

Affordable Housing Construction Excise Tax Recommendation



PORTLAND HOUSING BUREAU

Dan Saltzman, Commissioner
Kurt Creager, Director

Construction Excise Tax Recommendation

- Enact a residential construction excise tax of 1% of permit valuation on all new residential development
- Enact a commercial construction excise tax of 1% of permit valuation on all new commercial development

Residential Construction Excise Tax

- **State Requirements:**

- 4% of revenue for administration
- 15% of revenue (*net of admin*) to State for homeownership programs
- 50% of revenue (*net of admin*) for developer incentives for inclusionary zoning
- 35% of revenue (*net of admin*) for housing programs

- **Recommendation for Portland:**

- 4% of revenue to **BDS** for administration
- 15% of revenue (*net of admin*) to State for homeownership programs
- 50% of revenue (*net of admin*) for developer incentives for inclusionary zoning
- 35% of revenue (*net of admin*) for **affordable housing production and preservation at or below 60% MFI**

Commercial Construction Excise Tax

- **State requirements:**
 - 4% of revenue for administration
 - 50% of revenue (*net of admin*) for housing programs
- **Recommendation for Portland:**
 - 4% of revenue to **BDS** for administration
 - 100% of revenue (*net of admin*) for **affordable housing production and preservation at or below 60% MFI**

Construction Excise Tax Exemptions

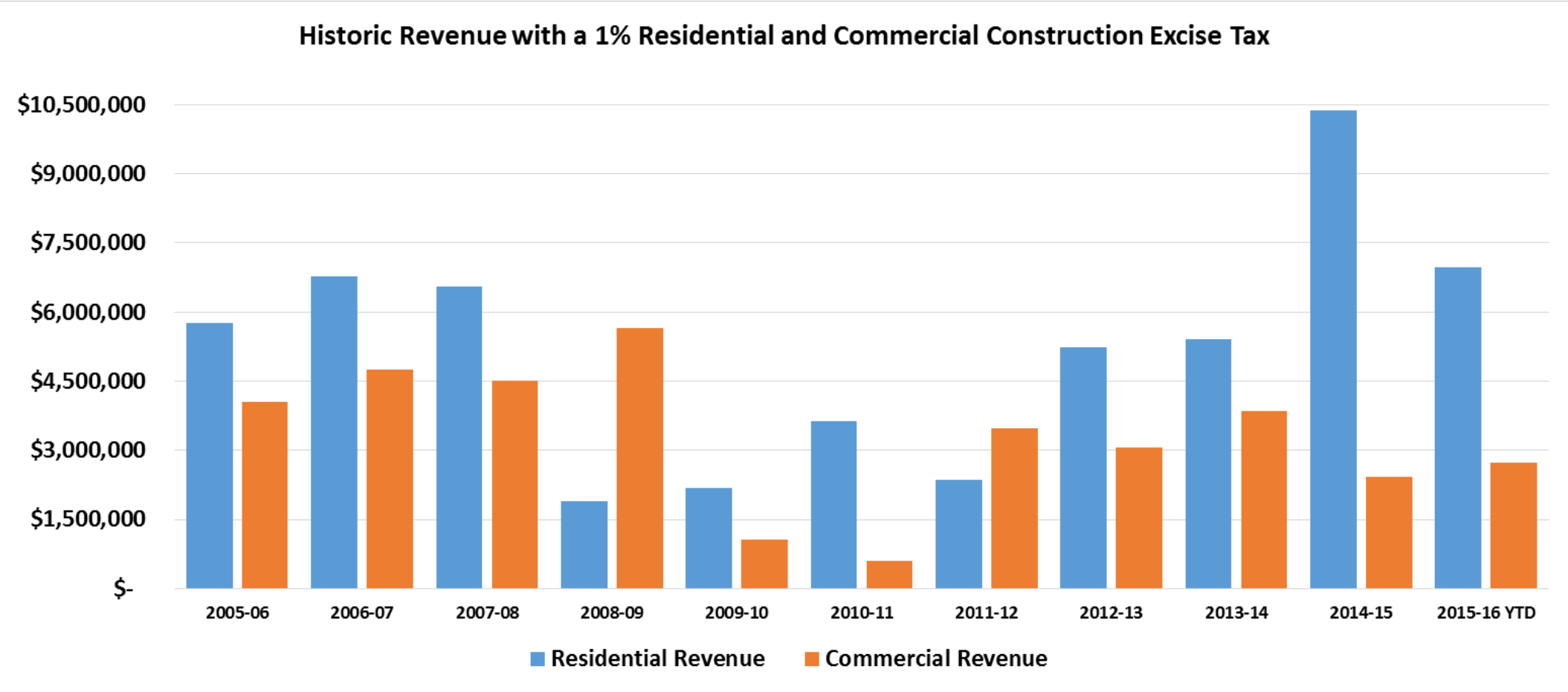
- **Required State Exemptions:**

- Regulated affordable housing at or below 80% MFI for 60 years
- Private school improvements
- Public improvements as defined in ORS 279A.010
- Public or private hospital improvements
- Improvements to religious facilities primarily used for worship or education associated with worship;
- Agricultural buildings, as defined in ORS 455.315 (2)(a)
- Facilities that are operated by a not-for-profit corporation and that are long term care facilities, as defined in ORS 442.015; residential care facilities, as defined in ORS 443.400; or continuing care retirement communities, as defined in ORS 101.020

Construction Excise Tax Exemptions

- **Recommendation for Additional Portland Exemptions:**
 - Accessory Dwelling Units for 2 years
 - Improvements when the value of the improvement is less than \$100,000

Historic Estimates



Historic Estimates: 5 and 10 Year Average

	10 Year Average	5 Year Average
Residential Revenue	\$ 5,018,759	5,404,087
4% for Admin	\$ 200,750	216,163
15% for State (Net of Admin)	\$ 722,701	778,188
50% for IZ Incentives (Net of Admin)	\$ 2,409,004	2,593,962
35% for Affordable Housing Programs (Net of Admin)	\$ 1,686,303	1,815,773
Commercial Revenue	\$ 3,343,042	2,681,298
4% for Admin	\$ 133,722	107,252
100% for Affordable Housing Programs (Net of Admin)	\$ 3,209,320	2,574,046
Total Revenue	\$ 8,361,801	8,085,385
Total for Affordable Housing Programs (Net of Admin)	\$ 4,895,623	4,389,820

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