

IMPACT STATEMENT

Legislation title: Verify income of subsequent homeowners receiving a property tax exemption under the Homebuyer Opportunity Limited Tax Exemption Program (Ordinance; amend Code Section 3.102.060)

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Purpose of proposed legislation and background information:

PHB administers the Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program, authorized under ORS 307.651-687 and Portland City Code Chapter 3.102. The City first codified tax exemption programs in 1985. The HOLTE Program promotes first-time home ownership opportunities for low- and moderate-income qualified homebuyers at 100% area median family income (MFI or AMI) 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, current code requires that homes remain owner-occupied and not used as rental properties. The HOLTE Program also requires that initial homebuyers purchasing a home with a HOLTE, meet the income requirements and purchase that home for less than the annually established price cap – currently \$375,000.

This ordinance amends City Code to require that any subsequent purchasers during the exemption period also meet the income criteria at the time of purchase. Should a homebuyer not be eligible, the tax exemption would be removed.

Financial and budgetary impacts:

Adding the review of subsequent homebuyers to new applications approved as of July 1, 2018 will add to the workload of staff in the future, however not until properties are sold so there will not be an immediate impact. PHB is considering adding a verification processing fee to cover the additional time needed to administer the program. After determining the cost of service for processing additional homebuyer verifications, PHB will implement any new fees in the fall supplemental budget process.

Community impacts and community involvement:

The homeownership tax exemption programs provide new tax exemptions across the City of Portland. As the largest taxing jurisdiction affected by the tax exemption programs, Multnomah County has approved PHB's administration of the programs in order to meet shared affordable housing goals.

Renewable Energy Goal:

This change to the HOLTE Program 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