

IMPACT STATEMENT

Legislation title: Revise the resolution approving and terminating limited tax exemptions for properties under the Homebuyer Opportunity and Multiple-Unit Limited Tax Exemption Programs to correct Exhibit A (Resolution; amend Resolution No. 37152)

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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 September 2015. The exhibit listing the properties to have the exemption removed included the property 9636 N Woolsey Ave (Tax Account R573396; HOLTE# 3479-07), which PHB has determined should not have been included. Amending the prior approved resolution will allow the homeowner of this property to benefit from the remaining years of the tax exemption.

Financial and budgetary impacts:

The amount of new foregone revenue from the applications approved will remain the same with this amendment. The 22 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 \$35,200. A total of \$1600 is collected for each completed and approved application, \$750 goes towards Portland Housing Bureau administrative costs and \$850 is paid to Multnomah County for administrative costs.

The prior legislation approved a decrease of revenue for the City of Portland in the form of forgone revenue. The 22 approved HOLTE exemptions represent an estimated average of \$1,972 in foregone property taxes per year for each unit, for total annual forgone revenue of \$43,384 and \$433,840 over the total life of the ten year tax exemption. These dollar amounts include taxes foregone by the City of Portland, Multnomah County and other entities which receive property taxes within Multnomah County. The portion of tax revenue foregone by the City is just over 30 percent for the HOLTE exemptions which equals approximately \$605 per unit for a one year total of \$13,310 and ten-year total of \$133,100 over the time-span of the exemption.

One less property will have the exemption terminated as a result of this resolution. For each unit being terminated under the Homebuyer Opportunity Limited Tax Exemption (HOLTE) program (11), approximately \$1,972 will be added annually to the property tax rolls for a total of \$21,692 (compared to \$23,664 in the prior action which approved the removal of 12 exemptions), 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 \$6655 (compared to \$7260) in City revenue. For the one unit being terminated under the Multiple-Unit Limited Tax Exemption (MULTE) program, approximately \$1137 will still be added annually to the property tax rolls, with around 32 percent of that revenue coming directly to the City of Portland amounting to \$364 in City revenue.

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 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