



CITY OF
PORTLAND, OREGON
 BUREAU OF PLANNING

Charlie Hales, Commissioner
 David C. Knowles, Director
 1120 S W 5th, Room 1002
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 Telephone (503) 823-7700
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March 11, 1997

MEMORANDUM

TO Mayor Katz and Members of the Portland City Council

FROM Mike Saba, Senior Planner (x7838)

SUBJECT Resolution establishing \$134,550 as the maximum price for a newly constructed single family house eligible for limited property tax exemption in a distressed area

Chapter 3 102 of the City Code allows the City to grant a limited 10 year property tax exemption on the improvement value of newly constructed single family houses in designated distressed areas. This program is administered by the Portland Development Commission.

The Planning Bureau is required to submit a resolution each year establishing a maximum sales price limit (including land value) on eligible houses.

This price limit is not to exceed 120 percent of the median sales price of single family houses in the city during the preceding year. The sales data can be obtained from the County Assessors Office or other equivalent source of such sales information. In the past we have used both County data and data from private research firms as the base price.

The current price limit is set at \$125,180 which was adopted by resolution last year. **This proposed resolution sets a new price limit of \$134,550 based on 115 percent of the median sales price of \$117,000 for all homes sold in Multnomah County for the first half of 1996.** The base median sales price is 17 percent higher than the median sales price of one year ago and the new price limit is approximately seven percent higher than last year's limit.

The filing of this resolution was held until several questions from the Mayor were answered regarding the fiscal impact of this and other tax exemption programs. Answers to those questions were distributed to all Council members (dated 2-21-97). The fiscal impact of this program will likely be increased by 5-7 percent because of the increased price limit of eligible new houses (including land costs).

Also, Commissioner Sten has said he wants to see an income limit placed on eligible homebuyers of tax exempted properties. Staff response is that such an amendment should be done separately from this resolution because of the need for Council discussion and an assessment of the costs of administering and monitoring an income limit.

I will be at the Council hearing for this resolution. Please feel free to call me before then if you have any questions about this item.

35593

RESOLUTION No.

Establish \$134,550 as the maximum price for a newly constructed single family house eligible for limited property tax exemption in a distressed area (Resolution)

WHEREAS, the City Council passed Ordinance No 162854 on March 22, 1990 adopting new property tax exemption programs for owner-occupied residential rehabilitation and newly constructed single family housing in distressed areas

WHEREAS, Section 3 102 090(4) of the amended Chapter 3 102 of Title 3 requires the Bureau of Planning to establish the maximum price limit of single family housing eligible for the limited property tax exemption

WHEREAS, this price limit is to be based on median sales price of single family homes located within the city as determined by data collected by the County Assessor and/or other representative sales price as provided by real estate, construction, or other industry sources

WHEREAS, the Multnomah County housing market has witnessed a 13 percent increase in the median sales prices of single family housing sold during the period from June 1995 through June 1996

WHEREAS, the Multnomah County Assessor has determined that the median sales price for both new and existing single family houses in Multnomah County for the first half of 1996 was approximately \$117,000

WHEREAS, the maximum price limit cannot exceed 120 percent of the accepted base sales price

THEREFORE, BE IT RESOLVED, that \$134,550 (or 115 percent of the accepted base price) is established as the maximum price of a newly constructed single family house (including the cost of the land) eligible for the limited property tax exemption as provided by Chapter 3 102 for the tax year 1997-98

Adopted by the Council,

MAR 19 1997

Commissioner Charlie Hales
Michael P Saba
March 5, 1997

BARBARA CLARK

Auditor of the City of Portland

By

Bette Olson

Deputy

380

Agenda No

RESOLUTION NO.**35593**

Title

Establish \$134,550 as the maximum price for a newly constructed single family house eligible for limited property tax exemption in a distressed area (Resolution)

INTRODUCED BY	Filed March 12, 1997
Commissioner Charlie Hales	MAR 14 1997 Barbara Clark Auditor of the City of Portland
NOTED BY COMMISSIONER	
Affairs	By <u>Carol Kershner</u> Deputy
Finance and Administration	
Safety <u>Charlie Hales</u>	
Utilities	For Meeting of March 19, 1997
Works	
BUREAU APPROVAL	
Bureau Planning	
Prepared by Michael P. Saba Date 3-5-97	Action Taken _____ Amended
Budget Impact Review __X__ Completed Not Required	_____ Continued to _____
Bureau Head <u>David C. Knowles</u> David C. Knowles, Director	

AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS		
				YEAS	NAYS
Consent	Regular X	Francesconi	Francesconi	✓	
NOTED BY		Hales	Hales	✓	
City Attorney <u>KS Beaumont</u>		Kafoury	Kafoury	✓	
City Auditor		Sten	Sten	✓	
City Engineer		Katz	Katz	✓	