

IMPACT STATEMENT

Legislation title: *Approve application under the Multiple-Unit Limited Tax Exemption Program under the Inclusionary Housing Program for Virk Villa Apartments located at 5020 SW Woodward Street (Ordinance)

Contact name: Cassie Graves

Contact phone: 503-823-5758

Presenter name: Dory Van Bockel

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 MULTE Program provides a ten-year exemption that is one of the financial incentives made available to projects required to comply with the City's Inclusionary Housing (IH) Program. Under the IH program, the developer has opted to make 15% of the project's 30 units, 5 units, affordable to households earning no more than 80% Median Family Income ("MFI") for 99 years. The tax exemption will apply to the affordable units in the project only.

ORS 307.621 and City Code Section 3.103.060(B) 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.

Financial and budgetary impacts:

The City will pay the \$4250 application activation fee to Multnomah County, should the application move forward.

This Ordinance approves a tax exemption resulting in foregone tax revenue. The total estimated amount of the property tax revenue not collected for the ten years of the exemption period based on the application is valued at approximately \$67,332 in today's dollars assuming a four percent discount rate, and a three percent annual assessment increase. This 10-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 over the ten years is roughly 33 percent of that amount, or \$22,219. The City will still benefit from property taxes collected on the improved value of the land during the exemption period.

Project Overview:

Total Units: 30

No. at or below 80% MFI: 5 units

No. at Market Rate: 25 units

Foregone Revenue: \$7,311 estimated first year value of the tax exemption (all jurisdictions); \$1,462 per affordable unit annually

Bedroom Mix:

| Unit Size | Count | Income Restriction (MFI) |
|--------------|-------|--------------------------|
| One-Bedroom | 1 | Market |
| Two-Bedroom | 5 | 80% |
| Two-Bedroom | 24 | Market |
| TOTAL | 30 | |

Community impacts and community involvement:

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.

100% Renewable Goal:

Approval of the MULTE does not impact the City's total or renewable energy use.

Budgetary Impact Worksheet

Does this action change appropriations?

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