

ORDINANCE No. 185216

* Approve application under the Transit Oriented Development limited tax exemption program for Prescott Block Apartments located at 4312 N Interstate Ave and 1416 N Prescott St (Ordinance)

The City of Portland ordains:

Section 1. The Council finds that:

1. The Portland Housing Bureau (PHB) is forwarding an application detailed below that is requesting an exemption under the Transit Oriented Development (TOD) limited tax exemption program for the tax year beginning July 1, 2013. The application is for the Prescott Block Apartments and is described in further detail in the PHB staff recommendation included as Appendix A.
2. The TOD limited tax exemption program provides up to a 10-year tax exemption on the improvement value of new multifamily and mixed-use projects located within one-quarter mile of light rail stations or other public transit service facilities. The program requirements are found in City Code Chapter 3.103.
3. The City Council adopted the TOD program in 1996 to provide support for the City's investment in the MAX light rail system and other investments in public transit outside the Central City by providing an incentive for high-density housing and mixed-use development near transit facilities. The program is authorized by the Oregon Revised Statutes (ORS) 307.600 – 307.637.
4. The application for the Prescott Block Apartments was reviewed by a committee comprised of staff from the Portland Bureau of Transportation, Portland Bureau of Planning and Sustainability, Multnomah County Tax Assessor's Office, and PHB. The role of this review committee is to determine whether applications meet the basic threshold criteria of location, affordable housing, financial need and public benefit outlined in City Code Chapter 3.103. The review committee found that the application included in this Ordinance meets the geographic and financial criteria of the program and provides the required qualifying public benefits.
5. The PHB has the responsibility for reviewing the financial need for the requested exemptions as well as the feasibility of the projects. A calculation of the cumulative rate of return shall be used to determine the applicant's economic need for the exemption to retain the affordability. To qualify, the calculation may not exceed 10% cumulative rate of return based on evaluation of the operating pro forma and annual reports. The PHB Housing Investment Committee has determined that the TOD tax exemption is necessary to meet the economic need of the application for the Prescott Block Apartments included in this Ordinance, which is below the 10 percent rate of return maximum established in Chapter 3.103.

6. The Planning and Sustainability Commission is responsible for reviewing whether these applications meet the public benefits outlined in City Code 3.103 and the public policy purposes for which the TOD program was adopted. In February 2012, the Planning and Sustainability Commission held a public hearing on the TOD tax exemption application for the Prescott Block Apartments and voted to recommend approval to the City Council with the condition that the public benefits stated in the application are to be provided.
7. To qualify for the TOD tax exemption program, all projects over 15 units must include at least 20 percent of its units affordable to households below 60 percent of the median family income. For the affordable housing component to qualify as a public benefit, the number of affordable units should be at twice the percent of affordable units in the project and reflect the unit mix of the project. As detailed in Exhibit A, the application for the Prescott Block Apartments meets these requirements.

NOW, THEREFORE, the Council directs:

- a. The request for a Transit Oriented Development 10-year tax exemption provided by Chapter 3.103 of the Municipal Code of the City of Portland, Oregon, and ORS 307.600-637 is hereby approved for the residential portion, including residential parking, of the Prescott Block Apartments.
- b. Approval of the Prescott Block Apartments TOD application is provided subject to the meeting the following conditions:
 1. The project must include at least 20 percent of its units affordable to households below 60 percent of the median family income as established annually by the U.S. Department of Housing and Urban Development. The units affordable to and restricted to occupancy by low income households will reflect the unit-mix in the project.
 2. The project will provide the public benefits described in the PSC staff Project Summary.
 3. The project complies with all applicable standards of Title 33, Planning and Zoning, as well as all conditions of the design review process.
 4. The application will comply with all rate of return provisions established in City Code. This section requires the owner to provide financial data on an annual basis to the PHB for each tax year that the exemption is in effect as part of an Extended Use Agreement (EUA). It states that "The financial data shall be provided to the PHB no later than 120 days from the close of the owner's fiscal year. The financial data shall include, but is not limited to, full project-based financial statements, Internal Revenue Service tax information, a ten-year operating cash flow statement showing actual cash flow for all prior years and the current year and shall include a to-date calculation of the internal rate of return for the project, and any other information deemed necessary by the PHB to calculate or otherwise evaluate the owner's internal rate of return for the project.
- c. The PHB shall provide copies of this Ordinance to the Multnomah County Tax Assessor as prescribed by Section 3.103.050 (G) of the Code of the City of Portland.

Section 2. The Council declares an emergency exists because approval of the TOD property tax exemption is an essential element for the timely assurance to applicants; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: MAR 21 2012

Commissioner Nick Fish
Prepared by: Andrea Matthiessen
Date Prepared: March 7, 2012

LaVonne Griffin-Valade
Auditor of the City of Portland

By



Deputy

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INTRODUCED BY
Commissioner/Auditor:
Nick Fish

COMMISSIONER APPROVAL

Mayor /Finance and Administration - Adams
 Position 1/Utilities - Fritz
 Position 2/Works - Fish
 Position 3/Affairs - Saltzman
 Position 4/Safety - Leonard

BUREAU APPROVAL

Bureau: Portland Housing Bureau
 Bureau Head: Traci Manning

Prepared by: Andrea Matthiessen
 Date Prepared: March 7, 2012

Financial Impact & Public Involvement
 Statement
 Completed Amends Budget

Portland Policy Document
 If "Yes" requires City Policy paragraph stated
 in document. Yes No

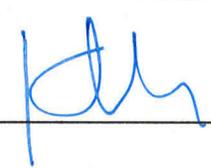
Council Meeting Date
 March 21, 2012

City Attorney Approval

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CLERK USE: DATE FILED MAR 16 2012

LaVonne Griffin-Valade
 Auditor of the City of Portland

By:  Deputy

ACTION TAKEN:

AGENDA

TIME CERTAIN

Start time: _____

Total amount of time needed: _____
 (for presentation, testimony and discussion)

CONSENT

REGULAR

Total amount of time needed: _____
 (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	—	—
4. Leonard	4. Leonard	✓	
Adams	Adams	✓	