

**From:** [Preston Korst](#)  
**To:** [Council Clerk – Testimony](#)  
**Subject:** Habitat for Humanity HOLTE Testimony (Agenda Item 627 on July 13th, 2022)  
**Date:** Tuesday, July 12, 2022 4:16:48 PM  
**Attachments:** [HOLTE Testimony \(Habitat for Humanity Portland Region\).pdf](#)

---

Hi there,

Please accept Habitat for Humanity Portland Region's testimony for tomorrow's HOLTE reform agenda item 627. Please forward the attached to the appropriate council offices.

Thank you,  
Preston

--

**Preston Korst**  
Director of Government Relations  
Habitat for Humanity Portland Region  
Cell: 503-351-0910



July 13<sup>th</sup>, 2022

To: Mayor Wheeler and City Commissioners,

My name is Preston Korst and I am the Director of Government Relations at Habitat for Humanity Portland Region. As an affordable builder in the city, we appreciate the efforts you and city staff have taken to expand access to affordable homeownership in Portland. We are happy to support agenda item 627, the Housing Bureau's recommendation to amend the Homebuyer Opportunity Limited Tax Exemption program (HOLTE).

The HOLTE program is a key tool that Portland has at its disposal to incentivize and encourage financial viability of new affordable housing developments. This local property tax exemption has been particularly impactful on Habitat's ability to deliver affordable mortgages to first-time homebuyers. ***The standard 10-year HOLTE tax exemption on structural improvements helps homebuyers save an average of \$230 per month or over \$2,700/year on property taxes.*** This savings significantly lowers the barrier for income-qualified families on their path to becoming first-time homebuyers while enabling Habitat to serve more people earning as low as 35% of Area Median Income (AMI).

While HOLTE exemptions have been advantageous, there were some structural inefficiencies in the way they were designed by the state that made it difficult for developers to access their full benefits. The exemption was initially designed to be leveraged by developers prior to permitting and with a hurried two-year construction timeframe, after which it could be difficult for larger (or longer-term) projects to be built in that amount of time.

Given supply chain disruptions, increasing interest rates, labor shortages, and permitting delays, the time it takes to build a home has increased in recent years. Additionally, non-profit developers often apply for permits all at once to reduce staff time and save on resources, after which we will build a community in 2, 3 or even 4 phases over as many years, or as funding becomes available. Given the codified two-year HOLTE development timeframe, it has been difficult for builders to access the exemption benefit for the homebuyers who purchase the homes we build.

To remedy this, Habitat and others petitioned the Oregon Legislature to pass HB 2456 during the 2021 session. This law offers a technical fix to the narrow construction window, allowing cities to offer an administrative path for project extensions, up to two additional years. Since its passage, we've communicated with city staff as they advanced the improvements to the HOLTE program allowing for more flexibility in how the exemption can be accessed.

We are pleased to support the technical update PHB has offered which you are considering today and want to thank bureau staff and Commissioner Ryan's team for their work on this project. We urge you to heed staff recommendations and pass this measure so builders experiencing delays beyond their control can still help generate the benefit of an affordable mortgage for their prospective buyers.

Thank you for your consideration of this proposed agenda item,

A handwritten signature in black ink that reads "Preston Korst". The signature is written in a cursive style with a long horizontal stroke extending to the right.

**Preston Korst**  
Director of Government Relations  
Habitat for Humanity Portland Region