

IMPACT STATEMENT

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

Contact name: Marilyn Hurtley

Contact phone: 503-823-3269

Presenter: Dory Van Bockel

Purpose of proposed legislation and background information:

Portland Housing Bureau (PHB) administers the Homebuyer Opportunity Limited Tax Exemption Programs, authorized under ORS 307 and Portland City Code 3.102. 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 homeownership programs promote first time home ownership opportunities for low and moderate income qualified homebuyers at 100% of area 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 and 307.687 and City Code Sections 3.102.050 and 3.102.080 require Portland City Council to approve, deny, and terminate tax exemptions in the form of a resolution. PHB brings resolutions to City Council several times per year 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 2018. This current action to remove 4 exemptions is the result of ongoing compliance review of active exemptions to identify any properties which do not meet the owner occupancy requirement, selling over the price cap, or selling to over-income homebuyers. This resolution also acts to approve 46 new exemptions, 10 of which were already deemed approved due to complete applications having been received by PHB over 180 days ago and are now being formalized by this action. 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. This year's application cap has been met; PHB will be approving the remaining applications in process through another resolution in April 2019.

Financial and budgetary impacts:

The 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 \$41,400. A total of \$1,750 is collected for each completed application, \$900 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 Unit	Total Foregone Revenue Approved HOLTE Units	City Share (30%) Approved HOLTE Units
First Year	\$2,412	\$724	\$110,952	\$33,304
10 Year Total	\$24,120	\$7,240	\$1,109,520	\$333,040

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 \$395,000) to income qualified homebuyers (currently not more than \$81,400 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 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