

ORDINANCE No. 189215

*Approve application under the Multiple-Unit Limited Tax Exemption Program under the Inclusionary Housing Program for Nehalem Apartments located at 1645 SE Nehalem 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 Nehalem Apartments (the "Project"), and located at 1645 SE Nehalem Street (the "Property"), in conjunction with the City's Inclusionary Housing ("IH") Program. The Project, located in the Sellwood-Moreland Improvement League neighborhood, will be a residential housing project and will restrict affordability on 61 percent, which is 38 units, of the Project's 63 units. To meet its own IH obligation, the Project selected to restrict 15 percent, which is nine units, to households earning no more than 80 percent 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 100 percent MFI. The Project was also selected as a receiving building for two other projects' – 5955 SE Milwaukie Ave ("Sending Building A") and 1717 SE Tenino St ("Sending Building B") – IH obligations, restricting an additional 11 units (20 percent) of the Sending Building A's 54 total units and 18 units (20 percent) of Sending Building B's 91 total units, to households earning no more than 60 percent of MFI. Those households will continue to be qualified tenants as long as their income remains below 80 percent of MFI. Sackhoff Family LLC, Sackhoff Enterprises LLC, and UDG Nehalem LLC ("Owners") own the property. The property will be developed by UDG 11th & Burnside LLC. The Owners have yet to select a property manager for 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 61 percent of the residential portion of the structural improvements of Nehalem Apartments, including 61 percent of the 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 15 percent of its units to households earning no more than 80 percent of MFI, and 46 percent of its units to households earning no more than 60 percent of 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 Owners 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 two, 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, Owners 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.

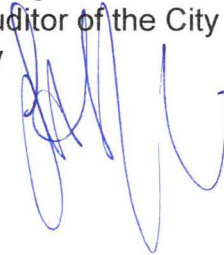
Passed by the Council: OCT 17 2018

Mayor Ted Wheeler
Prepared by: Cassie Graves
Date Prepared: September 18, 2018

Mary Hull Caballero

Auditor of the City of Portland

By



Deputy

Agenda No.
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OCT 09 2018

INTRODUCED BY Commissioner/Auditor: Ted Wheeler	CLERK USE: DATE FILED _____
COMMISSIONER APPROVAL Mayor—Finance & Administration - Wheeler <i>MP</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Eudaly	Mary Hull Caballero Auditor of the City of Portland By: <i>Karl</i> Deputy
BUREAU APPROVAL Bureau: Housing Bureau Head: Shannon V. Callahan <i>Shannon</i> Prepared by: Cassie Graves Date Prepared: 9/11/2018 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: October 17, 2018	ACTION TAKEN:

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