

Portland Housing Bureau

Single-Family New Construction Limited Tax Exemption

Features/Benefits

The Single Family New Construction Limited Tax Exemption (LTE) Program is designed to encourage homebuilders to build affordable homes in specific areas of Portland called Homebuyer Opportunity Areas. The purpose of the program is to encourage revitalization in these areas and promote the creation of owner-occupied housing opportunities. The program is popular with participating homebuilders and the buyers of these homes due their lower property tax payments and increased affordability.



Program Description

The newly constructed homes in the LTE program include a 10-year limited property tax exemption for the eligible homebuyers who purchase and occupy the homes. The annual property taxes on a LTE home are much lower because the taxes are based on the assessed value of the lot, but not the assessed value of the structural improvements (the home). The following example shows what a big difference the program can make to the affordability of a home:

Property	Without LTE	With LTE
Annual Property Tax	\$3,127	\$1,010
Monthly Property Tax	\$261	\$84
Monthly Savings	\$0	\$177
Total Estimated Savings (10 years)	\$0	\$21,240

While the program provides homebuyers considerable savings during the exemption period, the property taxes become fully assessed once the ten-year exemption period is over. The exemption period cannot be extended and the home must be owner occupied throughout the exemption period.

Finding a LTE Home to Buy

The Portland Housing Bureau maintains a list of homes and homebuilders currently participating in the program. This list is posted on the PHB Web site at www.portlandonline.com/phb/ltebuyer.

Application Process and Requirements

To obtain a LTE on an eligible home the property, builder, and homebuyer must meet the following program requirements:

Property Eligibility

- The property must be located within a Homebuyer Opportunity Area. To see if a specific property is located within this area go to www.portlandmaps.com, enter the address and click on the "Development" tab for confirmation the property is eligible under "Home Buyer Opportunity Area" (toward the bottom of the page).
- The proposed home must be a single-family home or condominium.
- The maximum sales price (or appraised value if an owner/builder) may be no greater than \$275,000 (2010 limit adjusted annually).

Builder Application Process and Requirements

To apply for the program the builder must:

- Apply for the program prior to obtaining their building permit for the eligible property.
- Submit an Application for Determination of Eligibility (ADE) along with the application fee.

Homebuyer Application Process and Requirements

The homebuyer must meet the following requirements when they purchase the home:

- Submit Application for Certificate of Qualification (ACQ) along with application fee.
- The total annual income of all owner occupants, which means they are on title to the home and also live there, may not exceed \$72,000 (adjusted annually in the Spring). This limit is adjusted upward for household of five or more people.
- The homebuyer or any eligible subsequent homebuyer must apply and occupy the home during the exemption period.

Go to www.portlandonline.com/phb/ltebuyer to find the detailed instructions on the homebuyer and subsequent homebuyer application process.

LTE Terminations

The LTE will be terminated in the following cases: construction is not completed within two years from the date of the ADE approval; property is converted to a rental; property is sold to an ineligible homebuyer; homebuyer or subsequent homebuyers fail to apply or qualify for the program; initial sales price exceeds \$275,000; or the homebuyer fails to occupy the property during the exemption period. Rentals are not eligible under the program.

For additional information please contact the
LTE Program Administrator at:

Web: www.portlandonline.com/phb/ltebuyer

E-mail: indirect@portlandoregon.gov

Phone: 503-823-3270

