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37693

Resolution

Establish 2025 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 achieves 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 to 307.687 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 per ORS 307.651(2); 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, 2024, through November 30, 2024, 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 \$532,000; 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 2025 calendar year, which goes into effect January 1, 2025.

Introduced by

[Mayor Ted Wheeler](#)

City department

[Housing Bureau](#)

Contact

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Requested Agenda Type

Consent

Date and Time Information

Requested Council Date

December 18, 2024

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 10 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, 2024. 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 November 6, 2024, the area median sale price was \$532,000.

Given that the HOLTE program is intended to promote affordable homeownership, the Housing Bureau has elected to maintain the 2025 sale price cap at \$455,000 - 86% of the area median sale price and 114% the 2024 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.

Economic and Real Estate Development Impacts

PHB held a meeting with participating homebuilders to discuss market conditions and options for setting the sale price cap in November 2023, and feedback overwhelmingly suggested that the \$455,000 sale cap was an appropriate figure based on market conditions. PHB will hold another meeting with homebuilders on December 10, 2024. Based on current market conditions, which are similar to last year's, \$455,000 continues to be an appropriate sale cap.

Community Impacts and Community Involvement

As the largest taxing jurisdiction affected by the tax exemption programs, Multnomah County has approved the administration of this program in order to meet shared housing goals. County staff provide the City with the 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.

Financial and Budget Analysis

To comply with state statutes, PHB must establish, prior to January 1, an annual sale price cap for the program which may not exceed 120% of the area median sale price between January 1 and November 30, 2024. Based on data compiled by Multnomah County for sales between January 1 and November 6, 2024, the area median sale price was \$532,000. As the program is intended to promote affordable homeownership, the Housing Bureau has elected to maintain the 2025 sale price cap at \$455,000, which is 86% of the area median sale price and 114% the 2024 median sale price for attached homes. Although the 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; it merely limits the sale price for units eligible to receive the property tax exemption under the program.

Document History

Agenda	Council action
December 18, 2024 Consent Agenda <div>City Council</div>	Adopted Aye (5): Mingus Mapps, Carmen Rubio, Dan Ryan, Rene Gonzalez, Ted Wheeler