



Portland Housing Bureau

January 28, 2021

Representative Nathanson, Chair
House Revenue Committee
900 Court Street, NE, HR A
Salem, OR 97301

Dear Chair Nathanson and Members of the Committee:

The City of Portland supports a technical amendment in Sections 8-9 of HB 2456 to address a glitch in the Homebuyer Opportunity Limited Tax Exemption (HOLTE), a local-option property tax exemption program authorized in ORS 307.651. In Portland, the HOLTE allows the city to forgo property tax revenues in order to incentivize affordable homeownership opportunities. Homeownership is a primary wealth-building strategy and a key tool on the continuum toward addressing housing stability, economic mobility, and historical inequities.

Currently, under the HOLTE statute, new construction of a home must be completed within two years to qualify for the tax exemption. However, this can be a barrier for nonprofit developers and the narrow window puts low- and moderate-income housing units at risk of losing eligibility for the tax benefit. Non-profit homebuilders often request that a group of building permits for a development be processed in one batch rather than individually in order to save resources. This practice results in building permits being issued prior to the developer being ready to start construction on all of the homes within the development. Furthermore, the volunteer and future homeowner involvement can also delay construction of new homes.

Without the ability to offer an extension, the City of Portland had to remove tax exemptions from 12 affordable homeownership opportunities last June. The loss of the tax exemption increased the total mortgage and tax payment on the homes by \$225 per month, making them less affordable for low-income families.

Through a technical amendment to the statute, the City of Portland is seeking a narrow expansion of flexibility to extend construction period eligibility for up to two more years if progress is being made with construction.

The City of Portland respectfully urges your support of HB 2456.

Sincerely,

A handwritten signature in blue ink that reads "Shannon Callahan".

Shannon Callahan, Director, Portland Housing Bureau
City of Portland