

ORDINANCE No. 190051

Approve application under the Multiple-Unit Limited Tax Exemption Program under the Inclusionary Housing Program for Pepsi Blocks-Phase 1A, Building A located at 827 NE 27th 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 10-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 under the MULTE Program for the development known as Pepsi Blocks-Phase 1A, Building A (the “Project”) located at 827 NE 27th Ave (the “Property”), in conjunction with the City’s Inclusionary Housing Program. The Project, located in the Kerns neighborhood, will be a mixed-use housing project. Using the option to reconfigure the building’s Inclusionary Housing obligations into larger type units, the building’s original requirement of six studio, seven one-bedroom, four two-bedroom and one three-bedroom units, which is eight percent of the project’s total 219 units, will be provided in two studio, four one-bedroom, three two-bedroom and four three bedroom units.

In addition, the Project has opted to restrict 31 additional units under Inclusionary Housing to fulfill Inclusionary Housing requirements for future on-site development approved in 2019-183735 LU. The additional Inclusionary Housing units are comprised of five studio, nine one-bedroom, nine two-bedroom and eight three-bedroom units, for a total of 44 Inclusionary Housing units, which is 20 percent of the Project’s total 219 units. The Inclusionary Housing units will be affordable to households earning no more than 60 percent of median family income. The Owner of record for the property is SP Jade II LLC (“Owner”).

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 sufficient cap remaining for the 2020 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 20 percent of the residential portion of the structural improvements of Pepsi Blocks-Phase 1A, Building A, 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 of median family income (the "Restricted Units"). The Restricted Units will be comprised of seven studio, 13 one-bedroom, 12 two-bedroom and 12 three-bedroom units 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 three, 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.

Passed by the Council: July 15, 2020

Mayor Ted Wheeler
Prepared by: Brett Eisenbrown
Date Prepared: June 8, 2020

Mary Hull Caballero
Auditor of the City of Portland
By *Keelan McClymont*
Deputy

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Agenda No.
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Title

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INTRODUCED BY Commissioner/Auditor: Mayor Wheeler	CLERK USE: DATE FILED <u>JUNE 29, 2020</u>
COMMISSIONER APPROVAL	Mary Hull Caballero Auditor of the City of Portland By: <u>Karla Moore-Love</u> Deputy ACTION TAKEN: July 8, 2020 Passed to Second Reading July 15, 2020 at 9:30 a.m.
Mayor—Finance & Administration <u>Mustafa Washington</u>	
Position 1/Utilities - Fritz	
Position 2/Works - Vacant	
Position 3/Affairs - Hardesty	
Position 4/Safety - Eudaly	
BUREAU APPROVAL	
Bureau: HOUSING Bureau Head: <u>Shannon Callahan</u> <small>DocuSigned by: DAB8F65BDAEB4C0</small>	
Prepared by: <u>Brett Eisenbrow</u> Date Prepared: <u>6/1/2020</u>	
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	
Council Meeting Date <u>7/8/2020</u>	

AGENDA
TIME CERTAIN <input type="checkbox"/>
Start time: <u> - </u>
Total amount of time needed: <u> -</u> (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input checked="" type="checkbox"/>
Total amount of time needed: <u>10 mins</u> (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Vacant		
3. Hardesty	✓	
4. Eudaly	✓	
Wheeler	✓	