Investing in Portland's Future

City of Portland Bureau of Planning & Sustainability
Sam Adams, Mayor | Susan Anderson, Director

2008-09 Annual Report
Residential Tax Exemption Programs

Portland Housing Bureau
Portland Development Commission
Bureau of Planning and Sustainability

December 16, 2009

Photo of Shaver Green Apartments, a transit oriented development project, on Martin Luther King Jr. Boulevard. The photo by Michael Mathers is provided courtesy of Deca Architecture Incorporated.

Table of Contents

Executive Summary

This Report satisfies commitments to Portland City Council and the Multnomah County Board of Commissioners to provide an annual report on the City's use of residential limited tax exemptions to achieve local and regional housing, transportation, urban development and growth management goals. This Report is released every fall, after the closing of the tax rolls in October. The report issued in October 2008 focused on an analysis of property tax exemptions City Staff approved for Tax Year (TY) 2007-08. This Report analyzes property tax exemptions City Staff approved for TY 2008-09. In addition, it provides information about the tax exemption applications and approvals City staff processed during FY 2008-09, and estimates how that activity may affect property tax revenues for TY 2009-10. This table is provided as a helpful reference.

Table 1. Relationship of Fiscal Year, Tax Year, and Report Date

When City Staff Process Exemption Applications	When Exemptions are Reflected in the Tax Rolls	When Annual Report Describing Activity is Issued
FY 2006-07	TY 2007-08	October 2008
FY 2007-08	TY 2008-09	December 2009
FY 2008-09	TY 2009-10	December 2010
FY 2009-10	TY 2010-11	*To be issued December 2011*

There are five types of limited-term tax exemption (LTE) programs:
1. Non-profit Low Income Housing (rental)
2. New Multiple Unit Housing (rental and condominium)
3. Single Family New Construction (home ownership)
4. Transit Oriented Development (rental and condominium)
5. Residential Rehabilitation (for rental property owners and home ownership)

Generally, LTE programs exempt the value of improvement(s) from property taxation for a ten-year period. The land remains taxable. At the end of the ten-year period, the improvements are assessed and taxes collected. Rental housing projects subject to long-term affordability agreements that restrict tenant incomes and rents may apply for a longer period of exemption; such requests are handled on a case by case basis. The non-profit program requires an annual application, but allows Non-profit owners to apply for exemptions on the value of the land and the residential improvements.

City Policies and Program Outcomes

The City of Portland's residential LTE programs are financial and policy tools designed to carry out housing goals, especially those that call for assisting low- and moderate-income households through the preservation or construction of housing or through programs which boost homeownership. The summary tables below provide information on housing production (Table 2) and the affordability levels of the housing assisted under these programs (Table 6).

The programs also advance important urban development, transportation, and growth management goals by directing new housing development to certain locations. The **NMUH and TOD** programs provide an incentive for the construction of new higher-density, mixed-income housing near transit facilities such as the MAX light rail system and in Centers and Corridors designated by Metro's 2040 Growth Concept. The Single Family New Construction and Rehabilitation Programs support neighborhood revitalization. They concentrate single family development in designated "homebuyer opportunity" areas of the City, thus promoting new investments in economically distressed areas. See summary Tables 8 and 9.

Summary Tables

OVERALL PROGRAM USAGE

Table 2 compares utilization and growth of all the exemption programs over the last three taxing years (TY 2007-08, TY 2008-09, and TY 2009-10).

Table 2: Exemption Programs: Utilization and Growth by Program for Three Year Period

Exemption Programs	Number of units receiving exemptions TY 2007-08	Percentage of all units receiving exemptions TY 2007-08	Number of units receiving exemptions TY 2008-09	Percentage of all units receiving exemptions TY 2008-09	Number of units receiving exemptions TY 2009-10	Percentage of all units receiving exemptions TY 2009-10
Non-profit	7,790	56%	8,237	57%	8,579	60%
NMUH	2,856	21%	2,596	18%	2,341	17%
TOD	972	7%	965	7%	895	6%
SFNC	2,056	15%	2,412	17%	2,230	16%
Rehab*	150	1%	139	1%	133	1%
Totals	**13,824**	**100%**	**14,349**	**100%**	**14,178**	**100%**

Programs by Tenure

Tenure refers to whether a program assists homeownership units or rental units.

Table 3: Tenure of housing promoted by each exemption program in TY 2009-10

Exemption Programs	Rental Housing	Homeownership
Non-profit	8,579	
NMUH	2,274	67 (condominiums)
TOD	795	100(condominiums)
SFNC	0	2,230
Rehab*	60	73

The majority of the housing units (an average of 82%) assisted by the tax exemption programs, as a group, are rentals. Tables 4 and 5 show the number and percentage of rental and homeownership units assisted by program for TY 2008-09 and 2009-10.

Table 4: Comparison of Number and Percentage of Units Exempted, by Program and Tenure TY 2008-09

Exemption Program	Total Number of Units Receiving Exemptions	TENURE			
		Number of Rental Units receiving Exemptions	Rental Units as a Percentage of Total Units	Number of Ownership Units receiving exemptions	Ownership Units as a Percentage of Total Units
Non-profit	8,237	8,237	100%	0	0%
NMUH	2,596	2,511	97%	85	3%
TOD	965	846	88%	119	12%
SFNC	2,412	0	0%	2,412	100%
Rehab*	139	60	43%	79	57%
Totals	**14,349**	**11,654**	**81%**	**2,695**	**19%**

Table 5: Comparison of Number and Percentage of Units Exempted, by Program and Tenure TY 2009-10

Exemption Program	Total Number of Units Receiving Exemptions	TENURE: Number of Rental Units receiving exemptions	Rental Units as a Percentage of Total Units	Number of Ownership Units receiving exemptions	Ownership Units as a Percentage of Total Units
Non-profit	8,579	8,579	100%	0	0%
NMUH	2,341	2,274	97%	67	3%
TOD	895	795	89%	100	11%
SFNC	2,230	0	0%	2,230	100%
Rehab*	133	60	45%	73	55%
Totals	**14,178**	**11,708**	**83%**	**2,470**	**17%**

PROGRAMS BY INCOME GROUP SERVED

In order to expand the supply of affordable housing in the City, all of the City's rental property tax exemption programs currently impose rent-restrictions on at least a portion of the units, and require that tenants be income-qualified to reside in those units.

Table 6 shows the number of rent-restricted units, and the incomes served, by program, for TY 2008-09. Table 7 provides the same information for TY 2009-10.

Table 6: Number of Rent Restricted Rental Units, By Program TY 2008-09

Program	Total Rental Units Receiving Exemption	Number of Market /Unrestricted Units	Number of Rent Restricted Units*	Restricted to 61-80 % MFI household income	Restricted to < 60% MFI household income
Non-profit	8,237	0	8,237	0	8,237
NMUH*	2,511	1,573	938	77	861
TOD	846	567	279	78	201
Residential Rehab	60	NA	60	NA	60
Total Units*	11,654	2,140	9,514	155	9,299
Percentages		**18%**	**82%**	**1%**	**81%**

* Total is adjusted because 158 low income units are double counted in the NMUH and Non-profit programs

Table 7: Number of Rent Restricted Rental Units, By Program TY 2009-10

Program	Total Rental Units Receiving Exemption	Number of Market /Unrestricted Units	Number of Rent Restricted Units*	Restricted to 61-80 % MFI household income	Restricted to < 60% MFI household income
Non-profit	8,579	0	8,579	0	8,579
NMUH*	2,274	1,374	900	77	823
TOD	795	388	407	56	351
Residential Rehab	60	0	60	0	60
Total Units*	11,708	1,762	9.946	133	9,813
Percentage of Total Units	100%	15%	85%	1%	84%

* Total is adjusted because 158 low income units are double counted in the NMUH and Non-profit programs

PROGRAMS PROMOTING TRANSIT-ORIENTED DEVELOPMENT

The City plans for population growth with Metro. The direction provided by the Metro 2040 Growth Concept is to provide the greatest number of housing opportunities in multifamily housing in areas well served by transit such as MAX light rail station areas, regional and town centers, and Main Streets with frequent transit service. This development is generally known as transit-oriented development or TOD. Table 8 lists:

- The number in units within one-quarter mile (walking distance) of MAX, the streetcar, and all frequent transit service.
- The number of units in projects with mixed residential and commercial use. A recent national study has shown that the presence of mixed use in a transit-oriented area is associated with decreased automobile use and increased use of other travel modes such as transit, biking, and walking.
- The number of projects in the TOD program that have densities of at least 80 percent of maximum.
- TOD projects that receive assistance from Metro to address development challenges.

Table 8: Multifamily units by Transit-Oriented Development characteristics, by program, TY 2008-09 and 2009-10

Program	HOUSING UNITS IN MULTIFAMILY PROJECTS					
	Within 1/4 mile of MAX	Within 1/4 mile of Streetcar	Within all frequent service transit	In Mixed Use Development*	At least 80% of Maximum Density**	Receiving Assistance from Metro TOD Program
NMUH TY08-09	1,545	1,394	2,596	1,887	NA	178
NMUH TY09-10	1,364	1,188	2,341	1,799	NA	178
TOD TY08-09	802	0	965	505	207	343
TOD TY09-10	759	0	895	505	207	343
Totals TY08-09	2,347	1,394	3,561	2,392	207	521
TY09-10	2,123	1,188	3,236	2,304	207	521

* Ground floor commercial can be in a different ownership than the housing.
** These are the number of units in projects claiming density as a public benefit. Other projects may be at 80 percent of maximum density.

DEVELOPMENT IN DISTRESSED AREAS

Single Family by Geography

The majority of the new homeownership units assisted by this program are located in low and moderate income Portland neighborhoods. 2,333 out of 2,412 exemptions granted for TY 2008-09, and 2,104 of 2,230 exemptions granted in TY 2009-10, were in low- and moderate-income neighborhoods. Over the years, revitalized areas of inner Northeast and Southeast neighborhoods have been taken out of the program.

Table 9: New homeownership units in low- and moderate-income neighborhoods

Low/Moderate Income Neighborhoods	TY 08/09	TY 09/10
North Portland	815	791
Northeast Portland	433	329
Southeast Portland	560	505
East Portland	525	559
Southwest Portland	0	0
Total	**2,333**	**2,184**

MONITORING AND COMPLIANCE

This section of the Report details the compliance monitoring efforts for exemptions active in the Tax Year 2009-10. Compliance monitoring is the practice of ensuring that, after the exemption has been granted, the recipient continues to comply with whatever conditions the City Council placed on the exemption. If a recipient fails to meet a material condition of an exemption, the City may terminate the exemption. Table 10 shows what agencies now have compliance monitoring responsibility for the various exemption programs.

Table 10: City Bureaus with monitoring and compliance responsibility for exemption programs, by program

Program	PDC Housing: Asset Management Department	Bureau of Planning & Sustainability
Non-profit		All units in the program are rent-restricted. Staff monitors non-profit status of owner. Owner certifies income-eligibility of tenants.
NMUH	Monitors occupancy of rent restricted units only, unless project also received direct financial assistance from PDC.	Monitors that property, at initial occupancy, complies with public benefit requirements.
TOD	Monitors occupancy of rent restricted units only, unless project also received direct financial assistance from PDC.	Monitors that property, at initial occupancy, complies with public benefit requirements.
SFNC	Monitors buyer income and owner-occupancy.[2]	
Rehab	Monitors owner-occupancy.	

