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## 37640

Resolution

### Approve and terminate limited tax exemptions for properties under 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 achieve larger City policy goals; and

WHEREAS, on behalf of the City of Portland, the Portland Housing Bureau administers the Homebuyer Opportunity Limited Tax Exemption Program, authorized under ORS 307.651 and Portland City Code Chapter 3.102; and

WHEREAS, ORS 307.674 and 307.687 and City Code Sections 3.102.050 and 3.102.080 require Portland City Council to approve, deny, and terminate tax exemptions in the form of a resolution containing the property owner's name and address and a description of the property or the assessor's property account number; and

WHEREAS, the properties identified in Exhibit A meet the specific conditions upon which the approval or termination of the application is based under ORS 307.674 and 307.687 and City Code Sections 3.102.050 and 3.102.080;

NOW, THEREFORE, BE IT RESOLVED that the City Council approves and terminates tax exemptions under the Homebuyer Opportunity Limited Tax Exemption Program, as listed in the attached Exhibit A.

### Documents and Exhibits

[Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2023/holte-resolution-exhibit-a-12-6-23-4r.xlsx\)](https://www.portland.gov/sites/default/files/council-documents/2023/holte-resolution-exhibit-a-12-6-23-4r.xlsx) 23.31 KB

### Introduced by

[Commissioner Carmen Rubio](#)

### Bureau

[Housing Bureau](#)

### Contact

**Dory Hellyer (PHB)**

Program Manager –  
Development Incentives

✉ [Dory.Hellyer@portlandoregon.gov](mailto:Dory.Hellyer@portlandoregon.gov)

### Requested Agenda Type

Consent

### Date and Time Information

**Requested Council Date**

December 6, 2023

## Impact Statement

### Purpose of Proposed Legislation and Background Information

Portland Housing Bureau (PHB) administers the Homebuyer Opportunity Limited Tax Exemption Program, authorized under ORS 307.651 and Portland City Code 3.102. The City first codified tax exemption programs in 1985. The City's tax exemption programs provide an incentive for the development and maintenance of affordable housing. The homeownership programs promote first-time home ownership opportunities for low- and moderate-income qualified homebuyers at 100% of area median family income (MFI) for a household of 4 by providing a property tax exemption on the assessed value of newly built homes for ten years. During the exemption period, homes must continue to be owner-occupied and not used as rental properties.

ORS 307.674 and 307.687 and Portland City Code Sections 3.102.050 and 3.102.080 require Portland City Council to approve, deny, and terminate tax exemptions in the form of a resolution. PHB brings resolutions to City Council several times per year to meet the approval and termination timelines set forth in statute and align with Multnomah County's timelines to certify annual tax rolls. PHB last brought such a resolution to City Council in August 2023. This current action to remove **14** exemptions is the result of ongoing compliance review of active exemptions to identify any properties which do not meet the owner-occupancy requirement, are selling over the price cap, are selling to over-income homebuyers, or for which construction had not been completed within the statute prescribed term. This resolution also acts to approve new exemptions for **15** properties.

The annual cap on the number of applications is 500 this fiscal year, which was recently increased from 100. As of October 25, 2023, PHB has received and accepted **102** applications for the 2023-24 fiscal year. PHB has additional pending applications under review which will be brought to Council for approval after they are finalized. Applications from nonprofit agencies or other entities providing long-term affordability at 80% MFI are exempt from the annual cap.

### Financial and Budgetary Impacts

The approved Homebuyer Opportunity Limited Tax Exemption applications will increase revenue for the City of Portland in the form of a one-time application fee totaling **\$30,000**. A total of \$2,850 is collected for each completed application, \$2,000 goes towards PHB administrative costs, and \$850 is paid to Multnomah County for administrative costs.

This legislation will decrease revenue for the City of Portland in the form of foregone revenue as indicated in the chart below, which breaks out total revenue foregone by all taxing jurisdictions in Multnomah County as well as that portion foregone specifically by the City of Portland (approximately 30% of the total).

<b>Foregone Revenue</b>	<b>City Share (30%)</b>	<b>Total Foregone Revenue</b>	<b>Total City Share (30%)</b>	
<b>Individual HOLTE Unit</b>	<b>Individual HOLTE Unit</b>	<b>HOLTE Units</b>	<b>HOLTE Units</b>	
<b>First Year</b>	\$3,094	\$928	<b>\$46,410</b>	<b>\$13,923</b>

This legislation will increase revenue for the City of Portland in the form of reclaimed tax revenue as indicated in the chart below, which breaks out estimated total revenue by all taxing jurisdictions in Multnomah County as well as the portion specifically by the City of Portland (approximately 30% of the total).

<b>Reclaimed Revenue</b>	<b>Total Reclaimed City Share (30%)</b>	<b>Total Reclaimed Revenue</b>	<b>Total Reclaimed City Share (30%)</b>	
<b>Individual HOLTE Unit</b>	<b>Individual HOLTE Unit</b>	<b>HOLTE Units</b>	<b>HOLTE Units</b>	
<b>First Year</b>	\$3,094	\$928	<b>\$43,316</b>	<b>\$12,995</b>

## Community Impacts and Community Involvement

The homeownership tax exemption programs provide new tax exemptions across the City of Portland. Home builders must apply for exemptions prior to construction. The homes then must sell for no more than the annual sale price cap of \$455,000 (2023) to income qualified homebuyers. The current income cap is \$114,400 for a family of four. As the largest taxing jurisdiction affected by the tax exemption programs, Multnomah County has approved the administration of the programs to meet shared housing goals.

### 100% Renewable Goal

Approval of the HOLTE terminations does not impact the City's total or renewable energy use.

## Budget Office Financial Impact Analysis

This legislation will decrease revenue for all taxing jurisdictions in Multnomah County by \$46,410 in the form of foregone revenue, with the City of Portland's portion being 30% of that, or \$13,923. However, the legislation will also increase reclaimed tax revenue for all taxing jurisdictions in the County by \$43,316, with the City of Portland's portion also being 30% of that, or \$12,995. In addition, the approved HOLTE

applications will increase revenue for the City in the form of a one-time application fee totaling \$30,000, with about 70% of that going towards PHB administrative costs, and the rest going to County administrative costs.

## Agenda Items

998 Consent Agenda in [December 6, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/12/6)  
(<https://www.portland.gov/council/agenda/2023/12/6>)

Adopted

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Mayor Ted Wheeler Yea