

FINANCIAL IMPACT STATEMENT

For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Andrea Matthiessen		2. Telephone No. 3-2379	3. Bureau/Office/Dept. PHB 157/500
4a. To be filed (date) Sept 8, 2010	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: August 24, 2010

1) Legislation Title:

Terminate Tax Exemptions for Properties Under the Single-Unit New Construction and Residential Rehabilitation, Transit Oriented Development, and New Multiple-Unit Housing Limited Tax Programs (Resolution)

2) Purpose of Proposed Legislation:

The Resolution terminates existing tax exemptions for builders of single family units or property owners that have not documented compliance with the Single-Unit New Construction and Residential Rehabilitation, Transit Oriented Development, and New Multiple-Unit Housing Limited Tax Exemption program requirements.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

The Resolution will generate additional revenue for the City by adding properties to the County tax rolls. Estimated additional revenue to all taxing jurisdictions is \$1,484 per property, with an estimated total of \$99,428 per annum, for the sixty-seven requested terminations.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense?
None

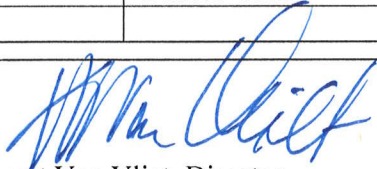
Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? NO

6) Will positions be created or eliminated in *future years* as a result of this legislation? NO

Complete the following section only if an amendment to the budget is proposed.

7) Change in Appropriations

Fund	Center Code	Account	Amount	Project Fund	Project No.
 Margaret Van Vliet, Director					

APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF
PORTLAND, OREGON

PORTLAND HOUSING BUREAU

Nick Fish, Commissioner
Margaret Van Vliet, Director
421 SW 6th Avenue, Suite 500
Portland OR 97204
(503) 823-2375
Fax (503) 823-2387
www.portlandonline.com/PHB

September 1, 2010

3 6 8 1 3

MEMORANDUM

To: Mayor Sam Adams
Commissioner Amanda Fritz
Commissioner Nick Fish
Commissioner Randy Leonard
Commissioner Dan Saltzman

From: Andrea Matthiessen, Portland Housing Bureau, Neighborhood Housing Program Manager

Subject: Annual Tax Exemption Terminations

In July 2010, after the merger between the Bureau of Housing and Community Development and the Housing Department of the Portland Development Commission, the Portland Housing Bureau began administering the Single-Family New Construction (SFNC), Transit Oriented Development (TOD), and New Market Housing Unit (NMHU) Tax Exemption Programs for the City of Portland. Prior to this date, these programs were administered by the Portland Development Center and the Bureau of Planning. Properties in these programs receive a 10-year tax exemption as authorized by State statute and Portland City Code, both of which require City Council to pass a resolution to terminate the tax exemptions when properties no longer meet the requirements of the respective program. The attached Resolution will terminate the exemption of 67 housing units.

State Statute and City Code requires housing units that receive an exemption to be:

- Located in a Homebuyer Opportunity Area
- Initially sold under the current price cap of \$275,000
- Sold to a deed holder(s) whose income is not greater than 100% of Median Family Income (MFI) for a household of four, currently \$71,200, adjusted for larger households
- Owner-occupied (a legal deed holder must occupy the property)

With support from the Multnomah County Tax Assessor's office, PHB has audited all properties currently receiving an exemption under these three programs. A total of 1380 units were evaluated of which 95 properties were identified for possible termination for failing to meet one or more of the above criteria.

In August 2010, inquiry letters were sent to homeowners at the property address (and the address where the tax bill is sent if different than the property address) requiring that they demonstrate that:

- The property is owner occupied; and/or
- Their income met the current eligibility requirements of the program
- If the builder applied for the exemption, it must meet the following criteria:

- Currently on the market and vacant, or
- Sold to an income qualified homebuyer for less than the price cap of \$275,000

Twenty-eight owners provided the required documentation and were removed from the proposed termination list. Sixty-seven owners failed to respond or were unable to satisfy program requirements. On August 10, 2010, these owners were sent a certified letter, return receipt requested, notifying them of the City's intent to terminate the exemption. For households receiving the Single Family New Construction tax exemption, the Portland Housing Bureau scheduled a tax exemption termination hearing on September 1, 2010 so that they may show cause as to why their abatement should not be terminated. That hearing was held and two households appealed their proposed termination. Property owners with TOD and NMHU tax exemptions are required by City Code to appeal directly to City Council during the scheduled time certain for this Resolution.

Per ORS 307.681 the next step in the termination process is for the City Council to adopt a resolution terminating the exemption which is then filed with the Multnomah County Assessor's office.

Estimated additional income based on 2010 figures, to all taxing jurisdictions, is \$1,484 per property (67 properties) for an estimated total of \$99,428 per annum.

City of Portland
Tax Exemption Termination Recommendation Summary
Ownership Housing Units
September 2010

Category	Abatement Program				
	Single Family New Construction	Single Family Rehab	Transit-Oriented Development	New Market Housing Unit	TOTAL
Pool Monitored	1302	63	7	8	1380
Eligibility Questioned	70	10	7	8	95
Recommended for Termination	58	3	4	2	67

Summary of reason for termination

Reason	Number of Units
No longer owner-occupied	28
Sold to an ineligible buyer	16
Developer rented the units instead of selling it	5
Owner did not apply	14
Old tax abatement determined to be outside of the HBO area	0
Foreclosure	4