



190926

Emergency Ordinance

***Amend Property Tax Exemption for New Construction of Single-Unit Housing in Homebuyer Opportunity Areas Code to allow extension of construction timeline for properties receiving a property tax exemption under the Homebuyer Opportunity Limited Tax Exemption Program (amend Code Sections 3.102.020, 3.102.040, 3.102.050, and 3.102.090)**

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. On behalf of the City of Portland, the Portland Housing Bureau (“PHB”) administers the Homebuyer Opportunity Limited Tax Exemption Program (the “HOLTE Program”), authorized under ORS 307.651-307.687 and Portland City Code Chapter 3.102.
2. The HOLTE Program provides a ten-year property tax exemption on the residential portion of the structural improvements so long as the HOLTE Program requirements are met. During the exemption period, property owners remain responsible for the payment of taxes on the assessed value of the land.
3. The City Council approves HOLTE applications through resolutions prepared by PHB, according to ORS 307.674.
4. ORS 307.651 (3.) (b.) requires eligible homes be built within two years of approval. The Oregon State Legislature, however, approved HB 2456-A in June 2021 (codified in ORS 307.677) allowing extension of the construction period for up to two years.
5. The amendments proposed to Chapter 3.102 updates Portland City Code to align with State regulations that would allow an opportunity to extend the construction timeline for homebuilders who have had unavoidable delays and can demonstrate they will complete

Introduced by

[Commissioner Dan Ryan](#)

Bureau

[Housing Bureau](#)

Contact

Jessica Conner
Senior Policy and Planning
Coordinator

✉ Jessica.Conner@portlandoregon.gc

Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

July 13, 2022

Time Requested

10 minutes

Changes City Code

construction within the additional timeframe. Extending the timeline avoids unnecessary termination of property tax exemptions and maintains the remaining years of the property tax exemption for homebuyers.


6. The proposed City Code language delegating rule making authority to the Portland Housing Bureau is derived from updated model language. This change is based on guidance from the City Attorney's Office.

NOW, THEREFORE, the Council directs:

- A. Amend City Code Sections 3.102.020, 3.102.040, 3.102.050, and 3.102.090 as set forth in the attached Exhibit A.

Section 2. The Council declares an emergency exists in order for PHB to review any requests for extension before any property tax exemptions would otherwise need to be terminated; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Documents and Exhibits

 [Exhibit A](#) (108.41 Kb)

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
July 13, 2022

Auditor of the City of Portland
Mary Hull Caballero

Impact Statement

Purpose of Proposed Legislation and Background Information

PHB administers the Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program, authorized under ORS 307.651-687 and Portland City Code Chapter 3.102. The City first codified tax exemption programs in 1985. The HOLTE Program promotes first-time home ownership opportunities for low- and moderate-income qualified homebuyers at 100% area median family income (MFI or AMI) for a household of 4 by providing a property tax exemption on the assessed value of newly built homes for ten years.

Homebuilders apply for tax exemptions prior to starting construction on new homes. PHB must approve complete applications within 180 days through a resolution approved by City Council. From there, homes must be built within two years. Currently, any unforeseen delays preventing construction completion beyond two years leads to tax exemptions being removed. The

Oregon State Legislature approved HB 2456-A in June 2021 (codified in ORS 307.677) allowing extension of the construction period for up to two years. This ordinance is technical in nature, allowing PHB to consider requests to extend exemptions for properties that have had unavoidable delays and can demonstrate they have and will continue to perform due diligence towards completing construction. PHB will update the HOLTE program administrative rules to reflect this process according to PHB's rule-making policy which includes a public hearing and a request for feedback from the community.

This ordinance is a technical change to amend City Code allowing PHB to extend the construction timeline for homes being built under the HOLTE program so that the exemption can still be available to homebuyers.

Financial and Budgetary Impacts

There is no financial impact resulting from this ordinance.

Community Impacts and Community Involvement

Habitat for Humanity whose development practices often require a longer construction timeline is particularly impacted by this change and was involved with testifying at the state legislature to make this change possible.

100% Renewable Goal

This change to the HOLTE Program does not impact the City's total renewable energy use.

Budget Office Financial Impact Analysis

No fiscal impact.

Agenda Items

627 Regular Agenda in July 13, 2022 Council Agenda

Passed

Commissioner Jo Ann Hardesty Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Mayor Ted Wheeler Yea