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37616

Resolution

Approve and terminate limited tax exemptions for properties under 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 policy goals; and

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

WHEREAS, 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 containing the property owner's name and address and a description of the property or the assessor's property account number; and

WHEREAS, the properties identified in Exhibit A meet the specific conditions upon which the approval or termination of the application is based under ORS 307.674 and 307.687 and City Code Sections 3.102.050 and 3.102.080.

NOW, THEREFORE, BE IT RESOLVED that the City Council approves and terminates tax exemptions under the Homebuyer Opportunity Limited Tax Exemption Program, as listed in the attached Exhibit A.

Documents and Exhibits

 [Exhibit A](#) 25.66 KB

Introduced by

[Commissioner Carmen Rubio](#)

Bureau

[Housing Bureau](#)

Contact

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Requested Agenda Type

Consent

Date and Time Information

Requested Council Date

April 19, 2023

Impact Statement

Purpose of Proposed Legislation and Background Information

Portland Housing Bureau (PHB) administers the Homebuyer Opportunity Limited Tax Exemption Program, 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 Portland 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. PHB last brought such a resolution to City Council in December 2022. This current action to remove 2 exemptions is the result of ongoing compliance review of active exemptions to identify any properties which do not meet the owner-occupancy requirement, are selling over the price cap, are selling to over-income homebuyers, or for which construction had not been completed within the statute prescribed term. This resolution also acts to approve new exemptions for 16 properties.

The annual cap on the number of applications is 100. As of August 23, 2022, PHB has received and accepted 100 applications for the 2022-23 fiscal year. PHB has additional pending applications under review which will be brought to Council for approval after they are finalized. Applications from nonprofit agencies or other entities providing long-term affordability are exempt from the annual cap.

Financial and Budgetary Impacts

The approved Homebuyer Opportunity Limited Tax Exemption applications will increase revenue for the City of Portland in the form of a one-time application fee totaling \$14,400. A total of \$1,750 is collected for each completed application, \$900 goes towards PHB administrative costs, and \$850 is paid to Multnomah County for administrative costs.

This legislation will decrease revenue for the City of Portland in the form of foregone revenue as indicated in the chart below, which breaks out total revenue foregone by all taxing jurisdictions in Multnomah County as well as that portion foregone specifically by the City of Portland (approximately 30% of the total).

Foregone Revenue	City Share (30%)	Total Foregone	Total City Share (30%)
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Individual HOLTE Unit	Individual HOLTE Unit	Revenue HOLTE Units	HOLTE Units	
First Year	\$3,094	\$928	\$49,504	\$14,848

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 Revenue Individual HOLTE Unit	Total Reclaimed City Share (30%) Individual HOLTE Unit	Total Reclaimed Revenue HOLTE Units	Total Reclaimed City Share (30%) HOLTE Units	
First Year	\$3,094	\$928	\$6,188	\$1,856

Community Impacts and Community Involvement

The homeownership tax exemption programs provide new tax exemptions across the City of Portland. Home builders must apply for exemptions prior to construction. The homes then must sell for no more than the annual sale price cap (2023 \$455,000) to income qualified homebuyers. The current income cap is \$106,500 for a family of four. As the largest taxing jurisdiction affected by the tax exemption programs, Multnomah County has approved the administration of the programs to meet shared housing goals.

100% Renewable Goal

Approval of the HOLTE approvals and terminations does not impact the City's total renewable energy use.

Budget Office Financial Impact Analysis

This action approves 16 new HOLTE exemptions with an estimated annual foregone revenue to the City of \$14,848 and terminates exemptions for 2 units returning an estimated \$1,856 in annual City reclaimed tax revenue. PHB collects \$1,750 toward administrative costs for each completed application, with \$850 of that paid to the County for its administrative costs.

Agenda Items

303 Consent Agenda in [April 19, 2023 Council Agenda](#)

Adopted

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea