

IMPACT STATEMENT

Legislation title: *Approve amended application under the Multiple-Unit Limited Tax Exemption Program for Block 290/KOTI (Ordinance)

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Purpose of proposed legislation and background information:

Portland Housing Bureau (PHB) administers the Multiple-Unit Limited Tax Exemption (MULTE) Program, authorized under ORS 307.600-307.637 and Portland City Code 3.103. The City first codified tax exemption programs in 1985. The City's tax exemption programs provide an incentive for the development and maintenance of affordable housing. The MULTE Program helps ensure the availability of affordable housing units in transit rich areas during the ten-year exemption. During the exemption period, projects in the program must report the unit rents and tenant income annually to PHB, which PHB monitors to ensure compliance of the approved affordability restrictions.

An application for the MULTE for this project, Block 290/KOTI, was approved through City Council on June 29, 2016. The applicant submitted an amended application to PHB for approval due to the project increasing in size. If the amendment is approved, it will enable the inclusion of 40 housing units (compared to 30) to be rented to low- to moderate- income households earning no more than 80 percent of area median family income in a new 200-unit mixed-use housing development within the Northwest District neighborhood of Portland. ORS 307.621 and City Code Section 3.103.050(A) state that PHB will take applications to City Council for approval in the form of an ordinance and deliver approved applications to Multnomah County within a certain timeframe. This action meets those requirements in order to amend the previous approval.

Financial and budgetary impacts:

With the originally approved application that is now being amended, the applicant paid the City an upfront application fee of \$1,000 and will be paying an additional \$16,000 for a total of \$17,000 in application fees to help cover costs of administering the program and monitoring during the exemption period. A portion of that fee, \$9,000, will be paid to Multnomah County. No additional fees were collected for review of the amended application.

This Ordinance amends a previous Ordinance approval for which the effect of the foregone revenue to the City was already considered. The total estimated amount of the property tax revenue not collected for the ten years of the exemption period based on the amended application is valued at approximately \$6,054,832 in today's dollars, assuming a 4.0 percent discount rate and a three percent annual assessment increase, which is about \$1,657,686 more than estimated for the previously approved application. This ten-year estimate includes taxes foregone by the City of Portland, Multnomah County and other entities which receive property taxes within Multnomah County. The reduced amount of property taxes to the City alone over the ten years are roughly 33 percent of that amount, or \$2,018,257. The City will still benefit from property taxes collected on the improved value of the land during the exemption period.

Community impacts and community involvement:

The MULTE program encourages the inclusion of affordable units in new developments which otherwise may not be available to potential tenants living in the area where these projects are getting built. MULTE applicants participate in a neighborhood contact process involving outreach to neighborhood associations about the projects. Applicants also agree to seek out MWESB contractors in the construction of the project and to reach-out to community organizations during lease-up of the project. As the largest taxing jurisdiction affected by the tax exemption programs, Multnomah County has approved the administration of the programs in order to meet shared affordable housing goals. County staff reviews the application financial information and PHB write-up of the project.

Overview

<u>Total Units:</u>	200
<u>No. at or below 80% MFI:</u>	40 units
<u>No. at Market Rate:</u>	160 units
<u>Foregone Revenue:</u>	\$657,432 estimated first year value of the tax exemption (all jurisdictions) \$16,435.80 per affordable unit annually

Bedroom Mix:

Unit Size	Count	Income Restriction (MFI)
Studio	14	80%
Studio	57	Market
One Bedroom	18	80%
One Bedroom	69	Market
Two Bedroom	8	80%
Two Bedroom	34	Market
TOTAL	200	

Budgetary Impact Worksheet**Does this action change appropriations?**

- ☐ **YES:** Please complete the information below.
- ☒ **NO:** Skip this section