

## ORDINANCE No. 189444

\*Approve application under the Multiple-Unit Limited Tax Exemption Program for NE Killingsworth Apartments located at 5470 NE 16th Ave (Ordinance)

The City of Portland Ordains:

Section 1. The Council finds:

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. Ordinance No. 188869, passed by Council March 21, 2018, which was amended through ordinance No. 189247, passed by Council November 8, 2018, created an interim use of the MULTE Program, referred to as the "Incenting the Pipeline" MULTE Program, as an incentive to developments which were vested prior to the City Inclusionary Housing Program's inception on February 1, 2017. This interim use of the MULTE Program requires 10 years of affordability at 60 percent of Median Family Income ("MFI") in exchange for a 10-year property exemption. This program will accept applications for review through June 30, 2020, unless otherwise extended. Only vested projects with an estimated first year of foregone revenue of \$500,000 or less are eligible for an exemption.
4. PHB received a request for a 10-year property tax exemption for the development known as NE Killingsworth Apartments (the "Project") located at 5470 NE 16<sup>th</sup> Avenue (the "Property"). The Project, located in the Vernon neighborhood, will be a mixed-use housing project and will restrict affordability on 20 percent of the Project's 39 units, which is eight units, to households earning no more than 60 percent MFI at the time of lease-up. Those households will continue to be qualified tenants as long as their income remains below 80 percent MFI. NE Killingsworth PDX LLC ("Owner") owns the property. The property will be developed and property-managed by Urban Development Partners.

5. The MULTE Program has an annual cap limiting the approval of new property tax exemptions to no more than 15 million dollars of new estimated foregone revenue within a five year period, defined as any current year and the previous four years. There is an additional rolling cap restriction for projects applying under the "Incenting the Pipeline" MULTE Program to cumulatively not exceed three million dollars over the roughly two-year duration of the program. Sufficient cap remains, under both restrictions, 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 20 percent of the residential portion of the structural improvements of NE Killingsworth Apartments, including 20 percent 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 20 percent of its units to households earning no more than 60 percent 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 one, be fully adaptable to become fully accessible per ADA and FHA standards if necessary to accommodate tenants with disabilities.
  4. The Owner will contract with a third-party technical assistance provider to make sure qualifying contractors are aware of the Project for bidding on work with a goal of reaching 20 percent participation by Minority, Women and Emerging Small Business (MWESB) contractors in the construction of the Project.

- 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 proceed with issuance of the Project's building permit and to begin construction; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: APR 03 2019

Mayor Ted Wheeler  
Prepared by: Cassie Graves  
Date Prepared: March 8, 2019

**Mary Hull Caballero**  
Auditor of the City of Portland

By



Deputy

Agenda No.  
**ORDINANCE NO. 189444**

Title

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<b>INTRODUCED BY</b> Commissioner/Auditor: <b>Ted Wheeler</b>	CLERK USE: DATE FILED <u>MAR 26 2019</u>
<b>COMMISSIONER APPROVAL</b> Mayor—Finance & Administration - Wheeler <i>MA</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Hardesty Position 4/Safety - Eudaly	Mary Hull Caballero Auditor of the City of Portland By: <i>[Signature]</i> Deputy
<b>BUREAU APPROVAL</b> Bureau: Housing Bureau Head: Shannon V. Callahan <i>[Signature]</i>	ACTION TAKEN:
Prepared by: Cassie Graves Date Prepared: March 8, 2019	
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"/>	
<b>City Auditor Office Approval:</b> required for Code Ordinances	
<b>City Attorney Approval:</b> required for contract, code, easement, franchise, comp plan, charter <i>3/19/19</i>	
Council Meeting Date: April 3, 2019	

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