

FINANCIAL IMPACT STATEMENT

For Council Action Items

36771

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

1. Name of Initiator Kate Allen		2. Telephone No. 503.823.3606	3. Bureau/Office/Dept. Portland Housing Bureau
4a. To be filed (date) March 10, 2010	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: March 10, 2010

1) Legislation Title:

Establish \$275,000 as the maximum price for newly constructed, single-unit housing eligible for a limited property tax exemption in a Homebuyer Opportunity area for 2010 according to Chapter 3.102 (Resolution)

2) Purpose of the Proposed Legislation:

Chapter 3.102 of the City Code requires that the Planning Bureau bring a resolution to City Council with an annual price cap for units eligible for the single-unit new construction program in "Homebuyer Opportunity" areas. This program allows a 10-year property tax exemption on the improvement value of a new single-family home or condo. State statute requires that the price cap be set annually and be no more than 120 percent of the median home sales price as of November 30 of the previous year for the county in which the greater portion of the taxable assessed value of single-unit housing of the city is located.

The median sales price for single-family homes and condos in Multnomah County as of November 30, 2009 was \$250,000. The proposed price cap for 2010 is \$275,000 which is 110 percent of the median sales price. The proposed cap will be applicable to the program in 2010. (The maximum allowed would be \$300,000, 120 percent of \$250,000.) The reason for retaining the 2009 cap for 2010 is to reflect the ongoing effect of the economic downturn on conditions in the Portland area housing market.

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.

Maintaining the existing price cap will not, in and of itself, have an effect on foregone revenue.

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 program, like other tax exemption programs, has low administrative costs. PDC/PHB collects a one-time application fee of \$300 (\$150 of which is collected from the homebuyer).

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

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Amount
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Margaret Van Vliet, Director

APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF
PORTLAND, OREGON
PORTLAND HOUSING BUREAU

Nick Fish, Commissioner
Margaret Van Vliet, Director
421 SW 6th Avenue, Suite 500
(503) 823-2375
Fax (503) 823-2387
www.portlandonline.com/PHB

AMENDMENT

36771

March 16, 2010

TO: Mayor Sam Adams
Commissioner Nick Fish

FROM: Kate Allen

RE: Establish \$275,000 as the maximum price for newly constructed, single-unit housing eligible for a limited property tax exemption in a Homebuyer Opportunity area for 2010 according to Chapter 3.102 (Resolution)

1. INTENDED WEDNESDAY FILING DATE: March 10, 2010
2. REQUESTED COUNCIL AGENDA DATE: March 17, 2010
3. CONTACT NAME & NUMBER: Kate Allen, x33606
4. PLACE ON: ☐ CONSENT ☒ REGULAR
5. BUDGET IMPACT STATEMENT ATTACHED: ☒ Yes ☐ No ☐ N/A

6. BACKGROUND/ANALYSIS:

Chapter 3.102 of the City Code requires that the Planning Bureau bring a resolution to City Council with an annual price cap for units eligible for the single-unit new construction program in "Homebuyer Opportunity" (formerly named "distressed") areas. This program allows a 10-year property tax exemption on the improvement value of a new single-family home or condo. State statute requires that the price cap be set annually and be no more than 120 percent of the median home sales price as of November 30 of the previous year for the county in which the greater portion of the taxable assessed value of single-unit housing of the city is located.

The median sales price for single-family homes and condos in Multnomah County as of November 30, 2009 was \$250,000. The proposed price cap for 2010 is \$275,000 which is 110 percent of the median sales price. The proposed cap will be applicable to the program in 2010. (The maximum allowed would be \$300,000, 120 percent of \$250,000.) The reason for retaining the 2009 cap for 2010 is to reflect the ongoing effect of the economic downturn on conditions in the Portland area housing market.

7. FINANCIAL IMPACT

Maintaining the existing price cap will not, in and of itself, have an effect on foregone revenue.

8. RECOMMENDATION/ACTION REQUESTED

Please approve this resolution establishing \$275,000 as the maximum price for newly construction, single-unit housing eligible for a limited property tax exemption.

Deleted: 2010 LTE Price Cap
Memo.doc