

## IMPACT STATEMENT

**Legislation title:** Terminate limited tax exemptions for properties under the Homebuyer Opportunity Limited Tax Exemption Program (Resolution; amend Resolution 37449)

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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. As 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, PHB asks specific exemptions to be removed. PHB last brought such a resolution to City Council on September 18, 2019. At that time, 29 exemptions were identified as not meeting the requirements of the program. Two properties were included in error. One was reinstated in an amendment made to Exhibit A on December 4, 2019 through Resolution No. 37462. This current action is to amend the September 18, 2019 Resolution No. 37449 Exhibit A to exclude the second property and reduce the count from 29 to 27 exemptions to be removed.

**Financial and budgetary impacts:**

The table below has been recalculated to reflect the 27 terminations. 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
<b>First Year</b>	\$2,412	\$724	\$65,124	\$19,548

**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