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37604

Resolution

Establish 2023 sale price cap for the Homebuyer Opportunity Limited Tax Exemption Program

Adopted

WHEREAS, in 1991, the Oregon Legislature passed legislation allowing local jurisdictions to forgo a portion of property tax revenue for a defined period of time as an incentive for the development of housing that achieve larger City affordable housing policy goals; and

WHEREAS, on behalf of the City of Portland, the Portland Housing Bureau administers the Homebuyer Opportunity Limited Tax Exemption (HOLTE) Program, authorized under ORS 307.651 and Portland City Code 3.102; and

WHEREAS, Portland City Council is required by ORS 307.661 to establish annually by Resolution the sale price cap for units eligible to receive the property tax exemption which may not exceed 120 percent of the area median sale price; and

WHEREAS, the Portland Housing Bureau has received data from the Multnomah County Tax Assessor to determine the median sale price for dwelling units located in the city of Portland for the period of January 1, 2022 through November 30, 2022 as defined by statute; and

WHEREAS, it has been determined that the annual median sale price for dwelling units in the city of Portland for the above-mentioned period is approximately \$518,000; and

WHEREAS, the Portland Housing Bureau has elected to establish a sale price cap that remains affordable to households earning up to 100 percent of the area median family income in order to support homeownership affordability for moderate income homebuyers.

NOW, THEREFORE, BE IT RESOLVED that the City Council establishes the annual HOLTE sale price cap at \$455,000 for the 2023 calendar year, which goes into effect January 1, 2023.

Introduced by

[Commissioner Dan Ryan](#)

Bureau

[Housing Bureau](#)

Contact

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

December 14, 2022

Time Requested

20 minutes

Impact Statement

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, 2022. 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 17, 2022, the area median sale price was \$518,000.

Given the dramatic increase in home prices and that the HOLTE program is intended to promote affordable homeownership, the Housing Bureau has elected to set the 2023 sale price cap at \$455,000 - 89% of the area median sale price, which is close to the maximum affordability level of a median income homebuyer with a down payment and at the 2022 median sale price for attached homes.

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.

PHB held a meeting with participating homebuilders (including the Homebuilders' Association) to discuss current market conditions and options for setting the current sale price cap on November 9, 2022.

100% Renewable Goal

Approval of the annual sale price cap for the HOLTE program does not impact the City's total renewable energy use.

Agenda Items

1060 Regular Agenda in December 14-15, 2022 Council Agenda

Adopted

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Commissioner Jo Ann Hardesty Yea

Mayor Ted Wheeler Yea