

IMPACT STATEMENT

Legislation title: Establish 2021 sale price cap for the Homebuyer Opportunity Limited Tax Exemption Program (Resolution)

Contact name: Marilyn Hurlley

Contact phone: 503-823-3269

Presenter name: Dory Van Bockel

Purpose of proposed legislation and background information:

The Portland Housing Bureau (PHB) administers the Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program, authorized under ORS 307.651 and Portland City Code 3.102. The HOLTE Program promotes 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 between January 1 and November 30, 2020. The act to establish the price cap requires a resolution approved by City Council prior to January 1 each year. Based on data compiled by Multnomah County for sales between January 1 and October 23, 2020, the area median sale price was \$411,750. An update to the median sale price through November 19, 2020 revealed a marked increase to \$425,900. Because the HOLTE program also has a limit on the income of eligible buyers, and because of the lack of housing stock affordable low-to-moderate income homebuyers, PHB has chosen a sale price of \$412,000 which is 100% of the area median sale price as of October 23, 2020 and an approximately 2% increase from the 2020 cap of \$405,000.

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

The State of Housing report published annually by PHB demonstrates the community need to promote 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