are not subject to any provision of:

35 (a) ORS chapter 195, 197, 197A, 215 or 227;

36 (b) A statewide land use planning goal;

37 (c) Rules or orders adopted by the Land Conservation and Development Commission;

38 (d) A comprehensive plan; or

39 (e) Land use regulations, except as provided in subsection (3) of this section.

40 (3) A local government may adopt, by ordinance, siting or development regulations con-  
 41 sistent with this section for the specific purpose of regulating Home Start Lands.

42 (4) An application for development of Home Start Lands under this section must be:

43 (a) Approved or rejected by the governing body of the local government;

44 (b) Approved or rejected within 100 days from the date of the application; and

45 (c) Appealed only as a writ of review under ORS 34.010 to 34.100.

1 (5) An approval of a development application under subsection (4) of this section becomes  
2 void four years after the date it is issued.

3 **SECTION 5. Termination of Home Start Lands designation.** The designation of real  
4 property as Home Start Lands is terminated for real property if the property has not re-  
5 ceived authorization from the local government to use the property for residential develop-  
6 ment under section 4 of this 2025 Act and:

7 (1) For property designated under section 2 of this 2025 Act, the Oregon Department of  
8 Administrative Services has issued an order terminating the designation; or

9 (2) For property designated under section 3 of this 2025 Act:

10 (a) The local government has adopted an ordinance terminating the designation; or

11 (b) The Housing and Community Services Department has issued an order terminating  
12 the designation.

13 **SECTION 6. State housing development on Home Start Lands.** (1) For Home Start Lands  
14 designated by Oregon Department of Administrative Services under section 2 of this 2025  
15 Act, the department shall:

16 (a) Work to diligently prepare affordable housing by taking necessary steps and engaging  
17 contractors to:

18 (A) Partition, subdivide or replat the lands for the development of housing under this  
19 section; and

20 (B) Prepare the land for housing, through grading, surveying, planning, installing  
21 infrastructure for residential development on the land and other activities;

22 (b) As necessary, disperse or lend moneys for purposes of capital improvements, as de-  
23 fined in ORS 223.299, which may be in addition to or in lieu of paying system development  
24 charges, to ensure sufficient infrastructure capacity for anticipated housing on the land;

25 (c) Develop single-family housing on the land; and

26 (d) Promote and convey the homes and real property as provided in section 9 of this 2025  
27 Act.

28 (2) Home Start Lands may not be made a part of a planned community. Any property of  
29 Home Start Lands to be maintained as a park, as an open area or for infrastructure purposes  
30 must be retained by the department or must be conveyed by the state to a city, county,  
31 special district or public utility.

32 **SECTION 7. State housing portal and lottery.** (1) The Oregon Department of Adminis-  
33 trative Services shall:

34 (a) Create and maintain an electronic portal for first-time home buyers to:

35 (A) Register to be eligible to purchase a dwelling on Home Start Lands;

36 (B) Receive notifications of available properties on Home Start Lands through means  
37 including the electronic portal; and

38 (C) Express interest in specific properties.

39 (b) Establish a random lottery system to assign priority numbers to eligible buyers of  
40 housing on Home Start Lands.

41 (2) To be eligible to join the portal established under subsection (1) of this section and  
42 to register for the lottery, and individual must:

43 (a) Be at least 18 years of age;

44 (b) Be a current resident of Oregon;

45 (c) Have never owned or been under contract to purchase a dwelling, including purchas-

1 **ing or owning a dwelling:**

2 **(A) As a co-owner; or**

3 **(B) That consists of a manufactured dwelling or floating home sited on a rented space;**

4 **(d) Have a prequalification letter demonstrating an ability to finance the purchase of real**  
 5 **property valued at \$100,000 or higher;**

6 **(e) Have filed tax returns with the State of Oregon for the past five years showing that,**  
 7 **for each year, the individual:**

8 **(A) Is not a dependent of any other taxpayer;**

9 **(B) Is a full-year resident; and**

10 **(C) Has an annual income, or household income, of:**

11 **(i) More than \$10,000; and**

12 **(ii)(I) Less than \$100,000; or**

13 **(II) Less than \$150,000, if married or in a domestic partnership; and**

14 **(f) Not have previously purchased a property under section 9 of this 2025 Act or been**  
 15 **disqualified from the lottery under section 9 (3)(a) of this 2025 Act.**

16 **(3) The department shall:**

17 **(a) Assign each eligible registrant a priority number through a random lottery, with**  
 18 **lower numbers representing an earlier priority;**

19 **(b) Maintain a list of registrants ordered by their priority numbers; and**

20 **(c) As necessary or convenient for the department, admit additional registrants, on an**  
 21 **individual basis or through subsequent lotteries, who must be assigned a larger, later priority**  
 22 **number than existing registrants.**

23 **SECTION 8. Initial development of portal and lottery. (1) No later than January 1, 2027,**  
 24 **the Oregon Department of Administrative Services shall develop the electronic portal under**  
 25 **section 7 (1) of this 2025 Act.**

26 **(2) No later than July 1, 2027, the department shall admit initial eligible registrants and**  
 27 **hold a lottery to assign priority numbers under section 7 (3) of this 2025 Act.**

28 **SECTION 9. Conveying state owned dwellings on Home Start Lands. (1) When a property**  
 29 **becomes available to sell under section 6 of this 2025 Act, the Oregon Department of Ad-**  
 30 **ministrative Services shall:**

