



Portland Housing Bureau

Mayor Ted Wheeler • Director Shannon Callahan

February 24, 2020

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

RE: SB 1531-A – Homebuyer Opportunity Limited Tax Exemption (HOLTE) Technical Fix

Dear Chair Nathanson and Members of the Committee:

The City of Portland supports sections 7-10 of SB 1531-A to address an unintentional barrier 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.

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 the technical amendment to the HOLTE program in SB 1531-A.

Sincerely,

Shannon Callahan