

**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 name:** 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 307.651 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 September 2019. This current action to remove 11 exemptions is the result of ongoing compliance review of active exemptions to identify any properties which do not meet the owner occupancy requirement, are selling over the price cap, are selling to over-income homebuyers, or for which construction had not been completed within the statute prescribed period of time. This resolution also acts to approve 77 new exemptions. The annual cap on the number of applications is 100. The 100-unit cap on applications has already been met for the 2019-20 fiscal year. Applications from nonprofit agencies or other entities providing long-term affordability are exempt from the annual cap. PHB has additional pending applications under review which will be brought to Council for approval after they are finalized.

**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 \$69,300. 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 foregone by all taxing jurisdictions in Multnomah County as well as that portion foregone specifically by the City of Portland (approximately 30% of the total).

	Foregone Revenue Individual HOLTE Unit	City Share (30%) Individual HOLTE Unit	Total Foregone Revenue HOLTE Units	Total City Share (30%) HOLTE Units
<b>First Year</b>	\$2729	\$819	\$210,133	\$63,063

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).

	Total Reclaimed Foregone Revenue Individual HOLTE Unit	Total Reclaimed City Share (30%) Individual HOLTE Unit	Total Reclaimed Foregone Revenue HOLTE Units	Total Reclaimed City Share (30%) HOLTE Units
<b>First Year</b>	\$2729	\$819	\$30,019	\$9,009

#### **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 construction. 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 \$87,900 for a family of 4). 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