31 **(a) Set a purchase price based on the fair market value of the dwelling unit, excluding**  
 32 **the value of the land;**

33 **(b) Announce the property's availability to lottery registrants through the electronic**  
 34 **portal established by the department under section 7 of this 2025 Act;**

35 **(c) Make the property available for viewing to interest registrants; and**

36 **(d) Allow at least 14 days for registrants to express an interest to purchase the property**  
 37 **under subsection (2) of this section.**

38 **(2) At the close of the interest period under subsection (1)(d) of this section, the depart-**  
 39 **ment shall offer the property to the interested registrant with the lowest priority number**  
 40 **who, within three days, agrees to sign a purchase agreement. As part of the purchase**  
 41 **agreement, the registrant must agree to:**

42 **(a) Accept the department's standard purchase terms;**

43 **(b) Within five business days, deposit \$500 in escrow;**

44 **(c) Within 10 business days, obtain written preapproval from a lender for the full pur-**  
 45 **chase price;**

1 (d) Within 30 calendar days, for existing dwellings that are not newly constructed by the  
2 department, complete all inspections of the property and waive any inspection contingency;

3 (e) Close the sale within 45 days; and

4 (f) Take any steps required by the department to confirm or demonstrate continued el-  
5 igibility under this subsection.

6 (3) If an eligible registrant does not execute a purchase agreement or the purchase  
7 agreement terminates or fails to close under subsection (2) of this section:

8 (a) The registrant is removed from the lottery; and

9 (b) The department shall offer the property to the interested registrant with the next-  
10 lowest priority number.

11 (4) If no eligible registrants express interest or are able to close the loan, the department  
12 shall reduce the price and repeat the announcement and sale process described in this sec-  
13 tion.

14 SECTION 10. Occupancy requirements for dwellings sold by state. (1) For purposes of this  
15 section:

16 (a) "Original purchase price" means the price paid by the grantee to the state, excluding  
17 any closing costs or taxes.

18 (b) "Primary residence" means the place where an individual actually lives for at least  
19 nine months of the calendar year and that the individual continues to maintain as the  
20 individual's principal residence.

21 (2) Each deed conveying real property under section 9 of this 2025 Act must:

22 (a) Require that the property be used as the grantee's primary residence for a period of  
23 no less than five years; and

24 (b) Grant to the state, through the Oregon Department of Administrative Services, an  
25 option to purchase the property at the original purchase price that may be executed only if,  
26 at any time within five years of the date of the deed:

27 (A) The grantee attempts to sell, transfer or otherwise voluntarily convey the property;  
28 or

29 (B) The grantee fails to maintain the property as the grantee's primary residence.

30 (3) The option to purchase under subsection (2) of this section:

31 (a) Must be exercised by the state under subsection (2)(b)(A) of this section within 30  
32 days of receiving written notice from the grantee of intent to sell, transfer or convey;

33 (b) May be exercised by the state under subsection (2)(b)(B) of this section upon:

34 (A) Determining that the grantee has failed to maintain the property as the grantee's  
35 primary residence; and

36 (B) Providing written notice to the grantee and any lender of record at least 60 days prior  
37 to exercising the option;

38 (c) If exercised, requires closing within 60 days of providing notice under paragraph (b)  
39 of this subsection;

40 (d) Automatically terminates five years after the date of the deed; and

41 (e) Is subordinate to any first position purchase money mortgage or trust deed.

42 (4) Upon exercise of the option to purchase:

43 (a) The state shall pay off any outstanding balance on any purchase money mortgage or  
44 trust deed securing the property;

45 (b) The grantee shall be entitled to any remaining proceeds after satisfying all liens and

1 encumbrances; and

2 (c) The property returns to the Home Start Lands program for resale under section 9  
3 of this 2025 Act.

4 (5) The department may adopt rules:

5 (a) Establishing procedures for determining and monitoring primary residence status;

6 (b) Creating a process for grantees to request temporary waivers of the primary resi-  
7 dence requirement for good cause; and

8 (c) Setting requirements for notice and exercise of rights under this section.

9 **SECTION 11.** Section 12 of this 2025 Act is added to and made a part of ORS chapter 308.

10 **SECTION 12. Property taxes for dwellings on Home Start Lands.** (1) This section applies  
11 only to a dwelling on Home Start Lands, as defined in section 2 of this 2025 Act, that is  
12 conveyed:

13 (a) To the first homeowner under a deed subject to section 3 (2)(b) of this 2025 Act; or

14 (b) By the state under section 9 of this 2025 Act.

15 (2) For a dwelling described in subsection (1) of this section:

16 (a) The county assessor shall subtract from the assessed value and the maximum as-  
17 sessed value the real market value of the land for the purposes of calculating the property's  
18 taxes and special assessments.

19 (b) The subtraction is calculated for tax years beginning on July 1 of the property tax  
20 year first following the conveyance by the state to the homeowner and ends after five con-  
21 secutive tax years.

22 (c) If the property was acquired by the state under section 10 of this 2025 Act, the five-  
23 year period described under paragraph (b) of this subsection begins anew for the new pur-  
24 chaser.

25 **SECTION 13. Applicability of property tax subtraction.** Section 12 of this 2025 Act applies  
26 to property tax years beginning on or after July 1, 2028, and before July 1, 2034.

27 **SECTION 14. Captions.** The section captions used in this 2025 Act are provided only for  
28 the convenience of the reader and do not become part of the statutory law of this state or  
29 express any legislative intent in the enactment of this 2025 Act.

30