

Exhibit A.

3.102.010 Purpose.

- A.** The City of Portland adopts the provisions of Oregon Revised Statutes 307.651 through 307.687 and administers a property tax exemption program for new construction of single-unit housing authorized under those provisions.
- B.** In addition to meeting the legislative goals set forth in ORS 307.654, the program also seeks to accomplish the following additional core goals:
 - 1.** Stimulate the construction of affordable housing and other public benefits where such housing or benefits may not otherwise be made available.
 - 2.** Leverage market activities to advance housing and economic prosperity goals by aligning those activities with the goals of the Portland Plan and the Portland Housing Bureau's Strategic Plan.
 - 3.** Provide transparent and accountable stewardship of public investments.

3.102.020 Definitions.

(Amended by Ordinance No. 186700, effective July 1, 2014.) As used in this Chapter:

- A.** “**Administrative Rules**” means the Homebuyer Opportunity Limited Tax Exemption ~~tax exemption~~ program administrative rules ~~developed by the Portland Housing Bureau and approved through City Council~~ which set forth the program requirements, processes, and procedures.
- B.** “**Applicant**” means the individual who or entity which owns the property and is submitting an application for the tax exemption program and is legally bound to the terms and conditions of an approved tax exemption, including but not limited to any compliance requirements under this Chapter.
- C.** “**Single-unit housing**” has the meaning set forth in ORS 307.651(4)(3).

3.102.030 Benefit of the Exemption; Annual Maximum Number of Exemptions.

- A.** Single-unit housing that qualifies for an exemption under this Chapter is exempt from property taxes to the extent provided under ORS 307.664 and the Administrative Rules.
- B.** However, the Portland Housing Bureau may, upon action by City Council on an annual basis, determine a limit on the number of applications accepted under this Chapter.

3.102.040 Exemption Requirements.

(Amended by Ordinance No. 186700, effective July 1, 2014.) In order to be considered for an exemption under this Chapter, an applicant must verify by oath or affirmation in the application that the proposed construction will meet the following requirements and public benefits upon completion of construction:

A. Property

1. Single-unit housing must be located within the City of Portland;
2. Each qualified dwelling unit in the single-unit housing must have a market value at the time of completion of no more than the amount determined annually by Portland Housing Bureau according to ORS 307.651(3) and 307.661;
3. Construction of the single-unit housing must be completed according to ORS ~~307.681(4)~~307.651(3)(b), except as provided in ORS ~~307.374~~307.677;
- ~~4. Each qualified dwelling unit must sell to the initial homebuyer within two years of activation of the exemption;~~
- ~~5.4.~~ Each qualified dwelling unit must have at least three bedrooms unless built within an approved transit-oriented area as determined by the Portland Bureau of Planning and Sustainability and included on the map defining eligibility areas where two-bedroom homes are allowed, which is available as an appendix to the Administrative Rules; and
- ~~6.5.~~ The single-unit housing must comply with all other planning and zoning requirements under the Code of the City of Portland.

B. Affordability

1. Each dwelling unit of the single-unit housing must be sold to a household with an annual gross household income not greater than one hundred percent of the area median income for a family of four as determined annually for the Portland Metropolitan Area by the United States Department of Housing and Urban Development, which income may be adjusted upward for households with more than four persons.
2. For the purposes of this program, household income is the annual gross income of the titleholder who will occupy the dwelling unit.

C. Owner-Occupancy

1. Once sold to the initial buyer, the dwelling unit shall remain owner-occupied as the principal residence of the titleholder receiving the tax exemption during the tax exemption period;

2. Hardship exception to the owner-occupancy requirement may be granted by the Portland Housing Bureau in accordance with its policies. Such hardship exceptions may include, but are not limited to, the following circumstances:
 - a. Active military duty outside of the area;
 - b. Temporary relocation to care for an ill or dying family member; or
 - c. Temporary relocation caused by an employer; and
3. The single-unit housing may not be rented at any time during the exemption period.

D. Equity

1. Applicant must acknowledge familiarity with Portland Housing Bureau's Minority, Women, and Emerging Small Businesses (MWESB) guidelines and contracting opportunity goals, and report on past contracting relationships.
2. Applicant must acknowledge awareness and understanding of Portland Housing Bureau's Guiding Principles on Equity and Social Justice and Strategic Priority of Helping Portlanders from Communities of Color buy a home and agree to partner with Portland Housing Bureau to assure that communities of color are aware of properties for sale with exemptions.

E. Green Building. The new construction must be built to meet healthy and resource efficient environmental building standards.

F. Application Fee. The applicant must pay an application fee determined by the Portland Housing Bureau as described in ORS 307.674(5).

3.102.050 Application Review and Approval.

A. The Portland Housing Bureau will review and approve or deny applications consistent with ORS 307.667 through 307.674.

B. Applicants must apply for the tax exemption prior to issuance of the building permit for the single-unit housing.

~~**C.** If construction of the single unit housing is not completed within the timeframe described in ORS 307.674, Portland Housing Bureau may extend the deadline as consistent with ORS 307.677.~~

~~**C.**~~ **D.C.** The issuance of final building permits shall indicate compliance with the Code of the City of Portland and shall be sufficient to meet the design standards as described in ORS 307.651(4)(3)(a)

E.D. Any exemption under this Chapter must be approved by City Council by resolution, and Portland Housing Bureau will deliver a list of the approved applications to Multnomah County within the timeframe set forth in ORS 307.674.

3.102.060 Compliance.

(Amended by Ordinance Nos. 186700 and 188932, effective June 8, 2018.)

- A. Upon approval, Portland Housing Bureau will record a notice on title of the property requiring Portland Housing Bureau verification of homebuyer eligibility and owner-occupancy qualification prior to the sale of each property to an initial homebuyer, as well as to subsequent purchasers throughout the duration of the exemption for any HOLTE applications approved after July 1, 2018.
- B. Single-unit housing which sells to homebuyers who do not meet the affordability or owner occupancy qualifications, will have the tax exemption removed as of the next tax year.
- C. Single-unit housing not meeting the exemption requirements by selling over the established sale price at initial sale will have the tax exemption terminated according to Section 3.102.080 and require the applicant to repay any exempted taxes consistent with ORS 307.687.

3.102.070 Designation of Homebuyer Opportunity Areas.

(Repealed by Ordinance No. 186700, effective July 1, 2014.)

3.102.080 Termination of the Exemption.

If the Portland Housing Bureau determines that the single-unit housing fails to meet any of the provisions of ORS 307.651 to 307.687 or this Chapter, the Portland Housing Bureau will terminate the exemption consistent with ORS 307.681 through 307.687.

3.102.090 Implementation.

~~Portland Housing Bureau may adopt, amend and repeal the administrative rules, and establish procedures, and prepare forms for the implementation, administration and compliance monitoring consistent with the provisions of this Chapter. The Director of PHB or a designee may enter into covenants and agreements, prepare forms and adopt, amend and repeal~~ Administrative Rules which establish procedures, policies, program requirements, compliance monitoring standards, and penalties, for implementation, administration, and enforcement of a program consistent with the provisions of this Section. The Director of PHB, or a designee, has authority to make changes to the Administrative Rules as is necessary to meet current City housing program requirements. PHB Administrative Rules will set forth clear and objective criteria to establish minimum standards for affordable units restricted under the Homebuyer Opportunity Limited Tax Exemption program.