In 2008-2009 there were 1161 active exemptions in the SFNC, NMUH, and TOD programs subject to City Code requirements. Upon review of these exemptions 68 ownership units were terminated. In addition13 ownership exemption applications were denied.

Ownership Monitoring and Compliance

The City's programs that offer exemptions to homeowners [NMUH, TOD, SFNC and Rehab] now require the home-owning household to meet certain income requirements in order to qualify for the exemption; there is no on-going restriction on household income. In order to maintain the exemption, the owner must continue to occupy the premises.

The City's monitoring efforts focus on initial qualification, and on continued owner-occupancy. Tables 11 and 12 summarize the results of compliance monitoring for the ownership programs that took place in FY 2007-08 and FY 2008-09. Table 13 shows the number of units in each program that will be monitored in FY 2009-10. For a

[2] In 2002, City Code was changed to place buyer income and owner-occupancy requirements on the Single Family program. This applied to new applications. Since that time, 957 exemptions have been authorized with these new code provisions in place and only these require compliance monitoring.

discussion of the revenue returned to the taxing jurisdictions as a result of terminations, please see the new revenue and foregone revenue section.

Table 11: Compliance Monitoring for Ownership Programs, by Program FY 2007-08

	NMUH	TOD	SFNC	Rehab	Total
Number of units monitored	123	126	419	90	758
Owner eligibility investigated	13	21	97	11	142
Exemptions terminated	6	4	37	0	47

Table 12: Compliance Monitoring for Ownership Programs, by Program FY 2008-09

	NMUH	TOD	SFNC	Rehab	Total
Number of units monitored	85	119	878	79	1161
Owner eligibility investigated	19	13	98	11	141
Exemptions terminated	12	3	52	1	68

Table 13: Compliance Monitoring to be Performed for Ownership Programs, by Program FY 2009-10

	NMUH	TOD	SFNC	Rehab	Total
Number of units monitored	67	100	957	73	1,197
Owner eligibility investigated	NA	NA	NA	NA	NA
Exemptions terminated	NA	NA	NA	NA	NA

RENTAL MONITORING AND COMPLIANCE

Table 14: Compliance Monitoring Rental Units FY 2008-09

Programs	Exemptions Audited	Exemptions Terminated
Non-profit	8,237	0
NMUH	2,274	0
TOD	795	0
Residential Rehab	60	0
Total	**11,366**	**0**

REVENUE IMPACT OF EXEMPTION PROGRAM

Foregone Revenue

The costs of tax exemption programs are generally measured by calculating foregone revenue to the taxing jurisdictions during the term of the exemption. At the end of the exemption period (typically ten years), the improvement value is placed on the tax rolls and property tax begins to accrue from that point forward. Generally, if an exemption is terminated for non-compliance or any other reason, the improvement value is placed on the tax rolls and property tax begins to accrue from that point forward.

Table 15 shows the additional revenue foregone by all taxing jurisdictions for TY 2008-09 as a result of exemptions granted in FY 2007-08, by program. Table 16 shows estimated additional foregone revenue for FY 2009-10 as a result of exemptions granted in FY 2008-09, by program. Net foregone revenue will be less than additional foregone revenue, because the exemptions on some properties will expire or be terminated, and the value of the improvements will be added to the tax rolls. Net foregone revenue is described in Tables 23 and 24.

Table 15: Estimated Net Additional Foregone Revenue for TY 2008-09, by Program

Program	Units granted new exemptions during FY 2007-08	Estimated Net Additional Foregone Revenue for TY 2008-09
TOD	11	$11,481
SFNC	463	$745,540
Rehab	1	$586
Totals	475	$757,606

Table 16: Estimated Net Additional Foregone Revenue for TY 2009-10, by Program

Program	Units granted new exemptions during FY 2008-09	Estimated Net Additional Foregone Revenue for TY 2009-10
TOD	2	$2,642
SFNC	182	$304,438
Rehab	0	0
Totals	184	$307,080

Foregone Revenue Program Totals

In TY 2008-09, the taxing jurisdictions collectively made an estimated $15.4 million indirect investment in these exemption programs, measured in foregone revenue. In TY 2009-10, the taxing jurisdictions will collectively make an estimated $14 million indirect investment. Table 17 presents the estimated revenue foregone by each taxing jurisdiction for TY 2007-08 by program; Tables 18 and 19 provide the same information for TY 2008-09 and TY 2009-10. Separate figures are given for the two largest taxing jurisdictions; aggregate figures are presented for the education districts (“Education Districts”), and the smaller taxing jurisdictions, such as the Port of Portland, Metro, and Tri-Met (“All Other Tax Districts”). Tables 20, 21, and 22 break out the estimated foregone revenue for each education district.

Table 17: Estimated Revenue Foregone by Taxing Jurisdictions, by Program for TY 2007-08

Program	Total Estimated Revenue Foregone	% of Total	City of Portland	Multnomah County	Education Districts	All other Tax Districts	Units	Average Foregone Revenue per Unit
Non-profit	$6,810,009	**41%**	$2,270,518	$1,556,386	$2,152,912	$830,192	7,790	$874
NMUH	$4,598,890	**27%**	$1,537,095	$1,053,642	$1,446,009	$562,144	2,856	$1,610
TOD	$1,376,988	**8%**	$456,352	$312,818	$442,466	$165,352	972	$1,417
SFNC	$3,748,236	**22%**	$1,249,369	$856,412	$1,181,553	$460,902	2,056	$1,823
Rehab	$199,112	**1%**	$66,443	$45,545	$62,563	$24,561	150	$1,327
Totals	**$16,733,235**	**100%**	**$5,579,777**	**$3,824,803**	**$5,285,504**	**$2,043,151**	**13,824**	**$1,210**

Table 18: Estimated Revenue Foregone by Taxing Jurisdictions, by Program for TY 2008-09

Program	Total Estimated Revenue Foregone	% of Total	City of Portland	County	Education Districts	All other Tax Districts	Units	Average Foregone Revenue per Unit
Non-profit	$6,883,951	**45%**	$2,187,985	$1,597,798	$2,218,965	$879,203	8,237	$836
NMUH	$4,002,952	**26%**	$1,276,134	$931,910	$1,283,388	$511,519	2,596	$1,542
TOD	$1,219,377	**8%**	$385,231	$281,319	$399,330	$153,496	965	$1,264
SFNC	$3,174,267	**21%**	$1,008,145	$736,208	$1,021,319	$408,596	2,412	$1,316
Rehab	$144,982	**1%**	$46,111	$33,673	$46,418	$18,779	139	$1,043
Totals	**$15,425,528**	**100%**	**$4,903,607**	**$3,580,909**	**$4,969,420**	**$1,971,593**	**14,349**	**$1,075**

Table 19: Estimated Revenue Foregone by Taxing Jurisdictions, by Program for TY 2009-10

Program	Total Estimated Revenue Foregone	% of Total	City of Portland	County	Education Districts	All other Tax Districts	Units	Average Foregone Revenue per Unit
Non-profit	$6,853,066	**49%**	$2,227,249	$1,538,883	$2,152,517	$934,416	8,579	$799
NMUH	$2,880,497	**20%**	$936,453	$647,027	$904,102	$392,915	2,341	$1,230
TOD	$903,937	**6%**	$294,984	$203,815	$282,759	$122,379	895	$1,010
SFNC	$3,309,321	**23%**	$1,075,106	$742,828	$1,037,867	$453,519	2,230	$1,484
Rehab	$147,189	**1%**	$47,748	$32,991	$46,090	$20,360	133	$1,107
Totals	**$14,094,009**	**100%**	**$4,581,540**	**$3,165,544**	**$4,423,336**	**$1,923,589**	**14,178**	**$994**

Table 20: Estimated Revenue Foregone by Education District, by Program for TY 2007-08

Program	Total Education	Education Service Districts (E.S.D.)	Community College	PPS	David Douglas	Other School Districts
Non-profit	$2,152,912	$131,459	$144,496	$1,580,780	$223,142	$73,036
NMUH	$1,446,009	$88,995	$97,548	$1,259,466	$0	$0
TOD	$442,466	$26,422	$29,334	$115,238	$251,461	$20,010
SFNC	$1,181,553	$72,336	$79,449	$912,064	$111,512	$6,192
Rehab	$62,563	$3,847	$4,218	$53,380	$1,050	$68
Total	**$5,285,504**	**$323,059**	**$355,046**	**$3,920,929**	**$587,165**	**$99,305**

Table 21: Estimated Revenue Foregone by Education District, by Program for TY 2008-09

Program	Total Education	Education Service Districts (E.S.D.)	Community College	PPS	David Douglas	Other School Districts
Non-profit	$2,218,965	$135,547	$148,468	$1,624,310	$233,974	$76,667
NMUH	$1,283,388	$79,057	$86,236	$1,118,096	$0	$0
TOD	$399,330	$23,865	$26,508	$110,342	$218,612	$20,003
SFNC	$1,021,319	$62,455	$68,415	$745,195	$128,185	$17,069
Rehab	$46,418	$2,857	$3,118	$39,596	$796	$52
Total	**$4,969,420**	**$303,781**	**$332,744**	**$3,637,539**	**$581,566**	**$113,791**

Table 22: Estimated Revenue Foregone by Education District, by Program for FY 2009-10

Program	Total Education	Education Service Districts (E.S.D.)	Community College	PPS	David Douglas	Other School Districts
Non-profit	$2,152,517	$130,249	$173,843	$1,544,705	$227,957	$75,763
NMUH	$904,102	$54,764	$75,260	$774,078	$0	$0
TOD	$282,759	$17,251	$21,170	$97,967	$141,998	$4,374
SFNC	$1,037,867	$62,872	$83,523	$723,135	$139,198	$29,139
Rehab	$46,090	$2,792	$3,825	$38,737	$692	$44
Total	**$4,423,336**	**$267,928**	**$357,621**	**$3,178,622**	**$509,845**	**$109,321**

Trends in Foregone Revenue

Tables 17-19 also provide information about the average foregone revenue per unit for each program. The Non-profit program consistently has the lowest amount of foregone revenue per unit because most of the units are in older multi-family rental properties.[4] The highest foregone revenue per unit is for the SFNC program. This is attributable to the higher assessed value for a new private single-family dwelling, as compared with rental or condominium units.

The total estimated foregone revenue for the NMUH program is trending down, because Council has placed a moratorium on use of this program except for affordable multi-family rental developments. TOD foregone revenues are down due to project expirations (and possibly terminations). Program activity is up however and foregone revenue may increase when the three TOD projects approved activate their exemptions. Foregone revenue attributable to the Rehab program is declining because the program has not been used since 2007, and outstanding exemptions are expiring.

New Tax revenue

Tables 23 and 24 describe the amount total tax revenue has changed year over year. Increased revenue results from (a) scheduled expirations of exemptions, which places assessed value on the tax rolls; and (b) terminations of exemptions resulting from the City's compliance monitoring efforts, also placing assessed value on the tax rolls. These increases are offset by new exemptions resulting from program activity during the year.

Table 23: Net change to total tax revenue, by program, for TY 2008-09

Programs TY 2008-09	Units	Net change to total tax revenue
Non-profit	NA	0
NMUH	153	$195,476
TOD	18	$19,811
SFNC	121	$201,204
Rehab	13	$21,818
Total	305	$438,309

Table 24: Net change to total tax revenue, by program, for TY 2009-10

Programs TY 2009-10	Units	Net change to total tax revenue
Non-profit	NA	0
NMUH	351	$446,884
TOD	198	$201,563
SFNC	366	$906,615
Total	915	$1,555,062

4 Note these figures include tax exempted properties built in urban renewal areas (URAs). These developments might not have generated property taxes for other jurisdictions. In these cases, most property tax would go to the urban renewal agency for investment/to pay off debt.

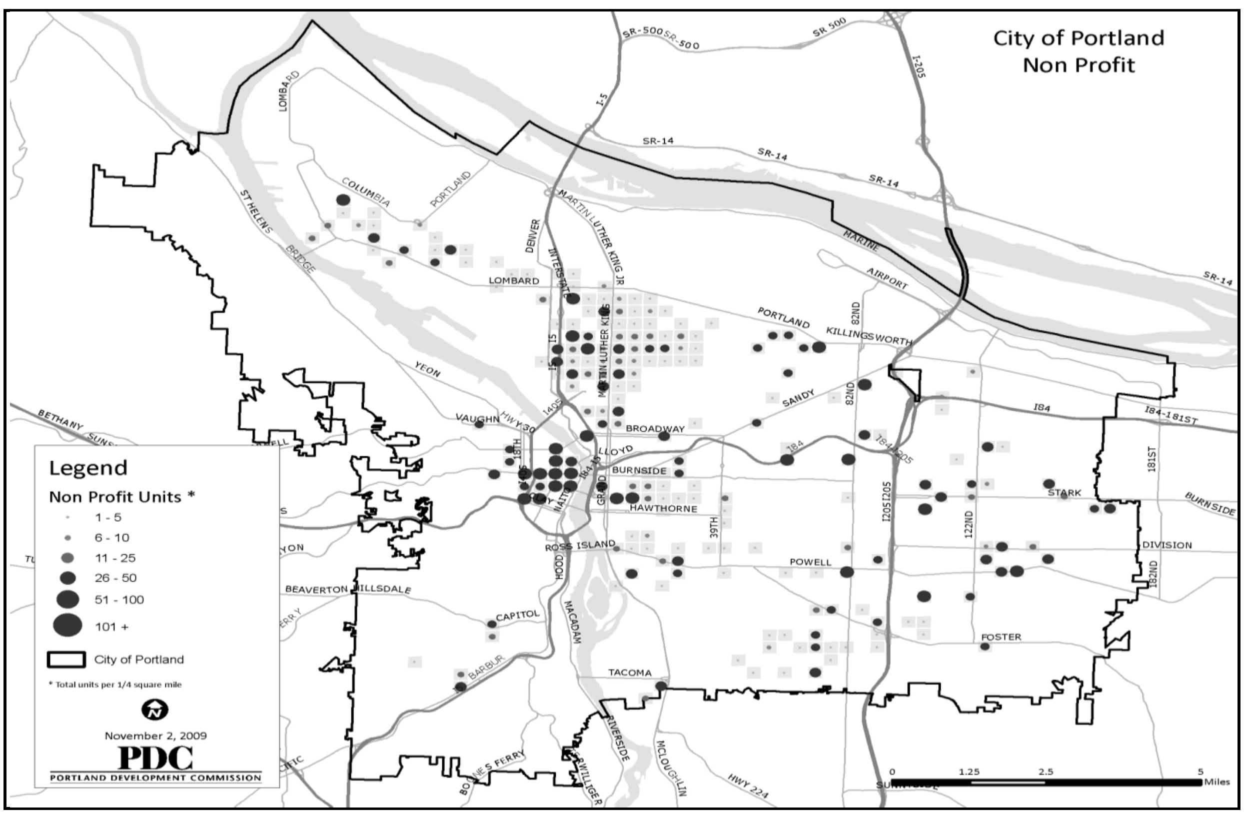
Trends in tax revenue

The Non-profit program drops some units and adds others each year, resulting in a negligible net change to tax revenue. The moratorium on NMUH development (other than 100% affordable projects) and the expiration of the exemptions for some TOD projects has decreased the amount of revenue foregone due to projects approved under these programs. In the last several years, several new TOD projects have been approved but the exemptions are yet active.

Non-profit Program Activities and Outcomes

PROGRAM OVERVIEW

The Non-profit tax exemption program is authorized by **State Statutes ORS 307.540-.547.** The regulations of the City's non-profit program are in **City Code Chapter 3.101**, Property Tax Exemption for Low Income Housing Held by Charitable Non-Profit Organizations. The City adopted this tax exemption program in 1985, after advocating at the State Legislature for the adoption of legislation authorizing it. They sponsored the legislation at the request of the local non-profits. About this time, federal funding had been substantially reduced for low income housing and rehabilitation. The City felt that many charitable non-profit organizations were equipped to meet the specific housing needs of Portland's low income residents. Unlike the other exemption programs included in this Report, the non-profit program provides an exemption on both the value of the land and residential improvements that are dedicated to housing low income households and the exemption must be renewed annually. This tax exemption program complements City-funded housing strategies administered by PHB to maintain and preserve the City's housing stock for low-income residents.



***Map shows the boundaries of the Non-profit program and locations of projects. See Appendix Five: Non-profit Participants for more details.**

NON-PROFIT SUMMARY FOR FISCAL YEARS 2007-08 AND 2008-09

Table 25: Non-profit Activity Summary, 7/1/2007 – 6/30/2009

Tax Year	New projects	Non-renewals	Net # units added	Total Program units	Tenure			
					Rental	%	Owner	%
2008-09	Westshore	Rich Hotel Martha Washington Fairfield	447	8,237	8,237	100%	0	0
2009-10	Roselyn Upshur Walnut Park Admiral Grove Patton Square Stadium Village	Rich Hotel Martha Washington Fairfield	342	8,579	8,579	100%	0	0

NON-PROFIT PROGRAM ACTIVITIES

New Project Approvals

The Non-profit program added 447 units in TY 2008-09.[5] The Westshore (113 units) had previously been in the NMUH program. When its NMUH exemption expired in TY 2007-08, the Westshore was conveyed to an non-profit organization that applied for the Non-profit Tax Exemption Program.

In TY 2009-10, the Non-profit program added 342 units.[6] 136 of these units were in Preservation projects: buildings that had been in private ownership with expiring federal Section 8 contracts to provide low income housing. These buildings were transferred, with City financial assistance, to non-profit owners that agreed to renew the federal subsidy agreements, preserving the affordability of the units for the long term. These include the Roselyn Apartments (31 units), The Upshur House (30 units), Walnut Park Apartments (38 units) and the Admiral Apartments (37 units). The Housing Authority of Portland (HAP) acquired The Grove Hotel (70 units), to be managed by Central City Concern. REACH added the newly constructed Patton Place (54 units) to the program. Stadium Place apartments (115 units) had previously been in the NMUH program. When its NMUH exemption expired in TY 2007-08, it returned to the tax rolls. The building's owner added a non-profit partner, and thus was eligible for the Nonprofit program for TY 2009-10.

5

[5] The total does not include 23 properties owned by the non-profit PCRI and rented to households with incomes below 60% of median. Although these properties are eligible for the Non-profit exemption, applications for the exemption were not filed on schedule with Multnomah County, and Multnomah County has denied all of them. PCRI has notified the City that it will appeal the denials.

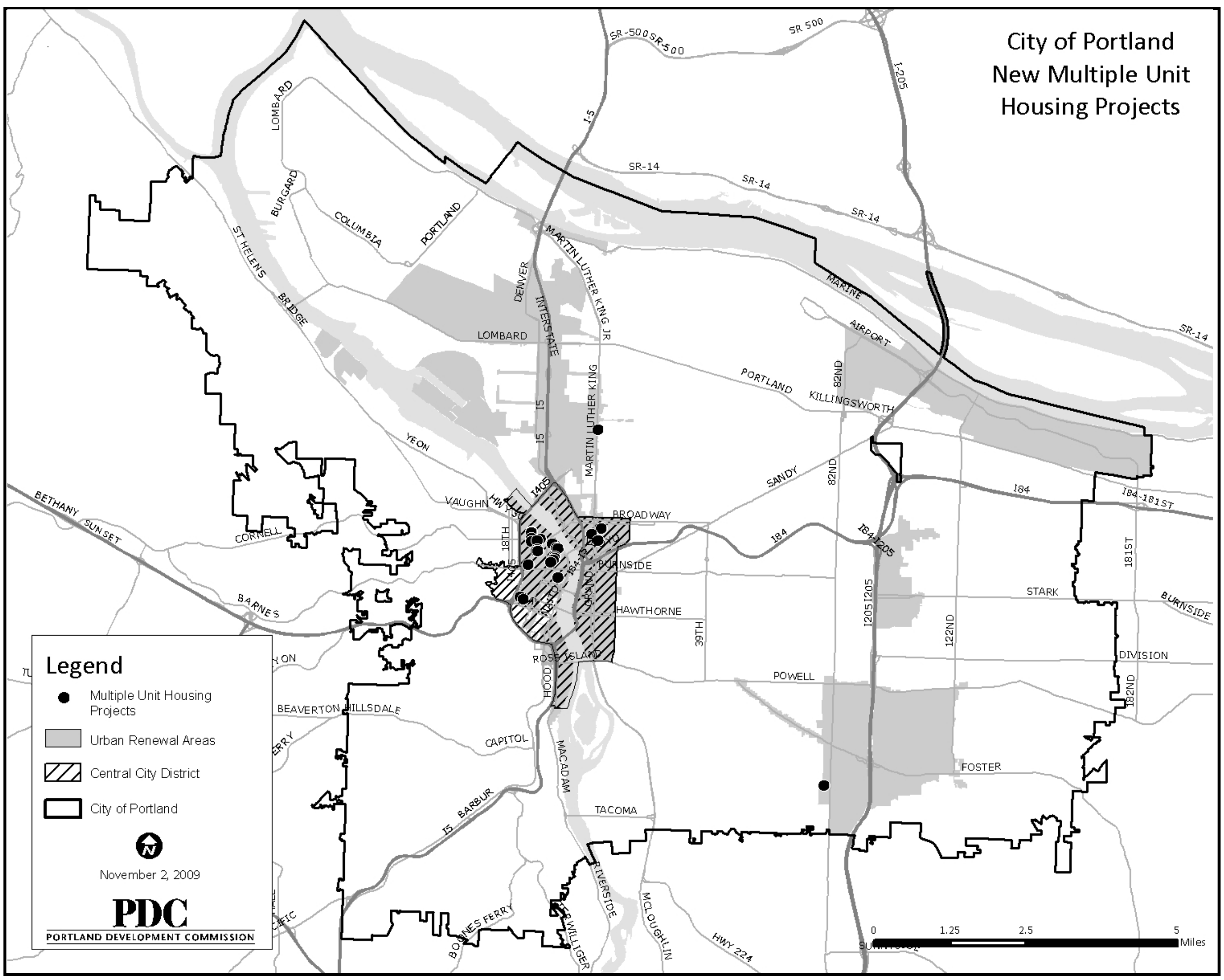
Project Extensions
A non-profit organization can apply every year for the tax exemption as long as its properties are rented to income-eligible households.

Expirations
Two non-profit multifamily properties with a significant number of units did not renew their tax exemption for TY 2009-10: the Rich Hotel (43 units), and the Martha Washington (80 units). The latter property is now in HAP's portfolio. Multnomah County withdrew the non-profit exemption for the Fairfield Hotel (72 units), a 100% affordable apartment building owned by PDC.

New Multi-Unit Housing Program Activities and Outcomes (NMUH)

PROGRAM OVERVIEW

In accordance with **State Statute ORS 307.600-307.637**, the purpose of this program is to encourage housing in core areas. The program is available in the Central City where the price of land is prohibitively expensive for new housing production and in designated urban renewal districts where, as a matter of City policy, the City is trying to encourage opportunities for city residents to live close to work and create a complete community in the Central City. Currently, City Council is only considering projects that are 100 percent affordable to families at or below 60 percent of area median income for approval. The regulations of the City's NMUH program are in **City Code Chapter 3.104,** property tax exemptions for New, Multi-Unit Housing. This map shows the location of each NMUH project and the program area. The dots represent each project within the programs.



NMUH PROGRAM SUMMARY FOR FISCAL YEARS 2007-08 AND 2008-09

New Project Approvals

City Council approved the Pearl Family Housing Apartments on July 23, 2009. This was the first approval issued under the NMUH program since 2004. This exemption will be implemented by the County the year after construction is complete, currently estimated for FY 2010-11.

Table 26: New NMUH Projects, 7/1/2007 - present

Program Fiscal Year	Project Name	Council Approval Date	Estimated Completion: LTE Activation year	Number of total units	Tenure			
					Rental	%	Owner	%
2009-10	Pearl Family Housing	7-23-09	2010-11	138	138	100%	0	0%

*****No projects were added to the NMUH program in FY 2007-08 or FY 2008-09.

Pearl Family Housing

This project meets a number of growth management and transportation goals. The Pearl Family Housing Project is located on the block bounded by NW Raleigh and Quimby Streets and NW 13th and 14th Avenues. It includes 138 rental units, restricted at or below 60 percent of area median income for the duration of a 60-year affordability agreement. Most of the units are family-sized, with 20 percent 3-bedroom or larger. It will receive LEED Silver Certification.

Project Extensions

Two project extensions were approved during the reporting period. In 2006, the Oregon Legislature removed the 10-year limit on NMUH exemptions for properties contractually obligated under an affordability agreement to provide low-income housing. The tax exemptions can last until June 30 of the year that the affordability agreement expires. Several projects that had previously received 10-year NMUH exemptions applied for extensions under the new law.

Table 27: NMUH Extensions Granted Over FYs 2007-08 and 2008-09

Project Name	Expiration Date	Extended To	Total Units	Units Below 60% MFI
MLK Wygant	6-30-2007	6-30-2027	38	38
Fifth Avenue Commons	6-30-2009	6-30-2029	70	70

MLK Wygant

MLK Wygant is subject to three affordability agreements. The owner has agreed to keep the 38 units affordable to households at or below 60% MFI until 6/30/2027. The project is located in an area that has experienced some gentrification and the units would be likely to command market-rate rents much higher than the current rents if the affordability agreement were not in place.

Fifth Avenue Commons

Fifth Avenue Commons is a six story, mixed-use project, includes ground floor commercial space and 70 housing units. The owner has agreed to keep all 70 units affordable to households at or below 60% MFI until June 30, 2029.

Expirations

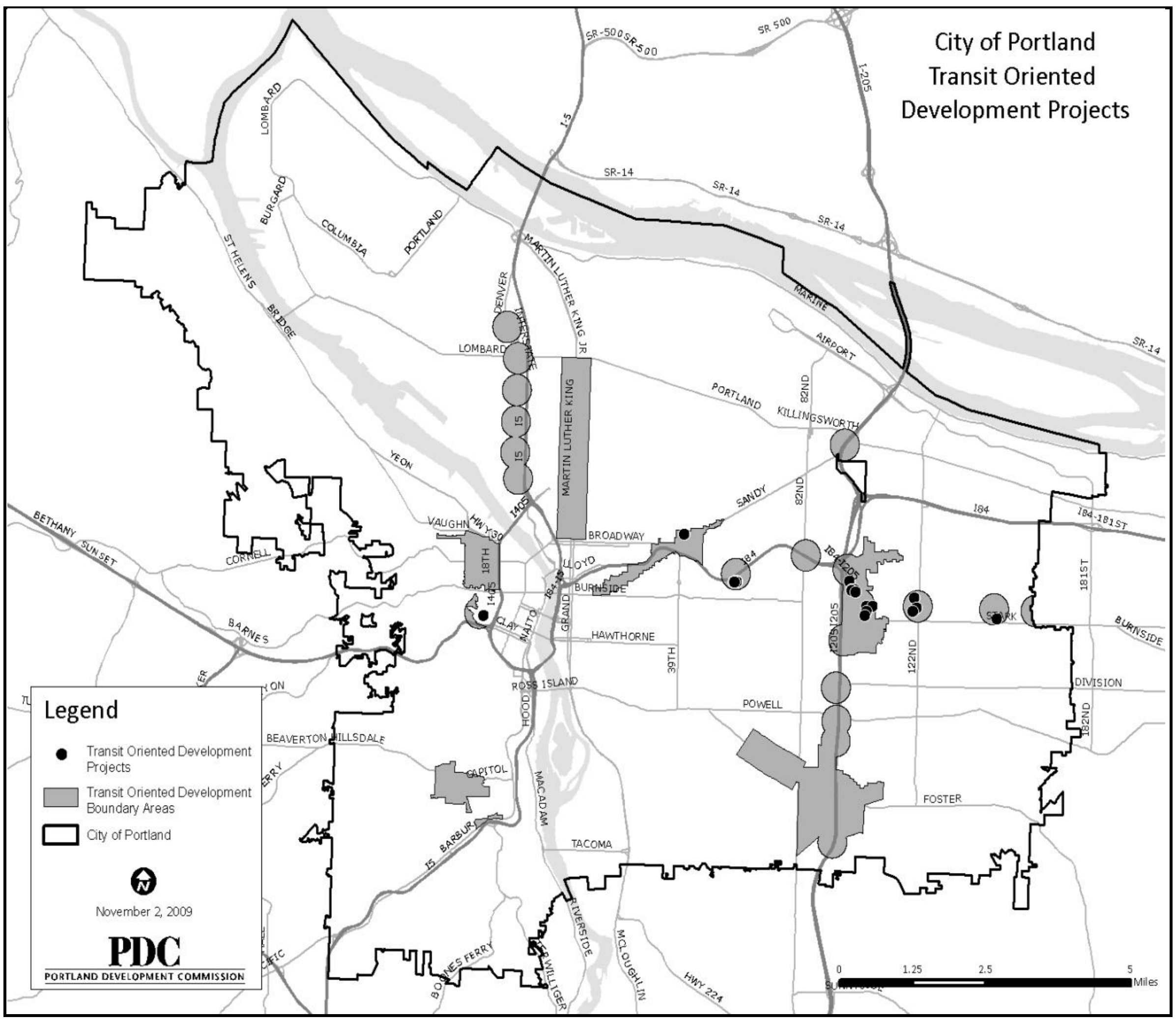
Table 28: NMUH Exemptions Expired During Fiscal Years 2007-08 and 2008-09

Project Name	Expired	Total Units	Units Monitored	Notes
Village at Lovejoy Fountain (rental)	6-30-2009	198	40	Units will be taxed in TY 2009-10
Westshore (rental)	6-30-2009	113	113	Project expired from the NMUH program, added to Non-profit Program in TY 2008-09
Stadium Place (rental)	6-30-2008	115	115	Project expired from the NMUH program, added to Non-profit Program in TY 2009-10

Transit Oriented Development Program Activities and Outcomes

PROGRAM OVERVIEW

The Transit Oriented Development (TOD) Property Tax Exemption was authorized per **State Statute ORS 307.600-307.691** and then adopted by the City of Portland per **City Code 3.103** to support high density housing and mixed-use development on vacant or underutilized sites along transit corridors that are affordable to a broad range of the general public and with designs and features that encourage building occupants to use public transit. This program is also intended to provide an incentive for high-density residential and mixed-use development in Portland's Town Centers and other transit-oriented areas so that the City can accommodate new population growth, improve the housing-jobs balance, and support public transit, particularly the regional light rail system. This map shows the areas where projects are currently eligible to receive TOD abatements. The dots represent each project within the program.



TOD PROGRAM SUMMARY FOR FISCAL YEARS 2007-08 AND 2008-09

New Project Approvals

Table 29: New TOD Projects, 7/1/2007-Present

TOD Program Fiscal Year	Project Name	Council approval Date	Estimated Completion: LTE Activation year	Number of total units	Tenure of exempt units			
					Rental	%	Owner	%
2007-08	Ash Court Condos	6/13/07 Ord. # 181055	2008-09	8	0	0%	8	100%
2008-09	Shaver Green	10/22/08 Ord # 182283	2010-11	85	85	100%	0	0
2008-09	One Nineteen	4/8/09 Ord # 182645	Not yet in construction	40	40	100%	0	0
2009-10	The Albert	09/09/2009 Ord # 183171	Not yet in construction	72	72	100%	0	0
Totals				205	197	96%	8	4%

Shaver Green

On October 22, 2008 the City Council approved a 30-year tax exemption for Shaver Green Apartments, (Ordinance #182283.) The property is a quarter block located on the west side of NE Martin Luther King Jr. Boulevard just north of Shaver Street. The project will include 85 units of rental housing and no ground floor commercial space. The property is in an eligible location for the TOD program because it is located on a transit oriented area along NE Martin Luther King Jr. Blvd. Main Street. The 85 units will be affordable to low income households at or below 60 percent MFI, except one unit will be occupied by the manager. Four units will be affordable to very low income households at or below 30 percent MFI. The tax exemption has been approved to last for the length of the State regulatory agreement of 30 years.

The Albert

On September 9, 2009 the City Council approved a 10-year tax exemption for the Albert Mixed Use Apartments (Ordinance # 183171.) The project is expected to activate the exemption starting TY11/12. The Albert, located south of the intersection of N Williams and NE Beech, will be a four-story building that will have three stories of “workforce” housing over 5,429 square feet of ground floor commercial space, a residential lobby and residential parking. The project will have 72 rental housing units. The planned unit mix is 3 studios, 45 one-bedrooms and 24 two-bedrooms. Of these units, 25 percent will be kept affordable for low income household at or below 60 percent the area median family income (MFI.) This mixed use project is eligible because is it located within one quarter mile of NE Martin Luther King Jr. Boulevard.

The One 19

On April 8 2009 City Council approved a 10-year tax exemption for the One-19 Tower Apartments (Resolution # 182645). One-19 Tower Apartments located at 119th and E.

Burnside will be a five-story building that includes 40 units of rental housing, 31 ground floor parking spaces and ground floor commercial space. The rental unit mix is 28 one-bedroom and 12 two-bedroom apartments. The project is eligible because it is within one ¼ mile of the 122nd light rail station and because it provides 40 rental units reserved for, low income households at or below 60 percent of median area income for the duration of the exemption.

Project Extensions – Preservation of Low Income Housing

Table 30: TOD Extensions Granted

Fiscal Year	Project Name	Extended to	Total Units	Units Below 60% MFI	Units Below 75% MFI	Market
2008-09	Hazelwood Retirement Community	6-30-2011	120	40	56	24

Hazelwood Retirement Apartments

The exemption for Hazelwood Retirement Apartments, a mixed-use development in east Portland, was originally scheduled to expire in June 30, 2008. The exemption period was extended for a total of three years, until 6/30/2011. 96 of the 120 units serve households below 80% MFI.

