

ORDINANCE No. 186840

Approve application under the Multiple-Unit Limited Tax Exemption Program for Block 67 located at E Burnside St and NE Couch St between NE 2nd Ave and 3rd Ave (Ordinance)

The City of Portland ordains:

Section 1. The Council finds that:

1. On behalf of the City of Portland, the Portland Housing Bureau (PHB) administers the Multiple-Unit Limited Tax Exemption (MULTE) Program. The program is authorized under ORS 307.600-637 and City Code Chapter 3.103.
2. The MULTE Program provides a ten year property tax exemption on the residential portion of the structural improvements as long as program requirements are met. During the exemption period, property owners are still responsible for payment of the taxes on the assessed value of the land and any commercial portions of the project, except for those commercial improvements deemed a public benefit and approved for the exemption.
3. Upon application to PHB, a property may receive an extension of an original ten year property tax exemption under the MULTE Program if the property continues to provide the initial affordability and is subject to long-term affordability restrictions, up to the length of the low income housing assistance contract.
4. The MULTE Program has an annual cap limiting the approval of new property tax exemptions to no more than one million dollars of new estimated foregone revenue. Minimum thresholds and types of public benefits expected are defined for the program. In order to fairly select projects best meeting program goals, applications are accepted annually during an open application period.
5. During this open application period, PHB received a request for a ten year property tax exemption for Block 67 located at E Burnside St and NE Couch St between and NE 2nd Ave and 3rd Ave. The project is described in further detail in the PHB staff recommendation included as Exhibit A.
6. PHB has the responsibility for reviewing the financial need for requested exemptions by calculating the rate of return. To qualify, the calculation may not exceed ten percent rate of return based on evaluation of the operating pro forma. A PHB review and analysis has determined that a property tax exemption under the MULTE Program is necessary to meet the economic need of Block 67.
7. To qualify for the MULTE program, a rental project must include at least 20 percent of its units affordable to households below 80 percent of the median family income based on the market for similar units in the same geographic area. As detailed in Exhibit A, the application for Block 67 meets these requirements with 60 of its 284 units affordable to households at or below 60 percent of median family income.

8. The application for Block 67 was reviewed by the PHB Investment Committee with expanded representation from the Portland Bureau of Planning and Sustainability and the Multnomah County Tax Assessor's Office on August 21, 2014. The role of the review committee is to approve the staff recommendation that the application meets the basic program threshold criteria.
9. On September 2, 2014, the PHB Portland Housing Advisory Committee convened a public hearing on the proposed approval for the Block 67 application under the MULTE program.


NOW, THEREFORE, the Council directs:

- a. The request for a ten year property tax exemption under the MULTE authorized by Chapter 3.103 of the Municipal Code of the City of Portland, Oregon, and ORS 307.600-637 is hereby approved for Block 67's structural improvements of the residential units, including all of the parking units.
- b. Approval of the Block 67 MULTE application is provided subject to the project meeting the minimum threshold requirements and public benefits as specifically described in Exhibit A including the following conditions:
 1. The project must provide 60 of its 284 units affordable to households at or below 60 percent of median family income. The units affordable to and restricted to occupancy by low income households will reflect the unit-mix in the project.
 2. The application will comply with all rate of return provisions established in City Code Section 3.103.070. This section requires the owner to sign an Extended Use Agreement and to provide financial data on an annual basis to the PHB for each tax year that the exemption is in effect.
- c. PHB shall provide copies of this Ordinance to the Multnomah County Tax Assessor as prescribed by City Code Section 3.103.060 (C).
- d. If, after the Project is approved for the MULTE, and prior to construction being completed, the Project owner needs to make changes to the application submitted that would reduce the number, percent or distribution of affordable units in the Project, or the approved public benefits provided, the project owner must submit a formal restructure request. Restructures will be reviewed by staff, presented to PHB's Investment Committee, and go to City Council for approval. If changes to the Project are minor and would result in substantially the same Project, PHB may allow slight variances to what was approved without a formal restructure request.

Passed by the Council: **OCT 08 2014**

Commissioner Dan Saltzman
 Prepared by: Dory Van Bockel
 Date Prepared: August 27, 2014

LaVonne Griffin-Valade
 Auditor of the City of Portland

By 
 Deputy

