

IMPACT STATEMENT

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

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Purpose of proposed legislation and background information:

Portland Housing Bureau (PHB) administers the Homebuyer Opportunity Limited Tax Exemption Programs, authorized under ORS 307.651 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 April 2019. This current action to remove 29 exemptions is the result of ongoing compliance review of active exemptions to identify any properties which do not meet the owner occupancy requirement, have sold to over-income homebuyers or have taken over 2 years from activation to complete construction. We are not currently activating any additional exemptions.

Financial and budgetary impacts:

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

	Reclaimed Foregone Revenue per Individual HOLTE Unit	Reclaimed City Share (30%) Individual HOLTE Unit	Total Reclaimed Foregone Revenue HOLTE Units	Total Reclaimed City Share (30%) HOLTE Units
First Year	\$2,412	\$724	\$69,948	\$20,996

Community impacts and community involvement:

The homeownership tax exemption programs provide new tax exemptions across the City of Portland. 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 terminations 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