

## ORDINANCE No. 186841

Approve application under the Multiple-Unit Limited Tax Exemption Program for Block 8L located at NW Naito Parkway and 1<sup>st</sup> Ave between and NW Couch St and Davis St (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 8L located at NW Naito Parkway and 1st Ave between and NW Couch St and Davis St. 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 8L.
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 8L meets these requirements with 12 of its 59 units affordable to households at or below 80 percent of median family income, distributed evenly amongst the unit mix, and another 4 studio units affordable to households at or below 80 percent of median family income.

8. The application for Block 8L 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 8L 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 8L's structural improvements of the residential units.
- b. Approval of the Block 8L 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 12 of its 59 units affordable to households at or below 80 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. The project must provide an additional 4 studio units which are affordable to households at or below 80 percent of median family income.
  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

*Susan Larson*  
 Deputy

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Agenda No.  
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 Title

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<b>INTRODUCED BY</b> Commissioner/Auditor: <b>Dan Saltzman</b>	CLERK USE: DATE FILED <u>SEP 12 2014</u>
<b>COMMISSIONER APPROVAL</b> Mayor—Finance and Administration - Hales Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman <i>[Signature]</i> Position 4/Safety - Novick	LaVonne Griffin-Valade Auditor of the City of Portland  By: <u><i>[Signature]</i></u> Deputy
<b>BUREAU APPROVAL</b> Bureau: Portland Housing Bureau Bureau Head: Traci Manning  Prepared by: Dory Van Bockel Date Prepared: August 27, 2014	<b>ACTION TAKEN:</b>  SEP 17 2014 RESCHEDULED TO OCT 1 2014 9:30 AM  OCT 01 2014 PASSED TO SECOND READING OCT 08 2014 9:30 A.M.
Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>City Auditor Office Approval:</b>	
<b>City Attorney Approval:</b> <i>64</i>	
Council Meeting Date <b>September 10, 2014</b> <i>17</i>	

**AGENDA** *3 of 4*

**TIME CERTAIN**   
 Start time: 3 PM

**Total amount of time needed:** 20 min  
 (for presentation, testimony and discussion)

**CONSENT**

**REGULAR**   
**Total amount of time needed:** 10 min  
 (for presentation, testimony and discussion)

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