

The Big Look

Recommendations for Changing Limited Tax
Exemption Programs



What is a Limited Tax Exemption?

- Authorized by Legislature (ORS 307.540, ORS 307.651 & ORS 307.600) granted by the City of Portland and jointly administered by the County Assessor and City of Portland
- Generally local government waives up to 100% of improvement property taxes for:
 - Single Family Homes (new construction)
 - Multi-Family Rentals
 - Transit Oriented Rentals
 - Non-Profit Run Multi-Family Rentals

Program History

- Most programs authorized by the State in 1980's to promote creation of affordable housing, revitalize distressed neighborhoods, encourage development
- Local governments choose to participate (opt-in)
- Once 51% of taxing jurisdictions authorize abatements, 100% of property taxes of improvements can be waived.
- Multnomah County last voted to "opt-in" to Portland's programs in 2007

The Trade-off

- Multnomah County Foregone revenue - \$3.48 Million in 2011/2012 Tax Year
- More affordable housing units for County residents
- The Big Look formed to ensure program goals were in line with City and County priorities

Big Look Goals

- Make Technical Fixes to strengthen code and ensure accountability
- Ensure the abatement programs were in line with jurisdictional priorities
- Ensure the investment of foregone revenue is creating benefits we need

Big Look Process

- ECO NW Evaluation
- Technical Committee & Big Look Policy Committee
- Reviewed Programs and their Goals
- Reviewed statutory authority
- Review Qualifications for Abatements and application procedures
- Reviewed Cost to Jurisdictions

Big Look Recommendations

- Three year pilot program on all changes
- Leave Non-Profit program "as-is"
- Combine TOD & NMUH
 - Require competitive Process for applications
 - 60% affordability requirements for a minimum of 20% of units
 - Cap @ \$1 Million/year in foregone revenue for new & renewing projects (about 4-5 projects)
 - New maps
 - Commercial Exemption

More Recommendations

- **Single Family New Construction**
 - Limit to 100 applications per year
 - Align with minority homeownership goals and Portland Plan's Economic Prosperity and Affordability goals
 - Require 3 bedroom units

Next Steps . . .

- Community Outreach March-April 2012
- City Council Approval April 2012
(program changes)
- Multnomah County Approval May 2012 (opt-in)

Discussion

Questions?