



Clatsop County

Board of Commissioners

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March 18, 2025

House Committee On Housing and Homelessness
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

RE: Support House Bill 3545-1

Chair Marsh and Members of the Committee,

The Clatsop County Board of Commissioners strongly supports House Bill 3545-1 and urges its passage to provide much-needed relief to counties that acquire tax-foreclosed properties burdened by homeowners association (HOA) fees. This is a good governance bill, creating a practical and necessary step to ensure that taxpayer dollars are used responsibly and that counties are not forced to subsidize private expenses.

ORS 312.270 and Westwood Homeowners Association, Inc. v. Lane County (1993)

ORS 312.270, stipulates that when a county acquires a property through tax foreclosure, it is granted title “free from all liens and encumbrances except assessments levied by a municipal corporation for local improvements to the property.” However, the situation becomes more complex when properties are located within a HOA. The Oregon Supreme Court ruling in *Westwood Homeowners Association, Inc. v. Lane County* (1993) established that HOA fees are not extinguished through foreclosure and must continue to accrue as long as the county holds the deed to the property. As a result, counties are required to pay HOA fees on tax-foreclosed properties—fees that can become a significant financial burden and must be paid using taxpayer dollars.

Clatsop County Taxpayers Covering Private Community Expenses

In 2019, the Fishhawk Lake Reserve and Community (FLRC) drained Fishhawk Lake to repair a broken drain in the dam. The resulting water pollution downstream led to the death of more than 30,000 fish, including more than 20,500 endangered coho salmon. This incident drew investigations by both the Oregon Department of Environmental Quality (DEQ) and the Oregon Department of Fish and Wildlife (ODFW), resulting in a \$3.7 million settlement. To cover the costs, FLRC significantly increased HOA fees.

In 2016 and 2021, the County acquired two lots in this area. The County has offered both properties for sale at public auction twice, but even with a minimum bid set at \$1, no bids were received.

As of March 1, 2025, Clatsop County has paid a total of \$61,209.51 in HOA fees for these properties. What started as a \$273.13 monthly fee, in January 2024 increased to \$576.30 and then in October 2024 to \$833.09 per month for an annual amount of \$19,994.16 for the two properties. These escalating fees are a significant financial burden on the County and, ultimately, on taxpayers who have no connection to FLRC. This means that residents across Clatsop County—who do not live in or benefit from services at FLRC—are effectively subsidizing a private HOA.

Furthermore, current property owners of FLRC are struggling to afford their property with the dramatic fee increases. Over the next three years we expect more properties are at risk of going into tax foreclosure, with six more currently in various stages of tax delinquency. In fact, our Assessment and Taxation Department just received a letter from a homeowner located in FLRC requesting that the County take ownership of their property as they are unable to afford the rising HOA fees.

Preventing an Unintended Burden on Counties and Protecting Taxpayer Funds

Eliminating the requirement for counties to pay HOA fees on tax-foreclosed properties ensures that taxpayer dollars are directed toward essential public services, rather than private community expenses. HB 3545-1 addresses this issue by providing a temporary exemption period from HOA fees (a maximum of one year), starting on the day a county takes ownership. After this exemption period, if the property has not been sold, transferred, leased, or permanently retained by the county, HOA fees would begin to accrue. Rather than using taxpayer dollars to cover these private HOA fees, the total accrued amount would be paid by the new owner upon sale or transfer or by the county if it decides to permanently retain or lease the property.

Opponents of this bill argue that counties pay for expenses on tax-foreclosed properties outside of HOAs, such as building maintenance and infrastructure, and should therefore also be responsible for HOA fees. However, the key difference is that counties only cover costs necessary to address safety concerns and prepare properties for sale. HOA fees fund expenses that benefit their private community, not just an individual lot. These fees go toward amenities, landscaping, shared maintenance, and other services that contribute to the overall quality of life for all residents within the HOA, which is outside the scope of a county's responsibility.

Providing Counties a Realistic Timeframe to Sell Tax-Foreclosed Properties

Selling tax-foreclosed properties is not an immediate process and often takes a year or more, particularly in areas with limited buyers. HB 3545-1 helps stabilize property ownership within HOAs and prevents repeated foreclosures by allowing counties the necessary time to follow legally required procedures and secure responsible buyers without the added burden of HOA fees.

The situation at FLRC is unique to Clatsop and Columbia Counties, highlighting why this bill is necessary. It is rare for counties to take ownership of properties within an HOA through tax foreclosure. However, properties within an HOA are usually in good condition and well-maintained, making them unlikely to face challenges at public auction. As a result, the one-year exemption period establishes a reasonable timeline for counties to sell, transfer, lease, or permanently retain the property.

Moreover, if a county's efforts to sell a property extend beyond one year and HOA fees begin to accrue, the county can work with the HOA to prevent the total amount from becoming a financial obstacle, as they share the goal of returning properties to private ownership as quickly as possible. To support this, HOAs may find it beneficial to waive or reduce accrued fees to help facilitate a sale.

Maintaining Contractual Integrity

Counties do not voluntarily enter into HOA contracts, nor do they receive services or benefits from these associations. HB 3545-1 maintains fiscal responsibility while respecting the integrity of HOA agreements. Like Local Improvement District (LID) fees, HOA fees would remain attached to the property and ultimately be paid by the new owner. This ensures that HOAs receive their dues without shifting the financial burden onto counties and, by extension, taxpayers.

A Sensible Approach to Financial Obligations

Property taxes become delinquent if unpaid by May 15. If they remain unpaid for three more years, counties initiate tax foreclosure, followed by a two-year redemption period before officially taking ownership. In total, at least six years pass between the last property tax payment and when a county acquires a property.

While HOA assessments fund essential community services such as landscaping, waste management, security, infrastructure repairs, and utilities, property owners struggling to pay taxes are also prone to falling behind on monthly HOA payments during this six-year period. As a result, it is more likely that HOAs face revenue losses long before a county takes ownership of a property. Transferring this financial burden onto counties—and ultimately to all county taxpayers who do not benefit from HOA services—is deeply problematic. Instead, HB 3545-1 provides a balanced and fiscally responsible solution.

Counties actively work to sell or transfer tax-foreclosed properties as quickly as possible to minimize financial and administrative burdens. Our ultimate goal is to return these properties to the tax roll, allowing tax revenue to be collected and distributed back to the taxing districts that provide essential services to all taxpayers. This not only benefits the broader community but also supports the long-term financial stability of the HOA and its members.

For these reasons, we strongly urge your YES vote on HB 3545-1 to ensure taxpayer dollars are used responsibly and that counties are not forced to subsidize private expenses.

Thank you for your time and consideration.

Sincerely,



Mark Kujala, Chair
District 1



Anthony Huacuja, Commissioner
District 2



Pamela Wev, Commissioner
District 3



Courtney Bangs, Vice Chair
District 4



Lianne Thompson, Commissioner
District 5