

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2024-010

Multnomah County's Agreement with the City of Portland to Amend Property Tax Exemption Code and System Development Charges for Affordable Housing Developments Code to temporarily enable homeownership opportunities for households earning up to 120 percent of median family income.

The Multnomah County Board of Commissioners Finds:

a. The City of Portland Housing Bureau ("PHB") administers the Homebuyer Opportunity Limited Tax Exemption Program (the "HOLTE Program"), authorized under ORS 307.651-307.687.

b. By Board Resolution 2012-113, the Board of County Commissioners authorized participation in the City of Portland's HOLTE Program and capped the number of applicants per fiscal year at 100.

c. Most properties receiving a limited property tax exemption under the HOLTE Program also receive exemptions from System Development Charges ("SDCs"). The number of SDC exemption applications this year exceeds the HOLTE Program applications 6:1, due to zoning changes to encourage in-fill development that went into effect under the Residential Infill Project and RIP2, in 2021 and 2022 respectively. The homebuyer eligibility criteria are the same for both the HOLTE and SDC Exemption Programs: homebuyers must earn no more than 100 percent of the area median family income for a family of four, and homes must sell for less than the annually established sale price limit.

d. The goal of the HOLTE is to provide tax savings to low-income to moderate-income homebuyers within the City of Portland. When the HOLTE Program is paired with the SDC Exemption Program, they provide an incentive to homebuilders to build new homes that are affordable to first-time homebuyers. These tools support the local, small homebuilding businesses and are embraced by the local section of the Homebuilders Association. Close to half the homebuyers using the programs are from the Asian community.

e. Due to interest rates increasing significantly, few homebuyers at 100% MFI can qualify for loans allowing them to purchase homes. PHB wants to temporarily increase the eligibility requirement on MFI from 100% MFI to 120% MFI for the HOLTE program for a two-year period.

f. Current market conditions including the cost of construction, limit the fee amounts homebuilders can pay back through the SDC Exemption Program when selling to an over-income homebuyer.

g. Multnomah County supports the City's action and agrees with the Council and PHB efforts by temporarily raising MFI eligibility from 100% to 120% MFI.

h. The HOLTE program helps promote new home construction which increases the amount of taxes paid on the newly assessed land, and on the increased value of the homes, after the HOLTE expires in ten years. Without new construction, these revenues would not be realized at all. It is in the City and County's best interest to continue promoting new development because there is still a net increase to incoming revenue, despite the exemption programs. Expanding the income limit to allow access to more potential homebuyers will affect homes already in the planning phases, currently under construction, or built and listed for sale. Most of these homes have already been approved for HOLTE and SDC exemptions and have been accounted for within the current cap on HOLTE applications and already submitted to the SDC bureaus to have the exemptions applied to building permits. There are currently about 900 unsold homes already approved for SDC exemptions.

The Multnomah County Board of Commissioners Resolves:

The MFI eligibility requirement will be raised from 100% MFI to 120% MFI for a period of two years. Further, the increase of 120% MFI only applies to homebuilder applications submitted prior to March 1, 2024. Homes must sell to eligible homebuyers by July 1, 2026.

ADOPTED this 22nd day of February, 2024.

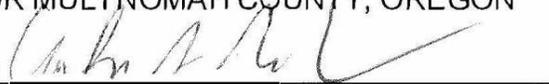


BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Jessica Vega Pederson, Chair

REVIEWED:

JENNY M. MADKOUR, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
Carlos Rasch, Assistant County Attorney

Submitted by: Jessica Vega Pederson, Chair.