

IMPACT STATEMENT

Legislation title: Approve and terminate limited tax exemptions for properties under the Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program (Resolution)

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Purpose of proposed legislation and background information:

PHB administers the Homebuyer Opportunity and Multiple-Unit Limited Tax Exemption Programs, authorized under ORS 307 and Portland City Code 3.102 and 3.103. The City first codified tax exemption programs in 1985. The City's tax exemption programs provide an incentive for the development and maintenance of affordable housing. The home ownership programs in particular promote first time home ownership opportunities for low and moderate income qualified homebuyers at 100% median family income (MFI) for a household of 4 by providing a property tax exemption on the assessed value of newly built homes for ten years. During the exemption period, homes must continue to be owner occupied and not used as rental properties.

ORS 307.674, 307.687, 307.624 and 307.627 and City Code Sections 3.102.050, 3.102.080, and 3.103.100 require Portland City Council to approve, deny, and terminate tax exemptions in the form of a resolution. Portland Housing Bureau (PHB) brings resolutions to City Council several times per year in order to meet the approval and termination timelines set forth in statute and align with Multnomah County's timelines to certify annual tax rolls. PHB last brought such a resolution to City Council in September 2017. This current action to remove 15 exemptions results from ongoing compliance review of active exemptions to identify any properties not meeting the owner occupancy requirement, selling over the price cap, or selling to over-income homebuyers. This resolution also acts to approve 54 new exemptions. The annual cap on the number of approved applications is 100. Applications from nonprofit agencies or other entities providing long-term affordability are exempt from the annual cap. As of February 21, 2018, 26 application slots are still available.

Financial and budgetary impacts:

The 54 approved Homebuyer Opportunity Limited Tax Exemption applications will increase revenue for the City of Portland in the form of a one-time application fee totaling \$40,500. A total of \$1,600 is collected for each completed and approved application, \$750 goes towards Portland Housing Bureau administrative costs, and \$850 is paid to Multnomah County for administrative costs.

This legislation will decrease revenue for the City of Portland in the form of foregone revenue as indicated in the chart below, which breaks out total revenue forgone by all taxing jurisdictions in Multnomah County as well as the portion foregone specifically by the City of Portland (approximately 30% of the total).

	Total Foregone Revenue Individual HOLTE Unit	City Share (30%) Individual HOLTE Units	Total Foregone Revenue 54 Approved HOLTE Units	City Share (30%) 54 Approved HOLTE Units
First Year	\$2,018	\$615	\$108,972	\$33,210
10 Year Total	\$20,180	\$6,150	\$1,089,720	\$332,100

Community impacts and community involvement:

The homeownership tax exemption programs provide new tax exemptions across the City of Portland. Home builders must apply for exemptions prior to them being constructed, the homes, then, must sell for no more than the annual sale price cap (currently \$375,000) to income qualified homebuyers (currently not more than \$74,700 for a family of 4). Before removing a tax exemption, homeowners are given the opportunity to appeal as required by statute. As the largest taxing jurisdiction affected by the tax exemption programs, Multnomah County has approved the administration of the programs in order to meet shared affordable housing goals.

Renewable Energy Goal:

Approval of the HOLTE does not impact the City's total renewable energy use.

Budgetary Impact Worksheet**Does this action change appropriations?**

- ☐ YES: Please complete the information below.
☒ NO: Skip this section

**MAYOR'S AMENDMENT TO ITEM 250 – HOLTE
MARCH 14, 2018 | AM COUNCIL MEETING**

The total number of the exemptions needs to be updated from 53 to 54, and the estimated foregone revenue from \$106,954 to 108,972. The list needs to be updated to add number 54, with a record number of 5592-17. The property owner's name is Trang Thai; the tax account number is R563350 and the property address is 8935 SE Harney Ct, zip code 97266. The exemption type is a 37.