

Proposed Changes to Homebuyer Opportunity Areas

Single Family, New Construction
Tax Exemption Program

January 11, 2011

Background

The Single Family, New Construction Tax Exemption Program (SFNC) is enabled by Portland City Code 3.102 and allows eligible homebuyers to apply for a 10-year property tax exemption on the improved value of homes in designated “Homebuyer Opportunity Areas” (HOA).

HOA Designation

- Required by state statute and city code
- Limited to “distressed” areas
- Review is required at least every 3 years
- No more than 20% of city can be designated

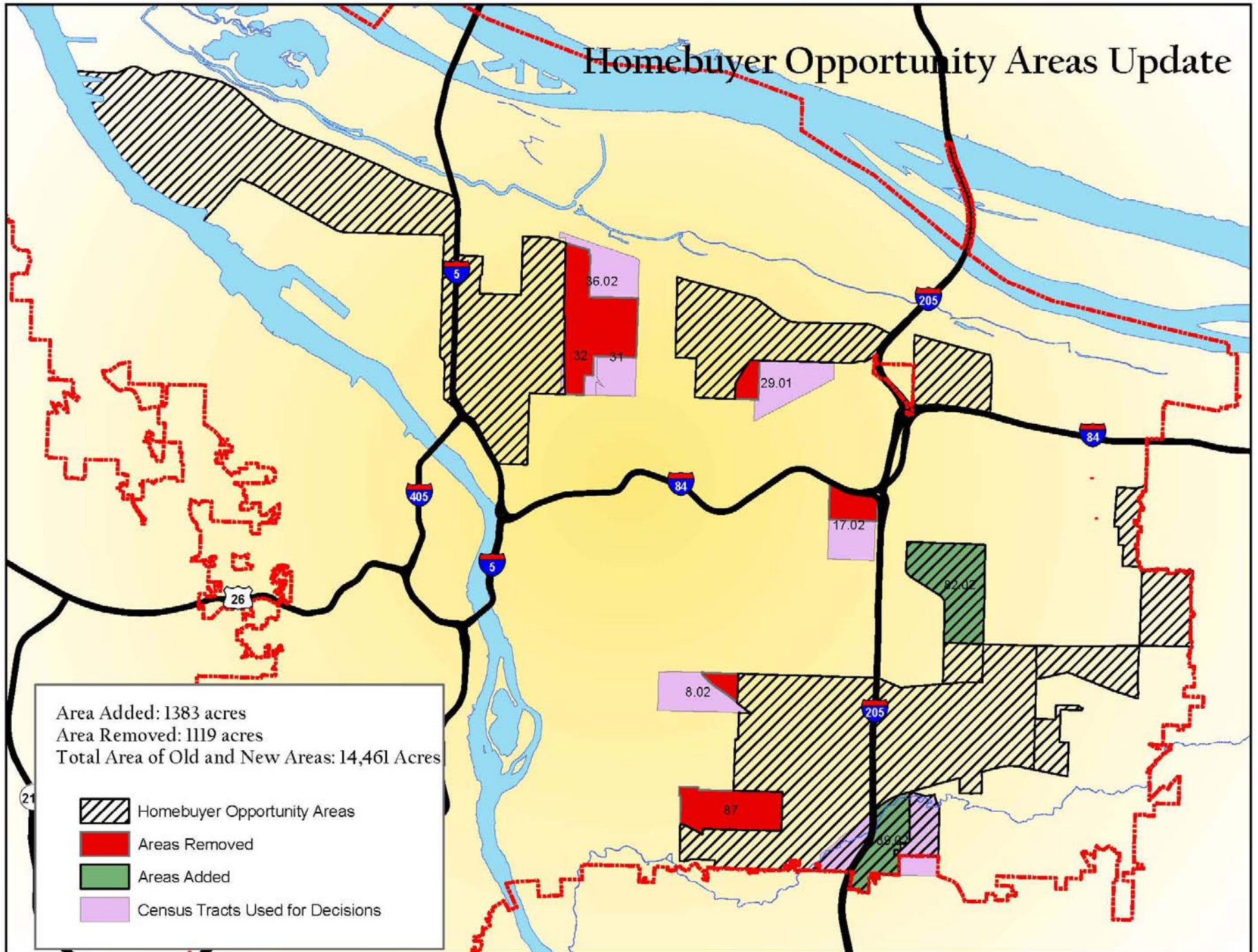
Factors Considered in 2010 Review to Determine Distressed Areas

- High United States Postal Service vacancy rates
- Concentrations of foreclosed properties (REOs)
- Frequent occurrences of non-violent crime
- 2010 median home sales price
- Number of vacant, buildable lots
- Low homeownership rates



Summary of Proposed Changes

- Removal of 7 and addition of 2 census tracts
- Removal of 1119 and addition of 1383 acres
- Total increase of 264 acres equaling 15.6 % of Portland land area included in proposed HOA map

Homebuyer Opportunity Areas Update



Area Added: 1383 acres
Area Removed: 1119 acres
Total Area of Old and New Areas: 14,461 Acres

-  Homebuyer Opportunity Areas
-  Areas Removed
-  Areas Added
-  Census Tracts Used for Decisions

Future Review of HOA Map

- Current “Big Look” policy review project may establish different goals for the SFNC tax exemption program resulting in a possible revision of the HOA map before the 3 year review period.
- PHB will work with City Attorney to develop a grandfather clause for builder-owned properties in previous homebuyer opportunity areas.

Next Steps

- PHB staff will consider input and modify proposed HOA map as appropriate
- Presentation of final HOA Map at next PSC meeting on January 25, 2011
- New HOA Map will go into effect after 30 days: February 25, 2011.