

IMPACT STATEMENT

Legislation title: Terminate limited tax exemptions for properties under the Homebuyer Opportunity and Multiple-Unit Limited Tax Exemption Programs (Resolution)

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Purpose of proposed legislation and background information:

PHB administers the Homebuyer Opportunity and Multiple-Unit Limited Tax Exemption Programs, authorized under ORS 307 and Portland City Code 3.102 and 3.103. 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 home ownership programs in particular promote first time home ownership opportunities for income qualified homebuyers 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, 307.687, 307.624 and 307.627 and City Code Sections 3.102.050, 3.102.080, and 3.103.100 require Portland City Council to approve, deny, and terminate tax exemptions in the form of a resolution. Portland Housing Bureau (PHB) brings resolutions to City Council several times per year in order to meet the approval and termination timelines set forth in statute and align with Multnomah County's timelines to certify tax rolls annually. PHB last brought such a resolution to City Council in January 2015. The action to remove exemptions results from on-going compliance of active exemptions in order to identify any properties not meeting the owner occupancy requirement. There are no approvals in this action because the annual program application cap has already been reached for the current fiscal year, not including any applications from non-profit agencies or other entities providing long-term affordability who are exempt from the annual cap.

Financial and budgetary impacts:

For each unit being terminated under the Homebuyer Opportunity Limited Tax Exemption (HOLTE) program (39), approximately \$1,972 will be added annually to the property tax rolls for a total of \$76,908, with just over 30 percent of that revenue coming directly to the City of Portland amounting to \$605 per unit for an approximate total of \$23,595 in City revenue. For each unit being terminated under the Multiple-Unit Limited Tax Exemption (MULTE) program, (2), approximately \$1137 will be added annually to the property tax rolls for a total of \$2274, with around 32 percent of that revenue coming directly to the City of Portland amounting to \$364 per unit for an approximate total of \$728 in City revenue.

Community impacts and community involvement:

The homeownership tax exemption programs currently provide new tax exemptions across the City of Portland, but were limited to designated distressed areas in the past. Home builders must apply for exemptions prior to them being constructed, and then the homes must sell for less than the annual sale price cap (currently \$291,000) to income qualified homebuyers (currently \$73,900 for a household of four.) Before removing a tax exemption, homeowners are given the opportunity to appeal as required by statute. As the largest taxing jurisdiction affected by the tax exemption programs, Multnomah County has approved the administration of the programs in order to meet shared affordable housing goals.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
- NO: Skip this section