Expirations

No rental units expired in FY 2007-08. Fifty-one in the Brentwood project expired FY 2008-09 leaving 795 rental units with exemptions citywide for TY 2009-10.

Table 31: TOD Exemptions Expired, FYs 2007-08 and 2008-09

Tax Year	Project Name	Expiration Date	Monitored Units	Total Units	Expired Units
2009-10	Brentwood (rental)	6-30-2009	11	51	51
2009-10	Gateway Condos (ownership)	6-30-2009	24	24	24

Projects TY 2008-09: 16

Active Monitored Transit Oriented Rental Exemptions Prior to TY 2008/09: 418
Active Monitored Exemptions for TY 2009/10: 407

Table 32: TOD Rental Units Monitored, by Income, FYs 2007-08 and 2008-09

MFI Level	Number of Monitored Rental Units	All units
30% and below	0	0
50% and below	36	36
60% and below	326	326
75% and below	56	56
80% and below	0	0
100% and below		
100% and above (market rate)		Unmonitored 388
TY 08/09	418	846
Number expired	11	51
TOTAL remaining exemptions TY 09/10	***407***	***795***

Table 33: TOD Owner Units Monitored, Fiscal Years 2007-08 and 2008-09

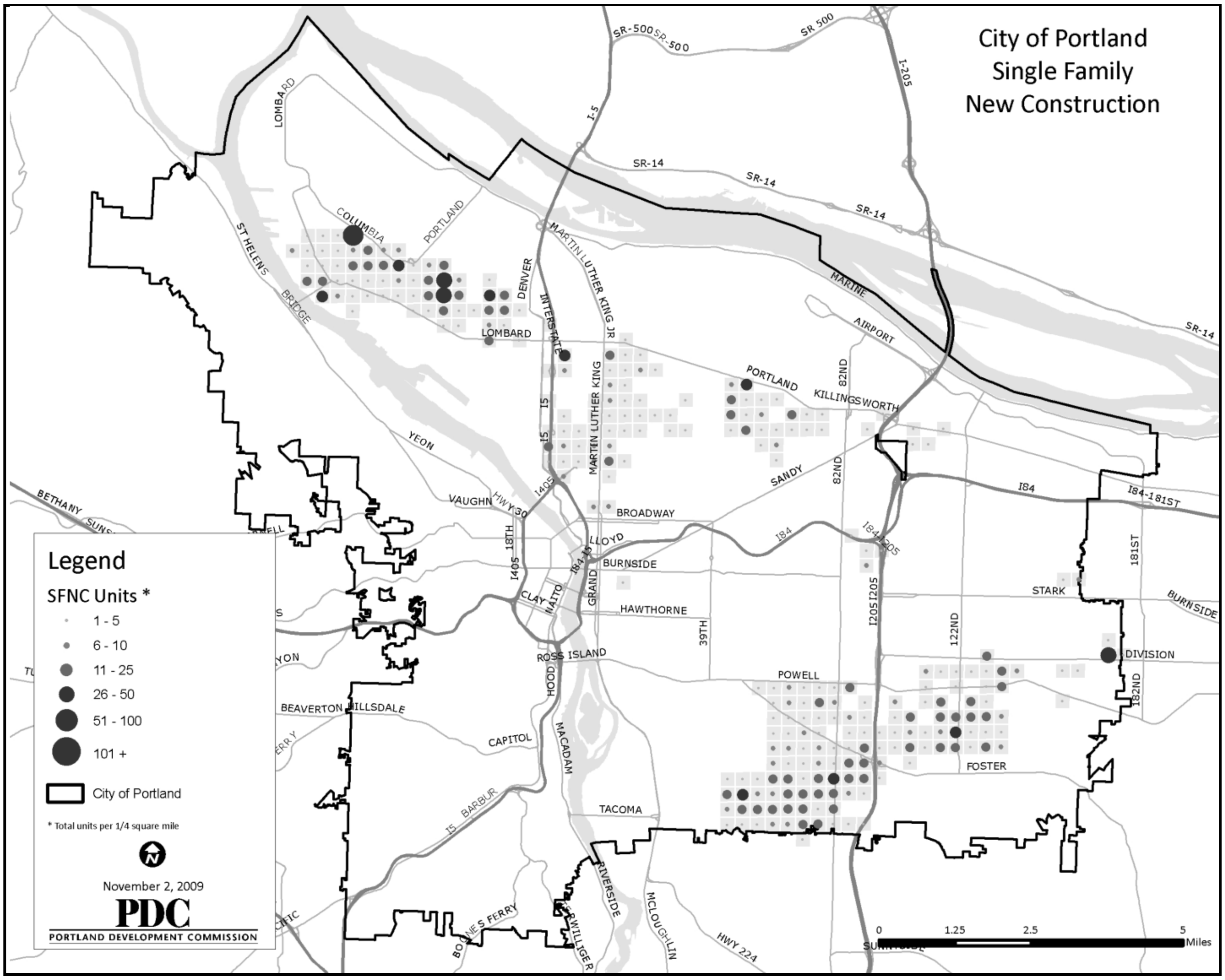
Monitored TOD Owner Units			
	FY 2007-08	**FY 2008-09**	**Total Ownership Units Monitored**
Active TOD Ownership Exemptions as of 6-30-09	126	118	100
Number identified for possible termination	22	13	
Documentation satisfied	18	10	
TOD Ownership Exemptions Terminated	4	3	

See *Appendix Three: Monitoring and Compliance* for more specific information.

Single Family New Construction Program Activities and Outcomes

PROGRAM OVERVIEW

The purpose of the Single Family New Construction limited tax exemption program as authorized by **State Statute ORS 307.654** is to stimulate the construction of new single family residences in distressed urban areas (renamed "home buyer opportunity areas" in City Code) to improve the general life quality, to promote residential infill development on vacant or underutilized lots, and to reverse declining property values In those areas. The program and program boundaries are described in detail in **City Code 3.102**.



SFNC PROGRAM ACTIVITY SUMMARY OF FISCAL YEARS 2007-08 AND 2008-09

New Project Approvals

In TY 2008-09, 463 units were added to the SFNC tax exemption program. In TY 2009-10, 182 additional units were added.

Project Extensions

Properties approved for the SFNC exemption program are not eligible for extension.

Expirations

In TY 2007-08, 105 SFNC exemptions expired. In TY 2008-09, a total of 442 SFNC exemptions expired.

MONITORING AND COMPLIANCE

Rental Units Compliance

Only owner occupied properties are currently eligible for the program. Properties enrolled under the former City Code provision allowed rental properties, but did not impose affordability requirements. As a result, no on-going monitoring of these properties is necessary.

Ownership Units Compliance

Since 2005, PDC Neighborhood Housing Program has monitored new SFNC units for continued owner occupancy throughout the term of the 10 year exemption. If the home is sold during the term of the exemption, it must be sold to an eligible buyer.

Table 34: Results of Monitoring Activities for SFNC Program, Fiscal Years 2007-08 and 2008-09

Monitored Pool SFNC	Fiscal Year 2007-08	Fiscal Year 2008-09
Active SFNC Ownership Exemptions as of 6-30-09	419	**878**
Number of units added	463	**182**
Number identified for possible termination	97	**98**
Documentation satisfied	60	**46**
Expirations	0	**190**
SFNC Exemptions Terminated	**37**	**52**

DEMOGRAPHIC AND GEOGRAPHIC REACH OF SFNC

Table 35: Demographics of Applicants to SFNC for FYs 2007-08 and 2008-09

	FY2007-08		FY 2008-09	
American Indian	2	.7%	3	1.8%
Asian	78	26.4%	61	36.3%
Black	33	11.1%	9	5.4%
Hispanic	29	9.8%	10	6.0%
Not will to furnish info	19	6.4%	12	7.1%
Native Hawaiian/Pacific Island	1	.3%	1	0.6%
Other	8	2.7%	2	1.2%
White	126	42.6%	70	41.7%
Total	**296**	**100%**	**168**	**10%**
Women Head of Household	31	10.5%	22	13.1%

Geographic Distribution

Because this is a geographically-based program, no applications for exemptions on homes located outside the boundaries of "Homebuyer Opportunity Areas" are accepted. City Council approved code changes in 2002 that limited program participation to households below the area median income that intend to occupy the home they purchased as their primary principal residence.

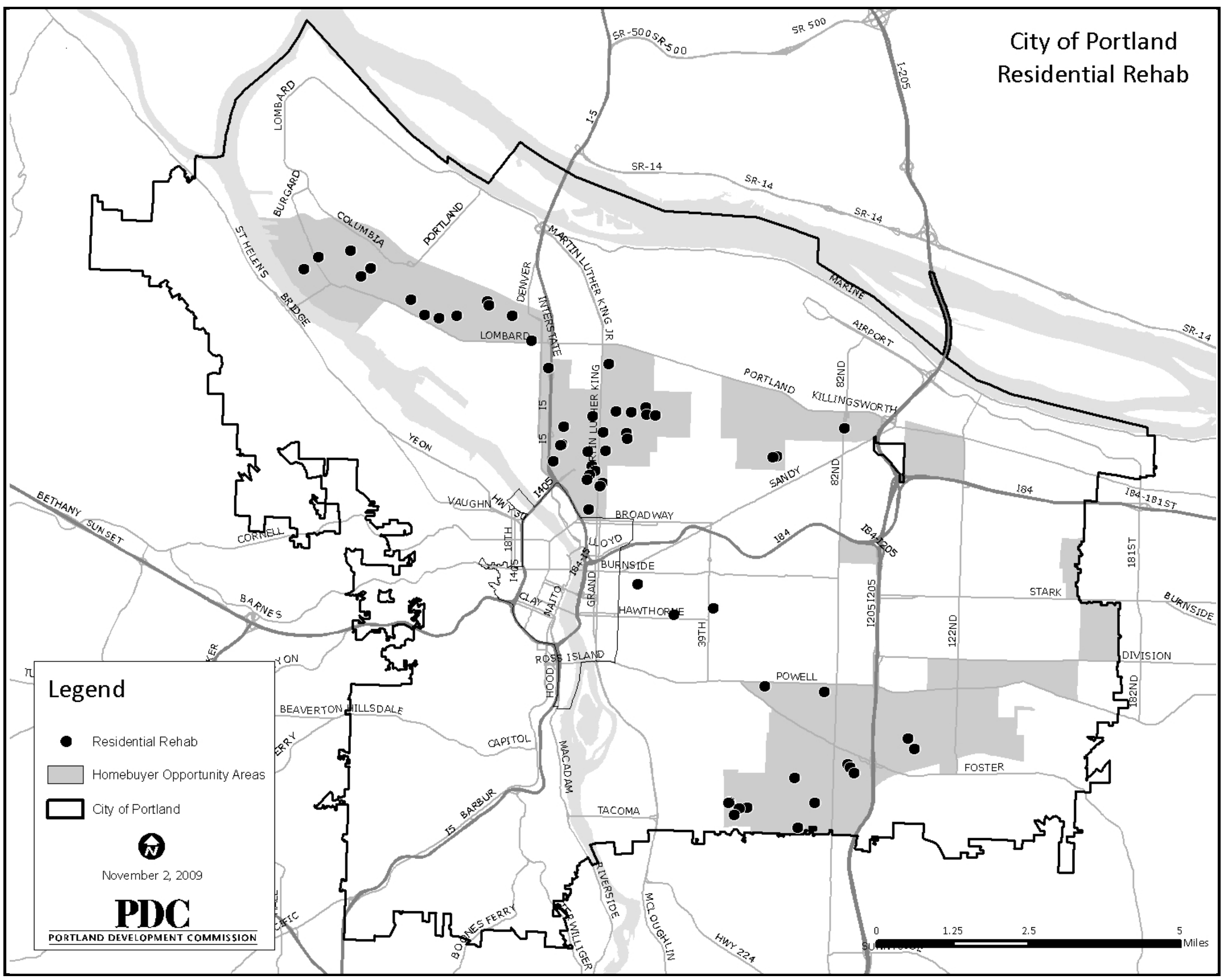
Table 36: Geographic Distribution of Units Added to SFNC for FYs 2007-08 and 2008-09

