

**FINANCIAL IMPACT STATEMENT
For Council Action Items**

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Javier Mena		2. Telephone No. 823-3377	3. Bureau/Office/Dept. Portland Housing Bureau
4a. To be filed (date) March 10, 2010	4b. Calendar (Check One) Regular Consent 4/5ths * <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: March 10, 2010

1) Legislation Title:

Approve 109 applications and denying 70 applications for the Single Family New Construction Limited Tax Abatement program from January 1, 2009 to December 31, 2009 (Resolution).

2) Purpose of the Proposed Legislation:

Encourage new construction of single family homes in specific areas designated as “distressed”; increase minority home ownership within the city.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

PDC/PHB collects a one-time application fees of \$300 (\$150 of which is collected from the homebuyer). Multnomah County also collects an application fee of \$450.

PDC/PHB approved 109 applications for a revenue total of \$76,800; \$49,050 of which is distributed to the County. Also in 2009 PDC/PHB approved 118 new homebuyers to previously activated housing units representing revenue of \$17,700.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? This resolution will officially approve 109 New Construction applications at an estimated average of \$1,484 in foregone property taxes per year for each unit. Authorizing these applications for the Single Family New Construction programs would result in a total abatement of about \$161,756¹ per year, for ten years. The total amount of property taxes abated for this period of time is approximately \$1,617,560. This includes taxes foregone by the City of Portland, Multnomah County and other entities which receive property taxes within Multnomah County.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? No

**6) Will positions be created or eliminated in *future years* as a result of this legislation? No
Complete the following section only if an amendment to the budget is proposed.**

7) Change in Appropriations N/A


Margaret Van Vliet, Director

APPROPRIATION UNIT HEAD (Typed name and signature)

¹ Based on a per unit property tax estimate from the 2009 Annual Report of \$1,484 for the Single Family program.

8. FINANCIAL IMPACT

This resolution will officially approve 109 New Construction applications at an estimated average of \$1,484 in foregone property taxes per year for each unit. Authorizing these applications for the Single Family New Construction programs would result in a total abatement of about \$161,756ⁱ per year, for ten years.

The total amount of property taxes abated for the 109 applications over a ten-year time period is approximately \$1,617,560. This includes taxes foregone by the City of Portland, Multnomah County and other entities which receive property taxes within Multnomah County.

ⁱ Based on a per unit property tax estimate from the Tax Year 2008-2009 Annual Report Residential Tax Exemption Programs of \$1,484 for the Single Family program.

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

TO: Mayor Sam Adams
Commissioner Nick Fish

COPY: Bruce A. Warner
Jacob Fox
Keith Witcosky
Julie Cody

FROM: Margaret S. VanVliet, Director

RE: Resolution approving 109 applications and denying 70 applications for the Single Family New Construction Limited Tax Abatement program from January 1, 2009 to December 31, 2009

1. **INTENDED THURSDAY FILING DATE:** March 11, 2010
 2. **REQUESTED COUNCIL AGENDA DATE:** March 17, 2010
 3. **CONTACT NAME & NUMBER:** Javier Mena 503-823-3377
 4. **PLACE ON:** CONSENT REGULAR
 5. **BUDGET IMPACT STATEMENT ATTACHED:** Y N N/A
 6. **(3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:** Yes No N/A
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7. BACKGROUND/ANALYSIS

On December 16, 2009, PDC and the Planning Bureau released the Annual Report on the City's use of the Limited Tax Abatement programs. The report found that the five active tax abatement programs accounted for 14,178 units and properties with an estimated amount of foregone revenue to primary taxing jurisdictions such as the City of Portland, Multnomah County, and Public School Districts of \$15.4 million.

Among these is the Single Family New Construction program. The Report identified the annual amount of foregone revenue from this program to be about \$3.2 million (attributed to 2,230 properties). As part of the annual application cycle for this program, City Code 3.102.030B(3) requires PDC to receive City Council approval of qualified applications in time for submittal to the County Assessor by April 1 of each year. The attached resolution approves 109 properties based on eligible applications which will begin receiving a property tax abatement beginning in July 2010. Of the 109 eligible properties; 33 are being activated by the builder and 76 are being activated by homeowners. The abated taxes will apply to the value of the improvements. Homeowners will continue to pay taxes on the value of their land. These abatements result in approximately \$161,756 in foregone revenue each year, for ten-years. Compliance with the terms of these approvals will become part of the upcoming annual tax abatement report which is released in the fall of each calendar year.

The Council Resolution approves 109 applications, and also formally denies 70 applications. The 70 denied applicants are permitted to make an appeal before City Council. We do not expect any denied applicant to appeal/testify at this meeting.

8. FINANCIAL IMPACT

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The total amount of property taxes abated for the 109 applications over a ten-year time period is approximately \$1,617,560. This includes taxes foregone by the City of Portland, Multnomah County and other entities which receive property taxes within Multnomah County.

ⁱ Based on a per unit property tax estimate from the Tax Year 2008-2009 Annual Report Residential Tax Exemption Programs of \$1,484 for the Single Family program.