



[Home](#) / [Browse Council Documents](#)

190829

Ordinance

Amend approved application under the Multiple-Unit Limited Tax Exemption Program under the Inclusionary Housing Program for 82nd Ave Multi-Use located at 1750 NE 82nd Ave to increase the number of restricted units (amend Ordinance No. 189880)

Passed

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 ("IH") Program, which requires 99 years of restricted rents of a designated percentage of units within the building.
4. Ordinance No. 189880, passed by the Council on March 4, 2020, authorized a 10-year property tax exemption under the MULTE Program, in conjunction with the City's Inclusionary Housing Program for the development known as 82nd Avenue Multi-Use (the "Project") and located at 1750 NE 82nd Ave (the "Property"). The application proposed five units, comprised of three studio, one one-bedroom and one two-bedroom units, or six percent, of the Project's 78 units would be restricted to households earning no more than 60 percent of Median Family Income ("MFI") at the time of lease-up (the "IH Units").

Introduced by

[Commissioner Dan Ryan](#)

Bureau

[Housing Bureau](#)

Contact

Matthew Tschabold
Policy and Planning Manager

✉ matthew.tschabold@portlandoregon

Requested Agenda Type

Consent

Date and Time Information

Requested Council Date
May 25, 2022

5. The developers of the Project have requested to amend their approved MULTE application in order to accommodate a change in both the unit type mix and in the Inclusionary Housing option selected for the Project, which has resulted in an adjustment of restriction level of the IH Units from 60 percent MFI to 80 percent MFI. The total number of IH Units has increased compared to the initial application. The amended application proposes a mixed-use housing project and will restrict 15 percent of the total bedrooms in the Project to households earning no more than 80% of the MFI at the time of lease-up. Using the reconfiguration option, four studio, five one-bedroom and two two-bedroom units, which is 14 percent of the Project's total 78 units, will be restricted to households earning no more than 80% MFI.
6. 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 2022 calendar year to include the Project's amended application.
7. PHB has the responsibility for reviewing compliance of approved applications with the minimum MULTE Program requirements and has concluded that the amended application for the Project does indeed meet the minimum Program requirements.

NOW, THEREFORE, the Council directs:

A. The amended request for a 10-year property tax exemption under the MULTE Program is hereby approved for 14 percent of the residential portion of the structural improvements of 82nd Ave Multi-Use, including 14 percent of residential parking and common areas.

B. Ordinance No. 189880 is amended as follows:

1. The Project must restrict 14 percent of its 78 units to households earning no more than 80 percent MFI (the "Restricted Units"), through reconfiguration, will consist of four studio, five one-bedroom and two two-bedroom units.

C. All other portions of Ordinance 189880 will remain the same.

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
May 25, 2022

Auditor of the City of Portland
Mary Hull Caballero

Impact Statement

Purpose of Proposed Legislation and Background Information

To ensure Portland has economically inclusive development and neighborhoods, the city requires that new buildings being constructed (*with more than 20 units*) also provide Inclusionary Housing units ("IH Units"), restricted for 99 years under the Inclusionary Housing ("IH") Program.

In exchange for providing IH Units, developers receive some benefits, including a 10-year property tax exemption – typically on all residential units in the Central City, or on only eligible rental units restricted under the IH Program outside the Central City.

On March 4, 2020 the Council passed Ordinance 189880 which authorized a 10-year property tax exemption for 82nd Ave Multi-Use. Under Ordinance 189880, the developer selected to provide eight percent of the building's 78 units, totaling five units, restricted to households earning no more than 80% median income for 99 years.

Since the passage of the aforementioned Ordinance, the developers of the building have requested to amend their approved 10-year property tax exemption application in order to accommodate a change in both the unit type mix and in the Inclusionary Housing option selected for the Project, which has resulted in an adjustment of restriction level of the IH Units from 60 percent MFI to 80 percent MFI. For the building associated with this amended ordinance, below are the options available to the developer in city code. The option selected by the developer is in bold and highlighted.

On-Site Units	New Off-Site Units	Existing Off-Site Units	Fee-in- Lieu	
Units at 80% of Median Income	12 Units	N/A	N/A	N/A
Bedrooms at 80% of Median Income	13 Bedrooms	N/A	N/A	N/A
Units at 60% of Median Income	6 Units	16 Units	20 Units	N/A
Bedrooms at 60% of Median Income	6 Bedrooms	N/A	N/A	N/A
Units at 30% of Median Income	N/A	8 Units	12 Units	N/A
No Inclusionary Units	N/A	N/A	N/A	\$1,130,036

The developer selected the option to provide 15% of the building's 78 units. Using the option to reconfigure the building's IH obligation into larger type units, the building's original requirement of five studio, six one-bedroom and one two-bedroom units, will be provided in four studio, five one-bedroom and two two-bedroom units, which is 14% of the project's total 78 units, and will be restricted to households earning no more than 80% median income for 99 years.