	FY2007-08		FY 2008-09	
Location	**Number of Units**	**%**	**Number of Units**	**%**
Southeast	158	53.4%	122	72.6
Southwest	0	0	0	0
Northeast	17	5.7%	18	10.7%
Northwest	0	0	0	0
North	121	40.9%	28	16.7%
Total	296	100%	168	100%0

Residential Rehabilitation Program Activities and Outcomes

PROGRAM OVERVIEW

State Statute ORS 308.450 to 308.481 authorized cities and counties to establish and design programs to encourage the rehabilitation of existing units in substandard condition, the conversion of transient accommodation to permanent residential units and the conversion of nonresidential structures to permanent residential units in order to make these units sound additions to the housing stock of the state by providing a limited tax exemption on the increased value of the rehabilitation property. The Statute authorizes programs for the rehabilitation of both owner-occupied property in homebuyer opportunity areas and for the rehabilitation of rental properties City wide. The regulations of the Rehab program are in **City Code 3.102**, Property Tax Exemption for Residential Rehabilitation.



REHAB PROGRAM SUMMARY FOR FISCAL YEARS 2007-08 AND 2008-09

This program has had very limited new activity this reporting period. Units that remain active in the program are summarized below.

Tax Year	Total # of Projects (units)	New Activity in fiscal year prior to tax year		Total New Units	Tenure at End of Fiscal Year			
		Units Added	Units Removed		Rental	%	Owner	%
2007-08	150	1	12	1	60	40%	90	60%
2008-09	139	0	6	0	60	40%	79	57%
2009-10	133	0	0	0	60	43%	73	55%

NEW PROGRAM ACTIVITIES AND RENEWALS

New Project Approvals

One residential rehabilitation project was added in TY 2007-08.

Extensions

Program does not allow for extensions.

Expirations

No rental Residential Rehabilitation units expired in 2007-2008 and 2008-2009. There are 60 units with Residential Rehabilitation exemptions citywide.

A total of 12 Residential Rehabilitation ownership units reached the end of their exemption period in FY 2007-08. Five units expired in June 2009.

Fiscal Year	Project or units expired	Monitor	Expire	Total Units Remaining
2007-08	Various residential rental rehab	90	12	79
2008-09	Various residential rental rehab	79	5	73

MONITORING AND COMPLIANCE

Rental Terminations

Sixty rental rehabilitation projects were monitored for compliance in FY 08/09 and all remained eligible for the program.

Ownership Terminations

Seventy-nine single family ownership rehabilitation projects were monitored for compliance in FY 08-09. Eleven were investigated and one was recommended for termination.

Demographic Data 7/01/07 through 6/30/08

Table 35: Demographics of Applicants to Rehab Program 7/1/2007-6/30/2009

	FY 2007-08	Percent of FY 2007-08	FY 2008-09
	Number of Applicants		No Applicants
Woman Head of Household	0		
American Indian			
Asian			
Black			
Hispanic			
Not will to furnish info			
Native Hawaiian/Pacific Island			
Other	2	66.7%	
White	1	33.3%	
Total	3	100%	

Geographic Distribution

Table 36: Geographic Distribution of Applicants to Rehab Program 7/1/2007-6/30/2009

	FY 2007-08	Percent of FY 2008-09	FY 2008-09
Location	Number of Applicants	Percent	No applicants
Southeast	0	0%	0
Southwest	0	0%	0
Northeast	2	66.7%	0
Northwest	0	0%	0
North	1	33.3%	0
Total	3	100%	0

Appendix One: Recent Policy and Program Boundary Shifts

As housing prices and rents have risen over the last decade, Portland's City Council has amended the tax exemption programs regulations to provide incentives for developers to provide housing for low- and moderate-income households. Since 2002, mandatory affordability requirements have been added to the single family new construction and the NMUH and TOD multi-family programs. The City has also acted to preserve the existing supply of affordable housing. In 1999, at the City's request, State Statues were changed to support preservation of existing affordable housing by allowing projects that provided low-income housing subject to a low-income housing assistance contract to receive exemptions that extended for the length of that assistance contract. Previously, exemptions could not extend beyond ten years.

Changes to Exemption Programs on the Horizon

- The taxing jurisdictions will engage in discussions about the processes and policy goals of the City's tax exemption programs early next year. Program changes may result from this joint review.
- The City, along with Multnomah County and other key partners, is engaged in the Portland Plan process to update Portland's Comprehensive Plan and the Central Portland Plan. This process is expected to be complete in 2011 or 2012. Housing, transportation, and urban development policies may change in this planning process. The City or other stakeholders may seek changes in the tax exemption programs to implement these policy revisions.
- In October 2009, County terminated exemptions on the commercial portions of previously approved NMUH, and TOD projects. The City and County have agreed to propose legislation to restore these exemptions. New commercial exemptions are suspended pending policy review in 2010.

CHANGES TO THE NON-PROFIT PROGRAM

- The Department of Revenue issued a rule establishing dates certain when the City must notify the County of the list of properties eligible for this exemption. The City will be amending its administrative practices to comply.

CHANGES TO THE NEW MULTIPLE UNIT HOUSING PROGRAM

- In 2006 City Council placed a moratorium on approval of new projects under this program unless they were 100 percent affordable to households at or below 60 percent MFI.
- In 1999, State law was changed to allow a tax exemption to be granted to projects that provided low-income housing subject to a low-income housing assistance contract for the length of that assistance contract. By contributing to the financial viability of the project, the tax exemption furthers the goal of preserving the affordability of the housing. Several extensions of existing 10-year exemptions have since been granted to local projects that are subject to contractual rent restrictions.

CHANGES TO THE TOD PROGRAM

- In 2006, a mandatory affordability requirement was added to this program**.**
- In 1999, State law was changed to allow a tax exemption to be granted to projects that provided low income housing subject to a low income housing assistance contract for the length of that assistance contract. In 2006 the City changed TOD regulations to allow for extensions.
- In 2006, City Council modified the City Code to include a limit on the Internal Rate of Return on project receiving TOD exemptions, commonly referred to as the "claw back" provision.

CHANGES TO THE SINGLE-FAMILY NEW CONS5TRUCTION PROGRAM

- In 2002, City Council restricted the single-family tax exemption program to households at or below the area median family income (MFI), for a family of four.
- Every three years, the Planning Commission reviews and can adjust boundaries of the "Homebuyer Opportunity Areas." Boundaries are adjusted to take out areas where household incomes and home values have risen and add in areas with low household incomes and home values. Since 2000, the only areas added to the program have been east of 82nd Avenue. Areas in inner Southeast Portland and some in inner Northeast Portland have been taken out of the program.

CHANGES TO THE RESIDENTIAL REHABILITATION PROGRAM

- In 2007, the County modified its interpretation of the state law that authorized this exemption program. As a result, the program now provides little or no incentive to owners that rehabilitate properties in "Homebuyer Opportunity Areas." The program is not used.

Appendix Two: How LTEs Support State and Local Policies and Plans

NON-PROFIT TAX EXEMPTION PROGRAM POLICIES:

Program Purpose According to State Statute (ORS 307.600-307.637, ORS 307.540-548):
The City adopted this tax exemption program in 1985 after urging the State Legislature to adopt legislation authorizing it. About this time, federal funding had been substantially reduced for low income housing and rehabilitation and the City felt that many charitable Non-profits organizations were equipped to meet the specific housing needs of Portland's low income residents. A tax exemption program supporting Non-profit low income housing provider's complemented City supported housing finance and strategies administered by PDC and PHB designed to maintain and preserve the City's housing stock for low income residents. This program was enacted to provide an incentive for charitable Non-profits to continue their efforts and to pass along property tax savings to their low income tenants in the form of lower rents, improved housing conditions, and greater services.

City Comprehensive Plan Housing Goals:

- Protect, preserve and restore the City's single-room occupancy (SRO) and low income housing. (*Comprehensive Plan* Housing Policy, 4.14 C Neighborhood Stability)
- Promote the preservation and development of a sufficient supply of transitional and permanent housing affordable to extremely low-income individuals and households with children in order to reduce or prevent homelessness. (*Comprehensive Plan* Housing Policy, 4.12 B Housing Continuum)
- Encourage housing opportunities for extremely low- and very low-income households (below 50 %MFI) in all neighborhoods to avoid concentrating poverty in any one area. (*Comprehensive Plan* Housing Policy, 4.7 D Balanced Communities)

NEW MULTI-UNIT HOUSING PROGRAM POLICY:

Program Purpose According to State Statute (ORS 307.600-307.637): "The Legislative Assembly finds that it is in the public interest to stimulate the construction of transit supportive multiple-unit housing in the core areas of Oregon's urban centers to improve the balance between the residential and commercial nature of those areas, and to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work." (ORS 307.600 1.)

City Comprehensive Plan Housing Goals:
- Achieve a distribution of household incomes similar to the distribution of household income found citywide in the Central City. (Comprehensive Plan Housing Policy, 4.7 A Balanced Communities)
- Place new residential developments at locations that increase potential ridership on the regional transit system and support the Central City as the region's employment and cultural center. (Comprehensive Plan Housing Policy, 4.3 D Sustainable Housing))

- Encourage the retention of existing rental housing at rent levels affordable to area residents. …(Comprehensive Plan Housing Policy, 4.14 D Neighborhood Stability)

City Comprehensive Plan Transportation and Growth Management Planning Goals

- Living Closer to Work: Locate greater residential densities near major employment centers, including Metro-designated regional and town centers, to reduce vehicle miles traveled per capita and maintain air quality. (From Comprehensive Plan Urban Development Policy, 2.15)
- Transit-Oriented Development: Reinforce the link between transit and land use by encouraging transit-oriented development and supporting increased residential and employment densities along transit streets, at existing and planned light rail transit stations, and at other major activity centers. (From Comprehensive Plan Transportation Policy

Central City Plan Goals:

- Maintain the Central City's status as Oregon's principal high density housing area by keeping housing production in pace with new job creation. (Central City Plan, Policy 3: Housing)
- Encourage the development of housing in a wide range of types and prices and rent levels. (Central City Plan, Policy 3: Housing, Objective D.

TRANSIT ORIENTED DEVELOPMENT (TOD) POLICY;

Program Purpose in State Statute (ORS 307.600-307.637): "The Legislative Assembly further finds that it is in the public interest to promote private investment in transit supportive multiple-unit housing in light rail station areas and transit oriented areas in order to maximize Oregon's transit investment to the fullest extent possible and that the cities and counties of this state should be enabled to establish and design programs to attract new development of multiple-unit housing, and commercial and retail property, in areas located within a light rail station area or transit oriented area" (ORS 307.600 2.)

City Comprehensive Plan Housing Goals:

- Encourage the development and preservation of housing that serves a range of household incomes levels at locations near public transit and employment opportunities. (Comprehensive Plan Housing Policy, 4.7 G. Balanced Communities)
- Encourage the retention of existing rental housing at rent levels affordable to area residents. (Comprehensive Plan Housing Policy, 4.14 D Neighborhood Stability)

City Comprehensive Plan Transportation Goals:

- Living Closer to Work: Locate greater residential densities near major employment centers, including Metro-designated regional and town centers, to reduce vehicle miles traveled per capita and maintain air quality. (From Comprehensive Plan Urban Development Policy, 2.15)
- Transit-Oriented Development: Reinforce the link between transit and land use by encouraging transit-oriented development and supporting increased residential and employment densities along transit streets, at existing and planned light rail transit

stations, and at other major activity centers. (From Comprehensive Plan Transportation Policy 6.19)

Area Plan Goals and Actions:

Hollywood and Sandy Plan (2000)

- Provide incentives for new housing projects to ensure that housing is an attractive option and to encourage housing above commercial spaces along Sandy Boulevard and in Hollywood. (Policy 2 Housing, Objective 2)
- Consider applying the transit-oriented tax exemption to properties along Sandy Boulevard. (Housing Action Item Hsb3)

Northwest District Plan (2003)

- Support land use strategies and developments that increase the amount of housing in the district. (Land Use Policy Objective A)
- Support the development of new housing in the district that meets the needs of employees, especially those who work for large employers like Legacy Good Samaritan Hospital and Medical Center and CNF. (Housing Policy Action H14)
- Apply the transit-oriented development (TOD) property tax exemption within the Northwest Plan District. Encourage developers of affordable housing to take advantage of this tax exemption. . (Housing **Policy Action H21)**

Hollywood and Sandy Plan (2000)

- Concentrate a mix of higher intensity residential and commercial development along main streets and the Portland Streetcar line. (Hollywood and Sandy Plan Land Use Policy Objective C.)

Regional Transportation and Growth Management Goals

- Metro 2040 Growth Concept See map on the opposite page. The NMUH and TOD projects are primarily located in areas designated by the Concept for accommodation of population growth.

SINGLE FAMILY NEW CONSTRUCTION PROGRAM RELATED POLICY:

Program Purpose in State Statutes (ORS 307.651 to 307.687) "The Legislative Assembly finds it to be in the public interest to stimulate the construction of new single-unit housing in distressed urban areas in this state in order to improve in those areas the general life quality, to promote residential infill development on vacant or underutilized lots, to encourage homeownership and to reverse declining property values (ORS 307.654.)"

City Comprehensive Plan Housing Goals:

- Support public and private actions that improve the physical and social environment of areas that have experienced disinvestment in housing, that have a concentration of low income households, or that lack infrastructure. …(Comprehensive Plan Housing Policy, 4.7 F Balanced Communities)
- Expand opportunities for first-time homebuyers. (Comprehensive Plan Housing Policy, 4.12 E. Housing Continuum)

- Promote and maintain homeownership options within neighborhoods. (Comprehensive Plan Housing Policy, 4.12 E. Housing Continuum)

Support of Area Plan Objectives and Actions:

Albina Community Plan (1993)
- Provide opportunities for homeownership for Albina Residents. Emphasize infill development that accommodates owner-occupancy and is compatible with the surrounding neighborhood. (Policy V, Housing, Objective 3)
- Publicize the availability of the ten-year property tax exemption for new construction and housing rehabilitation under the distressed area program. (Policy V, Housing, Housing Action H15)

Outer Southeast Community Plan (1996)
- Increase opportunity for building more single-family housing in outer southeast neighborhoods. (Housing Policy, Objective 3).
- Promote construction of attached housing designed to be owner-occupied housing to accommodate smaller households. (Housing Policy, Objective 4)
- Designate Foster [Powell, Mt. Scott-Arleta and the northern 2/3 of Lents as “distressed areas” so that new single-family housing construction and rehabilitation are eligible for a limited tax exemption. Retain the “distressed area” designation for Brentwood-Darlington.(Housing Policy Housing Action

RESIDENTIAL REHAB PROGRAM RELATED POLICY:

Program Purpose in State Statutes (ORS 308.450 to 307.481): “The Legislative Assembly finds that it is in the public interest to encourage the rehabilitation of existing units in substandard condition and the conversion of transient accommodation to permanent residential units and the conversion of nonresidential structures to permanent residential units in order to make these units sound additions to the housing stock of the state. The Legislative Assembly further finds that cities and counties of this state should be enabled to establish and design programs to stimulate such rehabilitation and or conversion based on the incentive of a local property tax exemption, which is authorized under ORS 308.450 to 308.481.”

City Comprehensive Plan Housing Goals:
- Restore, rehabilitate, and conserve existing sound housing as one method of maintaining housing as a physical asset that contributes to an area’s desired character. (Comprehensive Plan Housing Policy Objective 4.5 Housing Conservation)
- Ensure that owners, managers, and residents of rental property improve the safety, durability, and livability of rental housing. (Comprehensive Plan Housing Policy Objective 4.5 Housing Conservation)

Area Plan Objective and Actions:

Albina Community Plan (1993)

- Preserve and encourage the rehabilitation of existing sound housing, especially rental housing. (Albina Community Plan Policy V, Objective 4)
- Publicize the availability of the ten-year property tax exemption for new construction and housing rehabilitation under the distressed area program. (Policy V, Housing, Housing Action H15)

Outer Southeast Community Plan (1996)

- Encourage Property owners to maintain and improve their homes so that established neighborhoods remain stable and attractive. (Housing Policy Objective 6.)
- Designate Foster [Powell, Mt. Scott-Arleta and the northern 2/3 of Lents as “distressed areas” so that new single-family housing construction and rehabilitation are eligible for a limited tax exemption. Retain the “distressed area” designation for Brentwood-Darlington. (Housing Policy Housing Action H1)

Appendix Three: Monitoring and Compliance Processes

SAFEGUARDS AND MONITORING METHODS: NON-PROFIT PROGRAM

Bureau of Planning and Sustainability (BPS) staff administers the Non-profit program.

- BPS staff reviews the initial applications from Non-profit organizations and determines if the organizations applying for the program are qualified. Those that are not qualified have their applications denied and are sent a letter explaining the reasons for denial.

- Annually, BPS staff reviews the applications from the qualified Non-profit organizations that include the properties for which they are applying for tax exemption. The application must include a notarized statement that all the units for which they are applying for a tax exemption are occupied by low income households. BPS staff sends draft lists of properties back to the Non-profits to insure that the correct information is included before sending the information on to Multnomah County.

- BPS staff works with Multnomah County staff to ensure that the information sent them is accurate and complete.

SAFEGUARDS AND MONITORING METHODS: TOD AND NMUH RENTAL UNITS

Procedures for monitoring and tracking compliance for rental projects with TOD or NMUH tax exemptions:

- Upon receipt of new TOD or NMUH tax exemption, Asset Management staff enters relevant data into database for report tracking.
- Asset Management staff issue request for reporting to property manager once a year based upon the fiscal year end of the project (June 30 or December 31).
- Owner is required to submit an Asset Management reporting form and may be required to submit additional materials 90 days after fiscal year ends (September 1 or March 1).
- Electronic Tenant Survey (ETS) used to determine tenant income and rent level compliance.
- Asset Management staff reviews and evaluates reporting materials per City Ordinance or PDC Regulatory Agreement. Staff requests clarification from Owner, as needed.
- When review is complete, Staff issues Annual Report to owner, with compliance results. Annual Report also advises owner of expiration date of exemption.

Procedures for modification, expiration, termination of exemptions on TOD and NMUH projects:

- An Owner must file a written request for modification or extension of exemption with Asset Management staff six months prior to the expiration date.
- Asset Management will review the request and coordinate with City Bureau of Planning and Sustainability to process the request.
- If modification or extension is permitted by Code, Staff will present the request to City Council with a recommendation based on statutory criteria.

- For full detail of established Multi-Family Rental Tax Exemption Process and Procedure see Asset Management guide.

SAFEGUARDS AND MONITORING METHODS: OWNER OCCUPIED PROPERTIES/UNITS

Procedures for monitoring of owner-occupied properties or units:

- Tax assessor determines ownership for property tax purposes on July 1 each year
- Asset management staff reviews the July 1 ownership tax rolls for occupancy or ownership changes. Identify owners with a legal address other than exempt property address.
- Verify new deed holder income/residency (if property has changed ownership)
- Compare property tax address with property address
- Send notification letters to questionable units
- Contact exemption holder and request proof of primary residence in exempt property. Staff review owner's tax return (is property described on tax return as a rental asset?), driver's license, or other proof of address.
- Issue approval letters on appropriate units, or notify owners (and lenders if required) of intent to terminate and their appeals rights
- Draft resolutions to terminate exemptions
- Make presentation to City Council
- Process final terminations
- Notify County Tax Assessor of the results
- If builder applied for the exemption, property/unit must meet the following criteria
    - currently on the market and vacant, or
    - sold to an income-qualified homebuyer for less than$275,000, who intends to occupy the property as primary residence

Appendix Four: Studies of Transit Oriented Development

Studies of Transit-Oriented Development (TOD)

Including local NMUH and TOD projects

A. **Findings of *Effects of TODs on Housing, Parking and Travel*,** Final Draft 8/01/2008 by the Transit Cooperative Research Program

The *Effects of TODs* study helped confirm that in the four metro areas studied, TOD development generates less traffic than conventional development. The metro areas studied are Philadelphia, NJ, San Francisco, Washington DC and Portland, Oregon. Information on three projects that have a TOD tax exemption and one that has a NMUH tax exemption is provided in the Report.

Higher Use of Transit and Other Alternative Transit Modes in Mixed-Use TODs

In the *Effects of TODs*, the authors cited the results of a local Metro 1994 Travel Behavior Survey that illustrates the higher share of transit use and trips by other alternative modes in neighborhoods with TOD development. The reduction in automobile travel measured in vehicle miles traveled (VMT) is greater in TOD areas with a mixture of residential and commercial uses.

Table 10: Metro Travel Behavior Survey Results, all Trip Purposes (Portland OR)

	Mode share					
Land Use Type	**% Auto**	**% Walk**	**% Transit**	**% Bike**	**% Other**	**Daily VMT* per capita**
Good Transit and Mixed Use	58.1%	27%	11.5%	1.9%	1.5%	**9.80**
Good Transit Only	74.4%	15.2%	7.9%	1.4%`	1.1%	**13.28**
Rest of Multnomah Co.	81.5%	9.7%	3.5%	1.6%	3.7%	**17.34**
Rest of Region	87.3%	6.1%	1.2%	0.8%	4.6%	**21.79**

Source *Effects of TODs on Housing, Parking and Travel*, Final Draft 8/01/2008 by the Transit Cooperative Research Program
* VMT-Vehicle Miles Traveled

Reduced Auto Trips

A comparison between trip generation rates for TOD units and the average for apartments as determined by the Institute of Transportation Engineers (ITE) indicates that the units in three Portland TOD projects generate far fewer trips per day per household than the ITE standard for apartments. Center Commons is located near the NE 60t^{h} and Gilson Street MAX stop. Collins Circle is located in Goose Hollow at SW 18th and Jefferson near the Goose Hollow MAX stop. The Merrick is located near the Convention Center MAX light rail stop. Below is an excerpt from a larger chart in the study that includes the information on these three projects.

Excerpt from Table 2: Comparison of Portland TOD-Housing and ITE Vehicle Trip Generation Rates: 24 Hour Estimates.

Project	TOD Vehicle Trip Rate	ITE Standard Vehicle Trip Rate	TOD rate as a % of ITE Rate	% point difference from ITE Rate
Center Commons	4.79	6.72	71.30%	-28.70%
Collins Circle	0.88	6.72	13.08%	-86.92%
The Merrick	2.01	6.72	29.84%	-70.16%

Source: The *Effects of TODs on Housing, Parking and Travel*

Reduced Auto Ownership:
Two local studies cited in The *Effects of TODs on Housing, Parking and Travel* note the effect of living in a TOD on auto ownership.

1. Jennifer Dill of the Center for Transportation Studies at Portland State University found that 73 percent of households said moving to The Merrick had no impact on the number of vehicles owned. Seventeen percent of households, however, said that they got rid of a vehicle because of characteristics of the neighborhood.

Table 17: Auto Ownership at Merrick TOD

# of Vehicles	% of Households
No Car	8%
One Car	75%
Two Cars	14%
Three Cars	3%

Source: Dill, 2005

2. A study cited in the *Effects of TODs on Housing, Parking and Travel* by C. Switzer (2002) found that at the Center Commons TOD, 30% of respondents owned fewer cars than they did at their previous residence, and that 37% of respondents did not own any car.

# of Vehicles	Previously	Currently	Change
No Car	21	36	42%
One Car	60	54	-10%
Two Cars	11	4	-64%
Three Cars	3-	2	33%
Five Cars	1	0	100%

Source: Switzer, 2002 The Center Commons Transit Oriented Development: A Case Study, MURP thesis, PSU

B. Summary of Research on the Merrick Apartments

PSU Center for Urban Studies
Center for Transportation Studies

Transit-Oriented Development Survey: The Merrick

PI: Jennifer Dill, PhD.

Background

The Merrick is a mixed-use, transit-oriented development (TOD) located at 1231 NE Martin Luther King Jr. Blvd in Portland, in the Lloyd Center/Rose Quarter area.

- 185 rental apartments, ground floor commercial and underground parking.
- One block away from a MAX station
- On a frequent service bus route

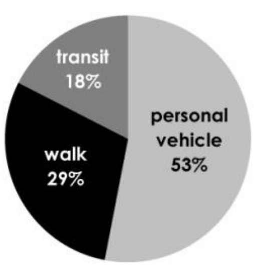
The primary purpose of a TOD is to create higher density, mixed-use near transit to increase transit riders.

Our Research

The purpose of our research was to document the way residents travel before and after living at The Merrick, their attitudes towards travel, and factors influencing their choice to live at The Merrick.

In February 2005, we delivered surveys to every occupied apartment. A letter of support from The Merrick manager and a Starbucks gift card of $3 dollars (an upfront thank you) were included. Reminder postcards and a second set of surveys were distributed to residents who had not responded. Over 40% of the residents responded, 76 total.

How do Merrick residents travel?



Just under half (47%) of all trips from The Merrick the previous week were by transit or walking, and 53% were made in private vehicles. Only 8% of the households had no vehicle available. This indicates that people are choosing not to drive.

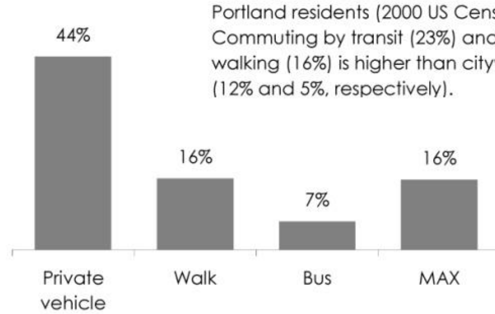
Did moving to The Merrick change the way residents travel?

Merrick residents claim to be driving less and using transit and walking more compared to where they used to live.

- 68% claim to drive a lot to a little less now
- 70% claim to use transit a little to a lot more now
- 47% claim to walk a little to a lot more now

How do residents get to work/school?

Only 44% of Merrick residents regularly commute in a private vehicle, compared to 76% of Portland residents (2000 US Census). Commuting by transit (23%) and walking (16%) is higher than citywide (12% and 5%, respectively).



Why do residents live at The Merrick?

These were the top ten factors for Merrick residents when they looked for their current home:

High quality living unit
Easy access to downtown
Good public transit service
Relatively new living unit
Affordable living unit
Close to where I worked
Shopping areas within walking distance
High level of upkeep in neighborhood
Attractive appearance of neighborhood
Safe neighborhood for walking

Who lives at The Merrick?

The survey respondents were evenly split between men and women. In addition, the respondents:

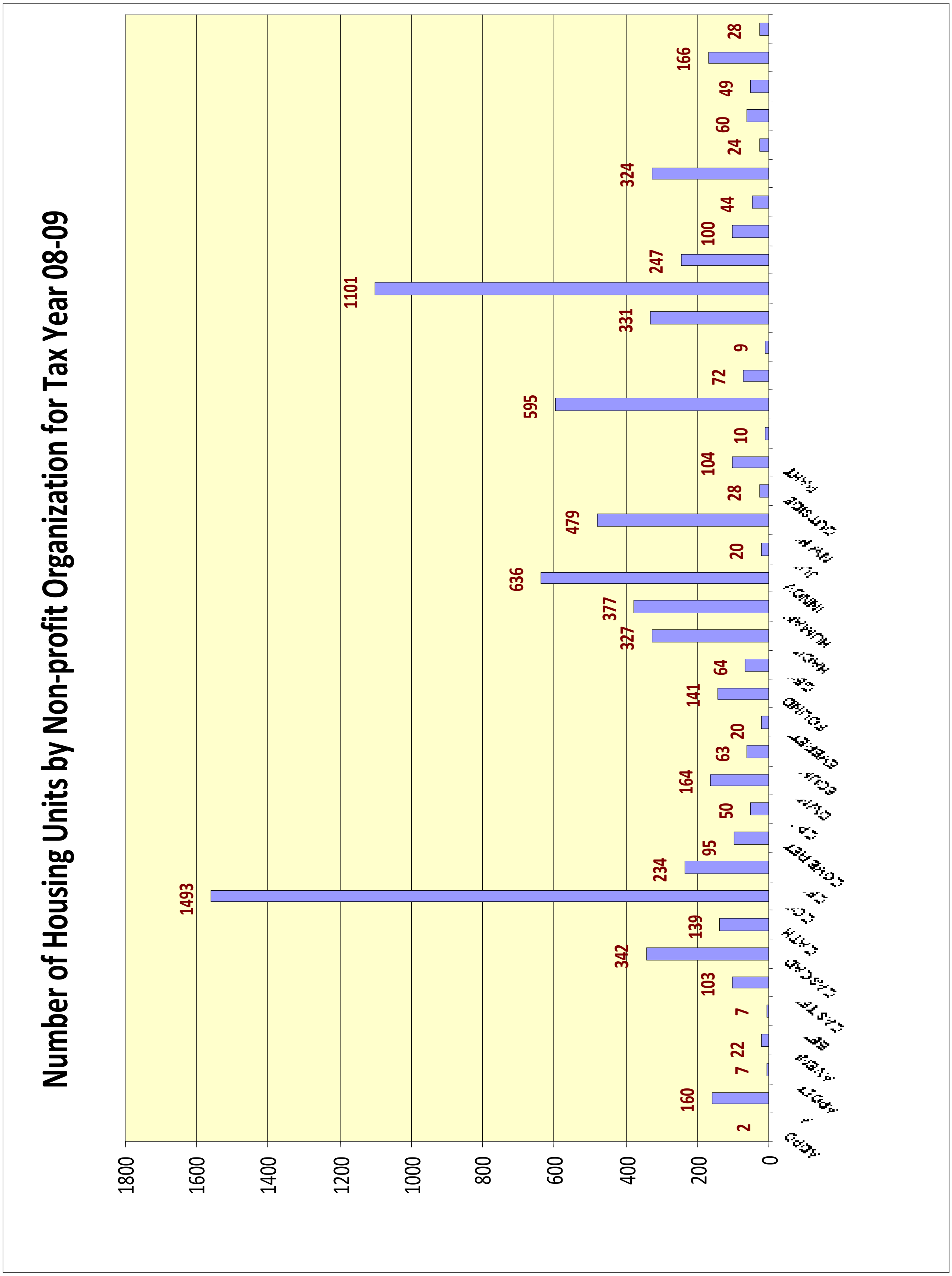
- Are primarily single-person households (73%)
- Range in age from 20 to 87 (median age is 33 years)
- Have driver's licenses (92%)
- Largely have college degrees (68%)
- Work full time (75%)
- Have a range of income levels, with 41% earning $50,000 or greater

This research was sponsored, in part, by Metro.

Contact Information

Jennifer Dill, PhD
PSU Center for Urban Studies
P.O. Box 751 Portland, OR 97207-0751
jdill@pdx.edu • 503-725-5173 • www.pdx.edu/~jdill

Appendix Five: Non-profit unit Details



*This chart shows the major program participants and the number of units they manage. A list of the Non-profit program participating agencies is listed below.

Abbreviation	Non-profit Name
ADPO (St. Andrews)	St. Andrews (Roman Catholic Archbishop of Portland Oregon)
AFFORD	Affordable Housing Access
AOF	AOF/Pacific Affordable Housing Corp.
APOSTOL	Apostolic Faith Mission of Portland, OR
AVENUE	Avenue Plaza Affordable Housing, Inc
BETH IS	Congregation Beth Israel
CAS TERR	Cascadian Terrace Apartments Limited Partnership
CASCAD	Cascadia Housing Inc
CATH	Catholic Charities
CCC	Central City Concern
CEDAR	Cedar-Sinai
COVE RET	Covenant Retirement Communities of Oregon, LLC
CPAH	Community Partners for Affordable Housing
DWNTN	Downtown Community Housing
ECUMEN	Ecumenical Ministries (Patton Home LTD)
EVERETT	Everett Station Lofts (Art space)
FOUND	Foundation for Social Resources, Inc.
GBC	GBC Inc (Allen Building LTD)
HACIEN	Hacienda CDC
HEART	Heartstone Housing Foundation
HUMAN	Human Solutions
INNOV	Innovative Housing, Inc.
JUBIL	Jubilee Fellowship Ministries
MACD	Macdonald Center
MCAT	Multnomah County Assessment and Taxation
NW HOUS	Northwest Housing Alternatives, Inc.
OUTSIDE	Outside In
PAHT	Portland Affordable Housing Preservation Trust
PAL	Pioneer Abodes Ltd
PCRI	Portland Community Reinvestment Initiatives, Inc.
PDC	Portland Development Commission for The Fairfield*
PENIN	Peninsula Community Development Corporation
PHC	Portland Habilitation Center, Inc.
REACH	Reach Community Development Inc
ROSE	ROSE community Development Corporation
SABIN	Sabin CDC
SAWASH	Sawash Housing LLC c/o NAYA
SHELT	Shelter America Group
SPEC HOU	Specialized Housing Inc

Abbreviation	Non-profit Name
SPEC VII	*Specialized Housing VII, Inc*
STJAM	*St. James Housing, Inc.*
VILLAGE	*Village Enterprises*
WORLD	*World Spark*

* CCC formerly managed The Fairfield for PDC.