

IMPACT STATEMENT

Legislation title: Establish 2019 sale price cap for the Homebuyer Opportunity Limited Tax Exemption Program (Resolution)

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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 and Portland City Code 3.102. The City first codified tax exemption programs in 1985. The City's property tax exemption programs provide an incentive for the development and maintenance of affordable housing. The homeownership programs, in particular, promote first-time homeownership opportunities for income-qualified homebuyers 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, and any new owners must income-qualify.

In order to maintain compliance with state statute, PHB must establish an annual sale price cap for the HOLTE program which may not exceed 120% of the area median sale price. Based on data compiled by Multnomah County for sales between January 1 and November 30, 2018, the current area median sale price is \$395,000. Because the HOLTE program also has a limit on the income of eligible buyers, and because of the lack of housing stock affordable to households with low-to-moderate income homebuyers, PHB has chosen a sale price of \$395,000 which is 100% of the area median sale price and an approximately 5% increase from the 2018 cap of \$375,000.

Financial and budgetary impacts:

Although the HOLTE program itself reduces future revenue to the City in the form of forgone property taxes, this resolution does not impact the amount of foregone revenue; this resolution merely limits the sale price for units eligible to receive the property tax exemption under the program.

Community impacts and community involvement:

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. County staff provided the City with data necessary to establish the annual price.

There has not been a specific public process to review the annual sale price cap; however, PHB staff regularly engage with non-profit community partners that provide services to first-time homebuyers and have done analysis for the State of Housing report demonstrating the community need to provide affordable homeownership opportunities.

100% Renewable Goal:

Approval of the annual sale price cap for 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