

ORDINANCE No. 189172

*Approve application under the Multiple-Unit Limited Tax Exemption Program under the Inclusionary Housing Program for Division Two located at 3249 SE Division 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 Program (the "MULTE Program" or "Program"), authorized under ORS 307.600-307.637 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 so long as program requirements are met. During the exemption period, property owners remain responsible for the payment of 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. The MULTE Program is an incentive provided to developments complying with the City Inclusionary Housing Program, which requires 99 years of affordability.
4. PHB received a request for a 10-year property tax exemption for the development known as Division Two (the "Project"), and located at 3249 SE Division Street (the "Property"), in conjunction with the City's Inclusionary Housing Program. The Project, located in the Richmond neighborhood, will be a mixed-use housing project and will restrict 8%, which is 2 units (using reconfiguration), of the Project's 54 units to households earning no more than 60% of Median Family Income ("MFI") at the time of lease-up. Those households will continue to be Qualified Tenants as long as their income remains below 80% MFI. Division Two LLC ("Owner") owns the property. The property will be developed by Hacker Architects and the Owner has yet to select a property manager of the Project.
5. The MULTE Program has an annual cap limiting the approval of new property tax exemptions to no more than three million dollars of new estimated foregone revenue. There is sufficient cap remaining for the 2018 calendar year to include the Project's application.
6. PHB has the responsibility for reviewing compliance of applications with the minimum MULTE program requirements and has concluded that the application for the Project does indeed meet the minimum program requirements.

NOW, THEREFORE, the Council directs:

- a. The request for a 10-year property tax exemption under the MULTE Program is hereby approved for 8% of the residential portion of the structural improvements of Division Two, including the applicable percentage of residential parking and common areas.
- b. Approval of the application is provided subject to the project meeting the following conditions:
 1. The project must restrict 8% of its units to households earning no more than 60% MFI (the "Restricted Units"). The Restricted Units will reflect the unit-mix in the project.
 2. The application will comply with the program requirements established in City Code Chapter 3.103, including the requirement that the owner sign a Regulatory Agreement and report annually to PHB each tax year that the exemption and affordability restrictions are in effect.
 3. The Restricted Units will be built to meet all minimum Americans with Disabilities Act and Fair Housing Act requirements. The project will also be built to ensure at least five percent of the Restricted Units, totaling 1, be fully adaptable to become fully accessible per ADA and FHA standards if necessary to accommodate tenants with disabilities.
- c. PHB shall provide a copy of this Ordinance to the Multnomah County Tax Assessor as prescribed by City Code Section 3.103.050 (A).
- d. If, prior to the completion of construction, the Project is changed in any way that would reduce the number, percentage or distribution of the Restricted Units in the Project, or the approved public benefits provided, Owner must provide written notice to PHB. If such changes still conform to the Program requirements, PHB will amend the Regulatory Agreement. Such amendment would not be subject to City Council approval if changes are minor and would result in substantially the same Project.

Section 2. The Council declares an emergency exists because timely City approval of the application for the MULTE Program is necessary in order to allow the Project to meet requirements to approve the building permit as outlined by the Bureau of Development Services; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: SEP 19 2018

Mayor Ted Wheeler
Prepared by: Cassie Graves
Date Prepared: August 15, 2018

Mary Hull Caballero

Auditor of the City of Portland

By

A handwritten signature in blue ink, appearing to read "Susan Parsons", is written over the word "By".

Deputy

Agenda No.
ORDINANCE NO. 189172
 Title

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INTRODUCED BY Commissioner/Auditor: Ted Wheeler	CLERK USE: DATE FILED <u>SEP 11 2018</u>
COMMISSIONER APPROVAL Mayor—Finance & Administration - Wheeler <i>MP</i>	Mary Hull Caballero Auditor of the City of Portland
Position 1/Utilities - Fritz	By: <u><i>[Signature]</i></u> Deputy
Position 2/Works - Fish	
Position 3/Affairs - Saltzman	
Position 4/Safety - Eudaly	
BUREAU APPROVAL Bureau: Housing Bureau Head: Shannon V. Callahan <i>SC</i>	ACTION TAKEN:
Prepared by: Cassie Graves Date Prepared: August 15, 2018	
Impact 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"/>	
City Auditor Office Approval: required for Code Ordinances	
City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter <i>[Signature]</i>	
Council Meeting Date: September 19, 2018	

AGENDA	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
TIME CERTAIN <input type="checkbox"/> Start time: _____ Total amount of time needed: _____ (for presentation, testimony and discussion)		YEAS	NAYS
CONSENT <input type="checkbox"/> REGULAR <input checked="" type="checkbox"/> Total amount of time needed: 5 min (for presentation, testimony and discussion)	1. Fritz	<input checked="" type="checkbox"/>	
	2. Fish	<input checked="" type="checkbox"/>	
	3. Saltzman	<input checked="" type="checkbox"/>	
	4. Eudaly	<input checked="" type="checkbox"/>	
	Wheeler	<input checked="" type="checkbox"/>	