Original IH Unit Requirements (12 IH Units)	Total Bedrooms in Original IH Unit Requirements	IH Obligation utilizing Reconfiguration (11 IH Units)
(5) Studio		(4) Studio
(6) One-bedroom	13 bedrooms	(5) One-bedroom
(1) Two-Bedroom		(2) Two-Bedroom

Because this building is outside the Central City Plan District, the tax exemption will apply to the IH Units.

Overview of building and units for Ordinance No. 189880:

78-unit building at 1750 NE 82nd Ave

- 1. Market rate units: 73 units
- 2. IH Units: 5 units

Studio	One Bedroom	Two Bedroom	Three Bedroom	
Total	37	38	3	-
Market Rate	34	37	2	-
Restricted to 60% of Median Income	3	1	1	-
Average Square Footage	410	583	770	-
Largest Square Footage	600	600	770	-
Smallest IH Unit	400	541	770	-

Overview of building and units for Amended Application:

78-unit building at 1750 NE 82nd Ave

- 1. Market rate units: 67 units
- 2. IH Units: 11 units

Studio	One	Two	Three	
	Bedroom	Bedroom	Bedroom	
Total	35	40	3	-
Market Rate	31	35	1	-
Restricted to 80% of Median Income	4	5	2	-
Average Square Footage	363	552	749	-
Largest Square Footage	394	592	749	-
Smallest IH Unit	340	524	749	-

Regulated restricted rents compared to new construction market rate rents in the same neighborhood:

Studio	One	Two	Three	
	Bedroom	Bedroom	Bedroom	
Market Rate	\$1,428	\$1,651	\$2,443	-
Restricted to 80% of Median Income	\$1,353	\$1,450	\$1,741	-
Monthly Rent Difference	\$75	\$201	\$702	-
Annual Rent Difference	\$900	\$2,412	\$8,424	-

Over the 99 years of required restriction, market rents will only continue to increase at a faster rate compared to regulated rents.

If this ordinance is not approved by City Council, the development will proceed without any IH Units.

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 the Multnomah County Tax Assessor. This action meets those requirements.

Financial and Budgetary Impacts

The City will pay the \$9,000 application activation fee to Multnomah County, should the application move forward.

This Ordinance approves a property tax exemption resulting in foregone tax revenue. The total estimated amount of the property tax revenue not collected for the 10 years of the exemption period is valued at approximately \$147,668 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 of Portland over the 10 years is roughly 33 percent of that amount, or \$48,731. The City will still benefit from property taxes collected on the improved value of the land during the exemption period.

Property Tax exemption value and foregone revenue for Ordinance 189880:

Estimated total foregone revenue:	\$69,054
Estimated first year value of the tax exemption:	\$7,498
Estimated annual value of the tax exemption per IH Unit during the exemption period:	\$1,381
Estimated annual foregone revenue per IH Unit over 99-year restriction term:	\$140

Property tax exemption value and foregone revenue for amended application:

Estimated total foregone revenue:	\$147,668
Estimated first year value of the tax exemption:	\$16,034
Estimated annual value of the tax exemption per IH Unit during the exemption period:	\$1,342
Estimated annual foregone revenue per IH Unit over 99-year restriction term:	\$136

Central City Plan District: Yes No

Remaining 5-Year Cap: \$12,380,444

Property Management: Not selected yet

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.

Budget Office Financial Impact Analysis

This action amends an exemption previously approved by Council. It increases the total estimated foregone revenue, but does not substantially impact the per unit value of the tax exemption. In total, this action would result in estimated foregone property tax revenues to the City totaling \$48,731 over ten years for 11 units affordable at or below 80% MFI. Total cost to all jurisdictions forgoing revenue is estimated at \$147,668. The estimated value of the tax exemption for the first year is \$16,034 (all jurisdictions), which equals approximately \$1,342 per affordable unit per year of affordability during the exemption period. The City will still benefit from property taxes collected on the improved value of the land during the exemption period. The City will pay Multnomah County the \$9,000 application activation fee if the application moves forward.

Agenda Items

400 Consent Agenda in May 18-19, 2022 Council Agenda

Passed to second reading

Passed to second reading May 25, 2022 at 9:30 a.m.

438 Consent Agenda in May 25-26, 2022 Council Agenda

Passed

Commissioner Dan Ryan Yea

Commissioner Jo Ann Hardesty Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea