2009-10 Annual Report
Residential Tax Exemption Programs

Portland Housing Bureau

December 31, 2010

Picture of the Ramona Apartments; currently under construction in the River District, was provided by Turtle Island Development and Akrom Moisan Associated Architects.

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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 2010 Limited Tax Exemption Report (Report) is released every winter, after the closing of the tax rolls in October. This Report provides information about the tax exemption applications and approvals City staff processed during Fiscal Year (FY) 2009-10, and estimates how that activity may affect property tax revenues for Tax Year (TY) 2010-11. This table is provided as a helpful reference.

Relationship of Fiscal Year (FY)*, Tax Year (TY)*, 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 2008-09	TY 2009-10	December 2009
FY 2009-10	TY 2010-11	*December 2010*

*The tax year (fiscal year) for all property starts July 1 and ends June 30 of the following year. The assessment date for the tax year starting July 1 is January 1 of the same calendar year.

There are five types of limited-term tax exemption (LTE) programs:

1. Nonprofit 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 nonprofit program requires an annual application, but allows nonprofit owners to maintain exemptions on the value of the land and the improvements continuously as long as units are in compliance.

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 increase affordable homeownership. The summary tables on pages 5 and 8 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 mixed income, mixed use 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. The SFNC incents 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.

This year's Report shows the nonprofit housing program is being utilized at the same level as it has in previous years and is an important resource for helping nonprofit housing partners to provide affordable housing. Since the 2005 moratorium on the New Multiple Unit Housing (NMUH) program, only one affordable housing project has been approved. One Transit-Oriented Development (TOD) project has been added to the tax rolls and another has started construction after a slow construction start. No multifamily projects sought approval in 2010, perhaps due to the downturn in the economy. The Single Family New Construction (SFNC) has had fewer new applications than in the previous year, but the overall size of the program and foregone revenue is similar to previous years.

All of the programs continue to fulfill their role of spurring development in transit-rich or economically distressed areas, but these investments have a cost to our other taxing jurisdictions such as the County and Schools. The Report offers detailed information regarding foregone revenue to those jurisdictions. In TY 2009-10, $14 million was foregone to assist with redevelopment efforts. In TY 2010-11 there will be over $15 million in foregone revenue for all programs, or $1,091 foregone revenue per unit per year. The Report also documents PHB's efforts to monitor the units in these programs for compliance with the rules and objectives. All of the multi-family rental projects are in full compliance with program rules and objectives and those ownership units that fell out of compliance were terminated from the program.

Since the submission of the 2008-09 LTE Report PHB has taken over coordination of all five of the LTE programs and is working with the City and County leadership to make changes to the LTE programs before they are reauthorized. This work referred to as the "Big Look" will seek to bring alignment of the program benefits with City and County housing and community goals.

Summary Tables

OVERALL PROGRAM USAGE

Table 1 compares utilization and growth of all the exemption programs over the last two taxing years (TY 2009-10 and TY 2010-11). Overall the numbers of units are decreasing and the proportional use of the programs remains consistent compared with last year.

Table 1: Exemption Programs: Utilization and growth by program for a two year period

Exemption Programs	Number of units receiving exemptions TY 2009-10	Percentage of all units receiving exemptions TY 2009-10	Number of units receiving exemptions TY 2010-11	Percentage of all units receiving exemptions TY 2010-11
Nonprofit	8,579	60%	8,522	61%
NMUH	2,341	17%	2078	15%
TOD	895	6%	1025	7%
SFNC	2,230	16%	2166	16%
Rehab	133	1%	60	1%
Totals	**14,178**	**100%**	**13,791**	**100%**

Programs by Tenure

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

Table 2: Tenure of housing promoted by each exemption program in TY 2010-11

Exemption Programs	Rental Housing Units	Homeownership Units
Nonprofit	8522	0
NMUH	2018	60
TOD	925	100
SFNC	0	2166
Rehab	4	56
Total	11,469	2,382

The majority of the housing units (an average of 83%) assisted by the tax exemption programs are rentals.

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 3 shows that these programs are achieving the goal of increasing the supply of affordable housing. 86% of the units are rent restricted to households below 60% Median Family Income (MFI).

Table 3 shows the number of rent-restricted units, and the incomes served by the rental programs, for TY 2010-11.

Table 3: Number of rent restricted rental units, by program TY 2010-11

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
Nonprofit	8,522		8,522	0	8,522
NMUH*	2018	1219	841	53	775
TOD	925	430	495	56	439
Residential Rehab	4	0	4	0	4
Total Units*	11,469	1,649	9,862	109	9,740
Percentage of Total Units	100%	14%	86%	1%	99%

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 4 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.
- 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 such as developing before rents can capture the expense of a dense development

Table 4: Multifamily units by transit-oriented development characteristics, by program, TY 2010-11.

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 TY10-11	1,364	1,188	2,341	1,799	NA	178
TOD TY 10-11	759	0	980	505	292	343
Total TY 10-11	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 New Construction (SFNC) by Geography

The SFNC program is designed to stimulate new construction in distressed areas of the city. The majority of the new homeownership units assisted by this program are located in low- and-moderate income Portland neighborhoods of North, Northeast and far Southeast. 2,184 of 2,230 exemptions granted in TY 2009-10 and 2,015 of 2,166 in TY 2010-11 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 28 shows that there were fewer applications were made in FY 2009-10 than in the previous year but the distribution mirrors the proportion of units added to the programs in distressed neighborhoods.

Table 5: New homeownership units in low- and moderate-income neighborhoods

Low/Moderate Income Neighborhoods	TY 09/10	TY 10/11
North Portland	791	741
Northeast Portland	329	247
Southeast Portland	1064	1027
Southwest Portland	0	0
Total	**2,184**	**2,015**

MONITORING AND COMPLIANCE

This section of the Report details the compliance monitoring efforts for exemptions active in the Tax Year 2010-11. Compliance monitoring is the practice of ensuring that, after the exemption has been granted, the recipient continues to comply with 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 6 shows the PHB compliance monitoring responsibility for the various exemption programs.

Table 6: Monitoring and compliance responsibility for exemption programs, by program

Program	Portland Housing Bureau: Asset Management Team	Portland Housing Bureau Neighborhood Housing Team
Nonprofit		All units in the program are rent-restricted. Staff monitors nonprofit 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 PHB	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 PHB.	Monitors that property, at initial occupancy, complies with public benefit requirements.
SFNC	Monitors buyer income and owner-occupancy.[1]	
Rehab	Monitors owner-occupancy.	

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 initial 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 for income, and on continued owner-occupancy. Tables 7 summarizes the results of compliance monitoring for the ownership programs, and shows the number of units in each program that will be monitored in FY 2010-11. For a discussion of the revenue returned to the taxing jurisdictions as a result of terminations and expirations, please see the new revenue and foregone revenue section.

In TY 2009-10 there were 14,178 active exemptions in the five limited tax exemption programs subject to City Code requirements. Upon review of these exemptions a

[1] 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.

combined total of 64 ownership units were terminated. In addition 70 SFNC ownership exemption applications were denied. The result of the activity in FY 2009-10 is reported in the total of 13,791 exemptions recorded for TY 2010-11. Table 8 shows that all of the rental units were in compliance with their income restrictions.

Table 7: Compliance monitoring to be performed for ownership programs, by program FY 2009-10

	NMUH	TOD	SFNC	Rehab	Total
Number of owner units monitored FY 2009-10	67	100	957	73	1,197
Owner eligibility investigated	8	7	957	63	1035
Exemptions terminated	1	2	58	3	64
	NMUH	TOD	SFNC	Rehab	Total
Number of owner units monitored TY 2010-11	54	100	1095	56	1305

RENTAL MONITORING AND COMPLIANCE

Table 8: Compliance Monitoring Rental Units FY 2009-10

Programs	Exemptions Audited	Exemptions Terminated
Nonprofit	8,579	0
NMUH	2,274	0
TOD	669	0
Residential Rehab	60	0
Total	**11,582**	**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 9 shows estimated additional foregone revenue for TY 2010-11 as a result of exemptions granted in FY 2009-10, 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. In TY 2009-10 the SFNC program had 182 units added with an associated $304,438 in associated foregone revenue. This TY 2010-11 the foregone revenue associated with 184 new SFNC exemptions is $315,615.40. The combined total of 747 units in ownership programs has associated foregone revenue of $605,688.63.

Table 9: Estimated net additional foregone revenue for TY 2010-11, by program

Program	Units granted new exemptions during FY 2009-10	Foregone Revenue for TY 2010-11 Associated with those units
Nonprofit	478	$290,073.23
NMUH	0	0
TOD	85	$301,195.24
SFNC	184	$315,615.40
Rehab	0	0
Totals	747	$605,688.63

Foregone Revenue Program Totals

In TY 2010-11, the taxing jurisdictions collectively made an estimated $15 million indirect investment, in comparison to an estimated $14 million in TY 2009-10; see the 2009 Report. Table 10 presents the estimated revenue foregone by each taxing jurisdiction for TY 2010-11 by program; 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") in Table 11, break out the estimated foregone revenue for each education district.

Table 10: Estimated revenue foregone by taxing jurisdictions and program for TY 2010-11

Program	Total Estimated Revenue Foregone	% of Total	City of Portland	County	Education Districts	All other Tax Districts	Units	Average Foregone Revenue per Unit
Nonprofit	$7,636,649	50%	$2,477,434	$1,709,548	$2,399,814	$1,049,853	8,522	$896.11
NMUH	$3,063,195	20%	$993,983	$685,896	$962,625	$420,691	2,078	$1,474.11
TOD	$913,163	6%	$297,702	$205,428	$284,749	$125,284	1,025	$890.89
SFNC	$3,469,676	22.7%	$1,125,865	$776,901	$1,088,064	$478,846	2,166	$1,601.88
Rehab	$41,443	0.3%	$13,424	$9,263	$12,993	$5,764	60	$690.72
Totals	$15,124,126	100.00%	$4,908,408	$3,387,036	$4,748,244	$2,080,438	13,851	$1,091.92

Table 11: Estimated revenue foregone by education district, by program for TY 2010-11

Program	Total Education	Education Service Districts (E.S.D.)	Community College	PPS	David Douglas	Other School Districts
Nonprofit	$2,399,814	$145,182	$195,386	$1,764,513	$219,860	$74,872
NMUH	$962,625	$58,249	$80,461	$823,915	$0	$0
TOD	$284,749	$17,446	$22,027	$130,683	$110,258	$4,335
SFNC	$1,088,064	$65,978	$87,830	$747,941	$156,684	$29,631
Rehab	$12,993	$787	$1,082	$10,866	$214	$44
Total	$4,748,244	$287,641	$386,786	$3,477,918	$487,016	$108,882

Trends in Foregone Revenue

Although the numbers of units in the Nonprofit, NMUH, SFNC and Rehab LTE programs have decreased relative to previous years, due to expirations, non-renewals and terminations, the total foregone revenue is slightly higher in each program area, except the rehab program which is no longer active. This increase in foregone revenue can be explained by an increase in the assessed value of the improvements.

The TOD LTE program had a slight increase in units due to the addition of Shaver Green to the TOD program.

Table 10 provides information about the average foregone revenue per unit for each program. The Nonprofit program consistently has the lowest amount of foregone revenue per unit because most of the units are in older multi-family rental properties with low assessed value.[2] 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 Nonprofit program drops some units and adds others each year, resulting in a negligible net change to tax revenue. The 2005 moratorium on NMUH development (other than 100% affordable projects) and the relative lack of activity in the TOD program has meant that both of these programs made a net contribution to the tax rolls in 2009. Although fewer units are being added to these programs for the TY 2010-11 the foregone revenue has increased slightly perhaps due to increased value of the property improvements and increased valuation of the properties added compared to the properties that were removed from these programs. Foregone revenue attributable to the Rehab program is declining because the program has not been used since 2007,

2 Note these figures include tax exempted properties built in urban renewal areas (URAs). In these cases, most property tax would go to the urban renewal agency for investments through tax increment financing.

and outstanding exemptions are expiring, thus returning the foregone revenue back to the taxing jurisdictions.

New Tax revenue

Table 12 describes the net changes in units for each program and the net change in foregone revenue compared to 2009. The amount of total tax revenue has changed over the years. 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. These increases are offset by new exemptions resulting from program activity during the year.

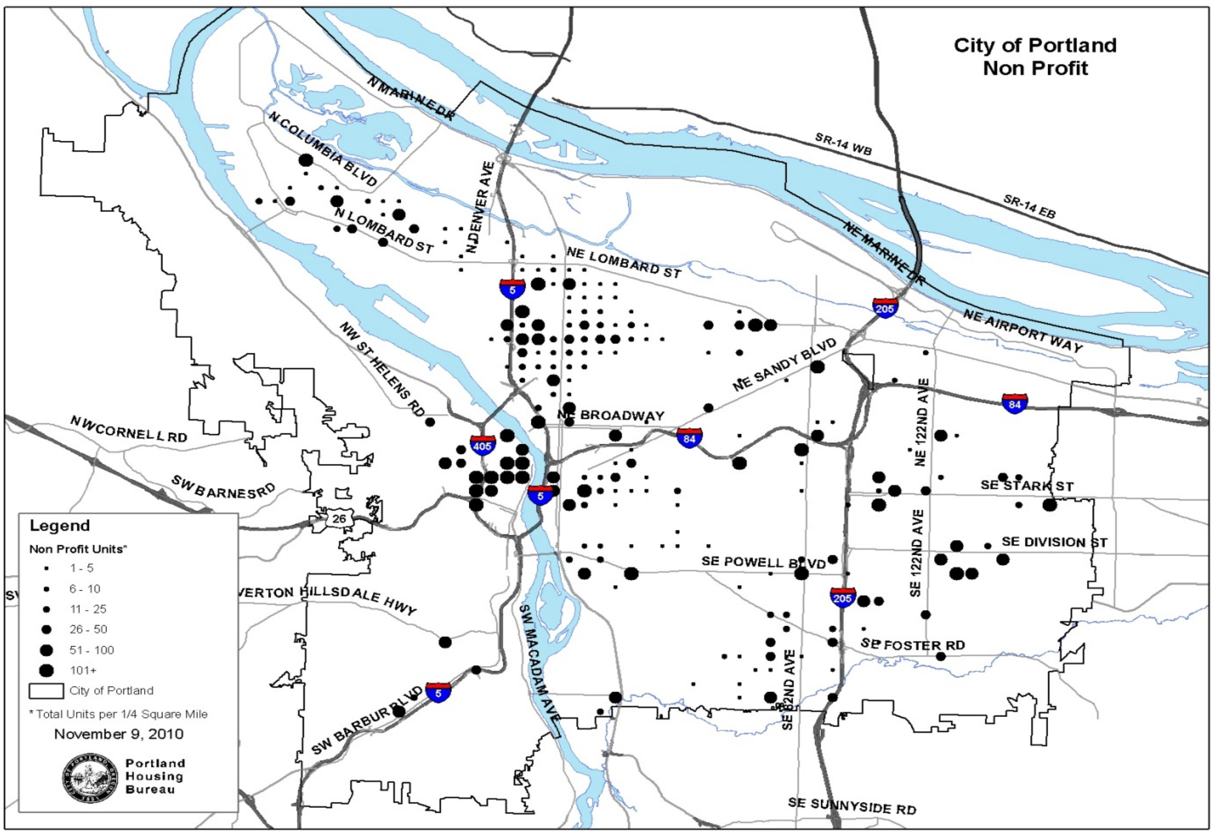
Table 12: Net change to total tax revenue, by program, for TY 2010-11

Programs TY 2010-11	Units in TY 10-11 compared to TY 2009-10	Net change to total tax revenue
Nonprofit	57 fewer units	$783,583
NMUH	263 fewer units	$182,698
TOD	130 more units	($9,226)
SFNC	64 fewer units	$160,355
Rehab	73 fewer units	$105,746
Total	327 fewer units	$1,223,156

Appendix 1: Nonprofit Program Activities and Outcomes

PROGRAM OVERVIEW

The Nonprofit property tax exemption program is authorized by **State Statutes ORS 307.540-.547.** The regulations of the City's nonprofit program are in **City Code Chapter 3.101**, Property Tax Exemption for Low Income Housing Held by Charitable Nonprofit Organizations. Unlike the other exemption programs included in this Report, the nonprofit 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. A summary of the Nonprofit program requirements are available on the PHB website. The map shows the location and concentration of units in the nonprofit program.



NONPROFIT SUMMARY FOR TY 2010-11

Table 13: Nonprofit activity summary

Fiscal Year	Examples of New projects	Non-renewals	Net # units Added (removed)	Total Program units	Tenure			
					Rental	%	Owner	%
2009/10	-Rose Dev. -Alberta Simmons Senior Hsg. -Grove	multiple	(57)	8,522	8,522	100%	0	

NONPROFIT PROGRAM ACTIVITIES

New Project Approvals

The Nonprofit program added and removed an insignificant number of projects or units. The net result is 57 fewer units in the program for TY 2010-11. Several projects mentioned in table 13 are new to the nonprofit program.

Project Extensions

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

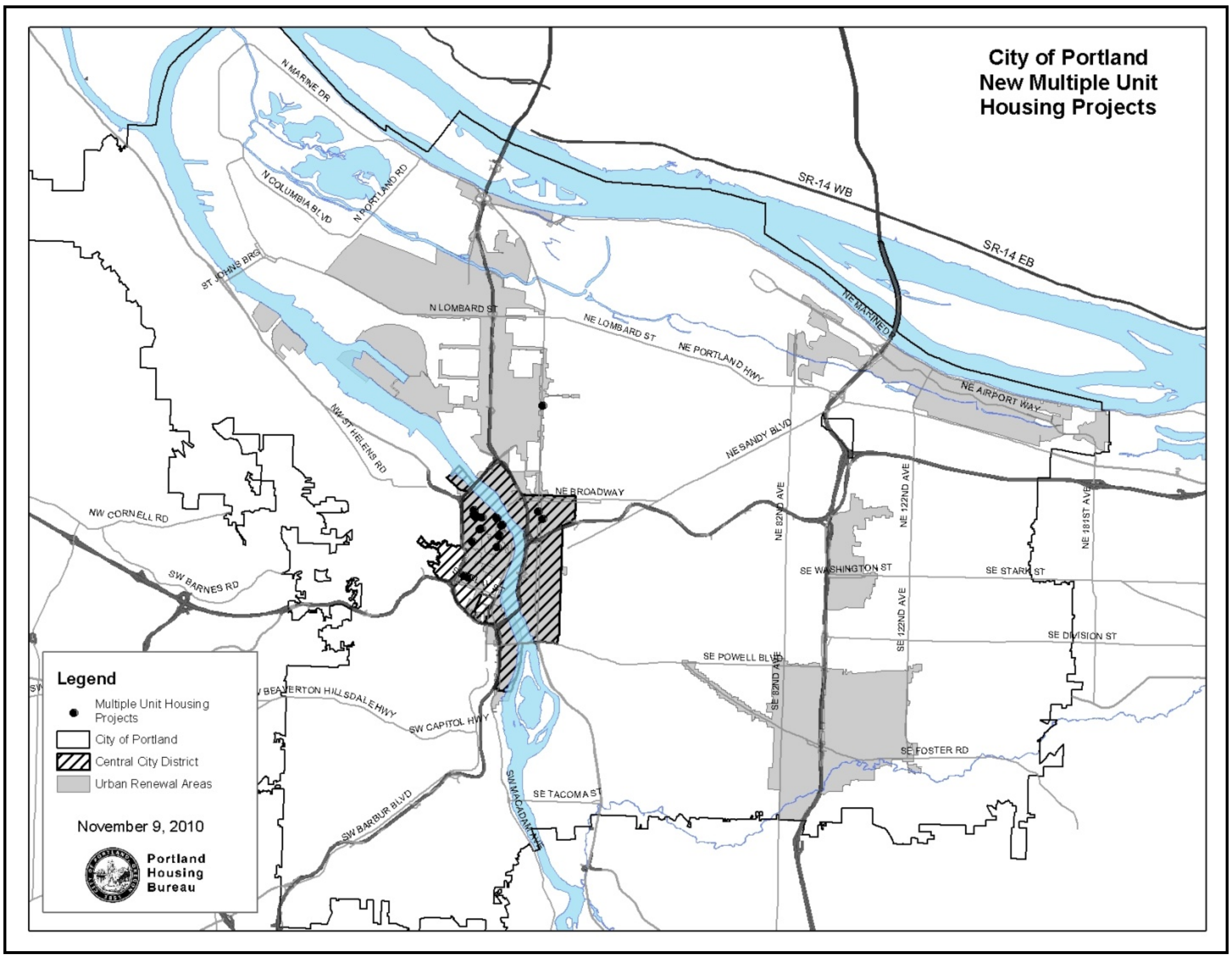
Expirations

Owners apply annually therefore expirations are not relevant.

Appendix 2: 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 the new construction of low-, moderate- and middle-income multiple-unit housing. 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 general redevelopment. 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. The regulations of the City's NMUH program are in **City Code Chapter 3.104,** property tax exemptions for New, Multi-Unit Housing. A program summary is available on the PHB website. 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 YEAR 2009-10

New Project Approvals

Table 14 describes newly approved NMUH projects.

Table 14: New NMUH projects

Program Fiscal Year	Project Name	Council Approval Date	Estimated Completion: LTE Activation year	Number of total units	Tenure			
					Rental	%	Owner	%
2009-10	Ramona Apartments	7-23-09	2011-13	138	138	100%	0	0%
2010-11	None	0	N/A	0	0	0%	0	0%

Ramona Apartments (formerly named Pearl Family Housing)

The Ramona Apartments (previously Pearl Family Housing) were approved by City Council on July 23, 2009. The Ramona Apartments are 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. The public benefits of this project are the family-sized units, with 20 percent 3-bedroom or larger, achieving a green building standard of LEED Silver Certification, and density. This was the first approval issued under the NMUH program since 2004. This exemption will be implemented by the County when construction is complete, currently estimated for TY 2011-12.

Project Extensions

No projects requested extensions.

Expirations

Three projects expired June 30th, 2010 resulting in removal of 214 units from the rental NMUH program and 12 units from the ownership NMUH program.

Table 15: NMUH exemptions expired during FY 2009-10

Project Name	Expired	Total Units	Units Monitored	Notes
Corner Stone Apartments	6-30-2010	118	24	Balance of the units are market rate
Fifth Avenue Court Apartments	6-30-2010	96	48	Balance of the units are market rate
Cooper Street Ownership Condos	6-30-2010	12	12	All income restricted

Table 15 shows both the rental and ownership units that expired June 30th, 2010.

Compliance and Monitoring

Rental

There were 2274 units actively monitored NMUH rental exemptions in FY 2009-10 and all projects were found to be in compliance. In TY 2010-11 there will be 2060 units monitored.

Rental projects are monitored only for compliance with the program income restrictions on the designated a portion of the overall units. Of the 2060 rental units with exemptions in TY 2010-11, 814 units are income restricted. Table 16 shows how many units are monitored by income category.

Table 16: NMUH rental units monitored, by income, FY 2009-10 and TY 2010-11

MFI Level	Number of Monitored Rental Units
30% and below	165
50% and below	119
60% and below	393
75% and below	53
80% and below	111
100% and below	**0**
100% and above (market rate)	**0**
Total income restricted	**841**
Total market rate monitored	**572**
Total market rate unmonitored	**647**
Number expired	212
TOTAL remaining exemptions TY 10/11	***2060***

Ownership

Table 17 shows that 60 ownership units remain in the NMUH program for TY 2010-11 after program activity in FY 2009-10 based on terminations or expirations. Of the 67 ownership units monitored only one was found to be out of compliance and was terminated from the program.

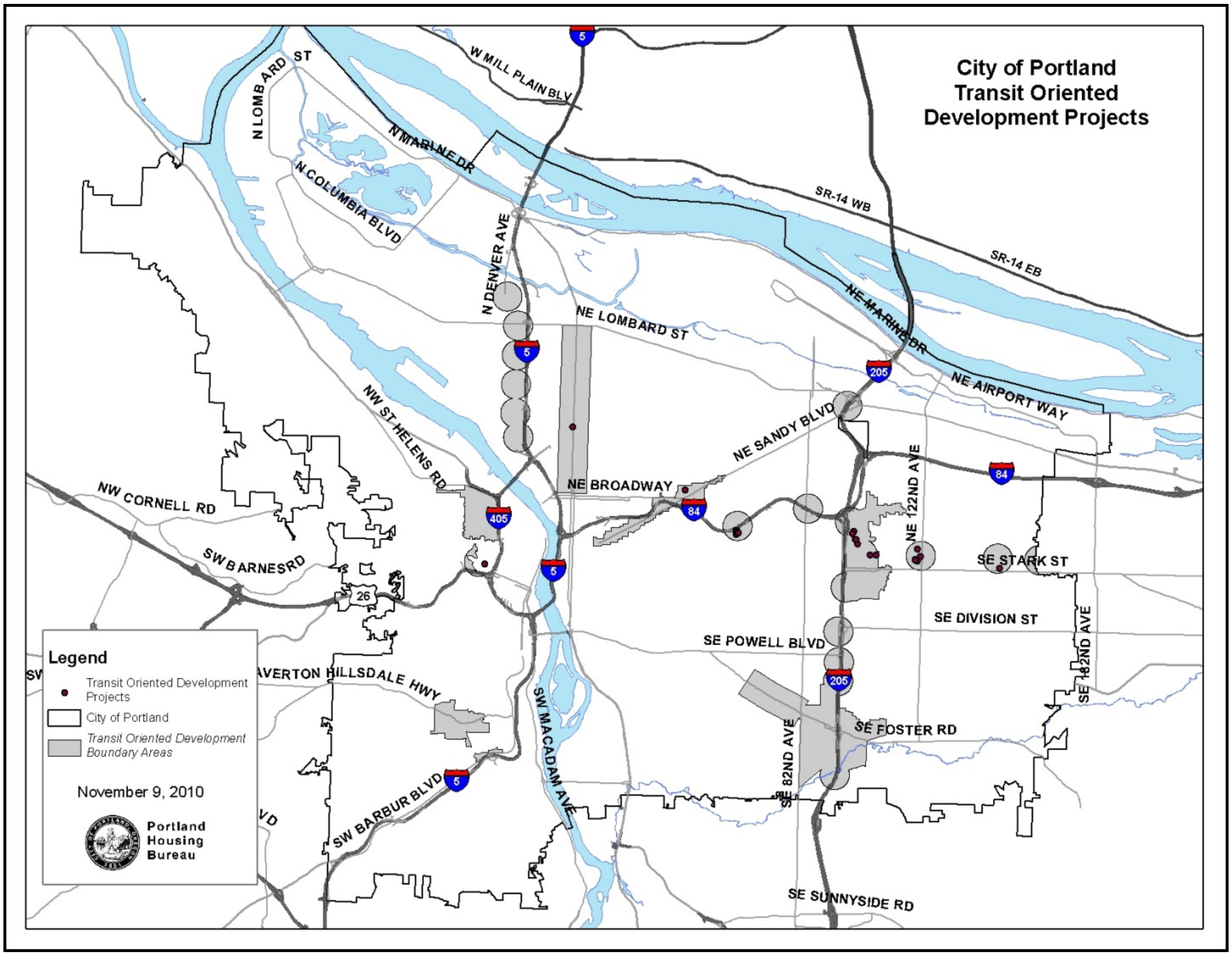
Table 17: NMUH owner units monitored, fiscal years 2008-09 and 2009-10

Monitored NMUH Owner Units			
	FY 2008-09	**FY 2009-10**	**Total Ownership Units Monitored TY 2010-11**
Active NMUH Ownership Exemptions as of June 30	85	67	60
Number identified for possible termination	19	8	NA
Documentation satisfied	7	7	NA
NMUH Ownership Exemptions Terminated	12	1	NA
NMUH Ownership Exemptions Expired	0	13	NA

Appendix 3: 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 map shows the areas where projects are currently eligible to receive TOD abatements. The dots represent each project within the program. For a summary of the TOD program requirements and application procedures see the PHB website.



TOD PROGRAM SUMMARY FOR FISCAL YEAR 2009-10 AND TAX YEAR 2010-11

New Project Approvals

Table 18 shows the Albert was the only new project approved in FY 2009-10. Due to changes in market conditions the previously approved One 19 Apartments will not be built therefore the exemptions will not be activated.

Table 18: New TOD projects, FY 2009-10

TOD Program Fiscal Year	Project Name	Council approval Date	Estimated Completion: LTE Activation year	Number of total units	Tenure of exempt units			
					Rental	%	Owner	%
2008-09	One 19	4/8/2009 Ord# 182645	Will not be activated	40	40	100%	0	0
2009-10	The Albert	09/09/2009 Ord # 183171	Not yet in construction Expected to be activated in TY 11-12	72	72	100%	0	0

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 it is located within one quarter mile of NE Martin Luther King Jr. Boulevard which has a frequent bus service line.

Table 19: New TOD activations TY 2010-11

TOD Program Fiscal Year	Project Name	Council approval Date	Estimated Completion: LTE Activation year	Number of total units	Tenure of exempt units			
					Rental	%	Owner	%
2009-10	Shaver Green	10/22/08 Ord. #182283	TY 10-11	85	85	100%	0	0%

Project Extensions – Preservation of Low Income Housing

No applications for extensions in FY 2009-10.

Expirations

Table 20 shows that 126 units in Russellville 1 expired from the program June 30 2010.

Table 20: TOD exemptions expired, FYs 2009-10 and 2010-11

Fiscal Year	Project Name	Expiration Date	Monitored Units	Total Units	Expired Units
2009-10	Russellville I	6-30-2010	0	126	126
2010-11	NA	NA	NA	NA	NA

Compliance and Monitoring

Rental

After program activity in FY 2009-10 there will be 925 rental units in TOD program. The apartments Russellville 1 expired from the TOD LTE program 6/30/2010 thus removing 126 of the market rate unmonitored units. 495 rental units continue to be monitored as rent restricted, 174 market rate units are monitored and 256 market rate rental units remain unmonitored program.

Table 21: TOD rental units monitored, by income, TY2010-11

MFI Level	Number of Monitored Rental Units
30% and below	4
50% and below	36
60% and below	395
75% and below	56
80% and below	0
100% and below	**0**
100% and above (market rate)	**174**
Total income restricted	495
Total market rate monitored unrestricted	174
Total market rate unmonitored	256
Number expired Russellville 1	126
TOTAL remaining exemptions TY 10/11	***925***

Ownership

After program activity in FY 2009-10 there will be 100 ownership units in the TOD program for TY 2010-11. Of the units monitored three were removed for non-compliance with the program guidelines.

Table 22: TOD owner units monitored, fiscal years 2008-09 and 2009-010

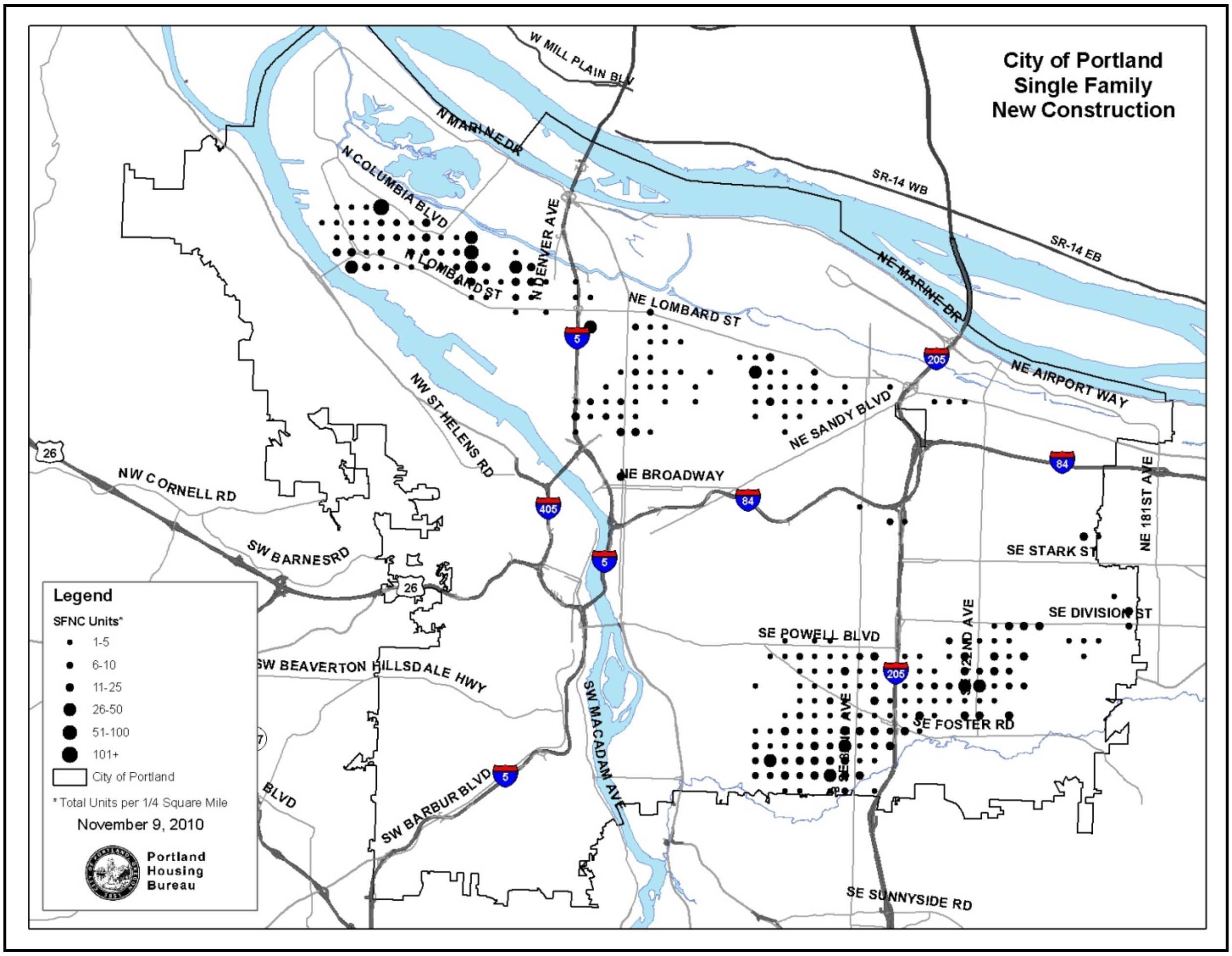
Monitored TOD Owner Units			
	FY 2008-09	FY 2009-10	Total Ownership Units Monitored TY 2010-11
Active TOD Ownership Exemptions as of June 30	118	100	100
Number identified for possible termination	13	7	
Documentation satisfied	10	5	
TOD Ownership Exemptions Terminated	3	2	

See the 2009 Residential Tax Exemption Report for details on Monitoring and Compliance procedures.

Appendix 4: Single Family New Construction Program Activities and Outcomes

PROGRAM OVERVIEW

The purpose of the Single Family New Construction (SFNC) 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 current boundaries of the City's homebuyer opportunity areas are reflected below. The program is described in detail in **City Code 3.102**. This map shows the location of SFNC sites and the concentration of households.



SFNC PROGRAM ACTIVITY SUMMARY OF FISCAL YEARS 2009-10

New Project Approvals

For TY 2010-11, 182 additional units have been added to the program; of those 109 were new approvals and the remainder is approved applications from previous years which could not go into effect until individual tax accounts were assigned after properties were divided. As part of the annual application cycle for this program, City Code 3.102.030B (3) requires PHB to receive City Council approval of qualified applications in time for submittal to the County Assessor by April 1of each year. The 109 newly approved properties based on eligible applications will begin receiving a property tax exemption beginning in July 2010 equating to approximately $160,272 in foregone revenue each year for ten years. The exempted taxes will apply to the value of the improvements. Homeowners will continue to pay taxes on the value of their land. The average home sale price to new applicants was $227,623 and 68% of the applicants were first time homebuyers.

Project Extensions

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

Expirations

In FY 2009-10 a total of 202 SFNC exemptions expired June 30, 2010.

Terminations

Table 23 shows in FY 2009-10 a total of 58 SFNC units were terminated. Reasons for terminations listed in Table 24 include no longer owner-occupied, sold to an ineligible buyer, a developer rented a unit instead of selling it, and owner did not apply.

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 the SFNC rental properties prior to 2005 is required.

Ownership Units Compliance

Since 2005, the new SFNC units have been monitored 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 income qualifying buyer. If after review a unit is no longer in compliance PHB submits a resolution to City Council to have the unit removed from the program. Table 23 shows the number of units reviewed for compliance and the number removed. A comparison of FY 08-09 to FY 09-10 shows similar numbers of units have been terminated each year. Table 24 summarizes the typical reasons for termination. During the application phase 70 applications were formally denied (for exemptions which never went into effect) for reasons ranging from a property not being within a homebuyer opportunity area to the applicant not being income eligible or submitting an incomplete application. For a full description of the program requirements see the SFNC LTE program page on the PHB website.

Table 23: Results of monitoring activities for SFNC program, fiscal years 2008-09 and 2009-10

Monitored Pool SFNC	Fiscal Year 2008-09	Fiscal Year 2009-10	Tax Year 10/11
Active monitored SFNC Ownership Exemptions as of June 30 of the fiscal year prior to the tax year.	878	957	1094
Number of units activated	184	109	0
Number identified for possible termination	98	70	0
Documentation satisfied	46	12	0
SFNC Exemptions Terminated	52	58	**0**

Table 24: Summary of reasons for termination FY 2009-10

Reason*	Number of Units
No Longer owner-occupied	28
Sold to an ineligible buyer	16
Developer rented the units instead of selling it	5
Owner did not apply	14
Old Tax abatement outside of the HBO area	0
Foreclosure	4

*Note some properties may have been terminated for multiple reasons.

DEMOGRAPHIC AND GEOGRAPHIC REACH OF SFNC

"Homebuyer Opportunity Areas" are placed in "distressed areas" defined as low income census tract areas with a history of vacant or deteriorating property and low rates of new construction. The Single Family New-Construction Limited Tax Exemption Program is only eligible in the "Homebuyer Opportunity Areas" and is one tool to assist in revitalization through new construction and can also help low income households access homeownership. In Portland minority populations are concentrated in some Homebuyer Opportunity Areas. Table 25 offers information about the race and ethnicity of applicants. This information helps PHB to assess whether or not the program is helpful in meeting other public goals such as closing the minority homeownership gap.

Table 25: Demographics of applicants to SFNC for FYs 2008-09 and 2009-10

	FY 2008-09		FY 2009-10	
American Indian	3	1.8%	0	0
Asian	61	36.3%	27	35.5%
Black	9	5.4%	4	5.3%
Hispanic	10	6.0%	3	3.95%
Not will to furnish info	12	7.1%	3	3.95%
Native Hawaiian/Pacific Island	1	0.6%	0	0
Other	2	1.2%	2	2.6%
White	70	41.7%	37	48.7%
Total	**168**	**100%**	**76**	**100%**
Women Head of Household	22	13.1%	12	16%

Single Family New Construction (SFNC) by Geography

The City adopted this program to stimulate new construction to address the problems of vacant and abandoned housing and lack of new housing construction in some distressed areas of Portland. 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 2005 that limited program participation to low- income households that intend to occupy the home they purchased as their primary principal residence.

The majority of the new homeownership units assisted by this program are located in low and moderate income Portland neighborhoods. Table 27 shows 2,184 of 2,230 exemptions granted in TY 2009-10 and 2,015 of 2,166 in TY 2010-11 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 28 shows the relative distribution of new applicants by neighborhood.

Table 26: Geographic distribution of units added to SFNC for FYs 2008-09 and 2009-10

Portland	FY2008-09		FY 2009-10	
Location	**Number of Units**	**%**	**Number of Units**	**%**
North	28	16.7%	23	21%
Northeast	18	10.7%	8	7%
Southeast	122	72.6%	78	72%
Southwest	0	0	0	0
Northwest	0	0	0	0
Total	168	100%	*109	100%

*Note there is a difference between the distribution of new applicants in table 25 and units added to the program in table 26, because only 76 units were sold to new homeowners and the remaining 33 were exemptions activated by the developer in advance of securing a buyer.

Table 27: SFNC homeownership units in low- and moderate-income neighborhoods compared to the total SFNC program

Low/Moderate Income Neighborhoods	TY 2009-10	TY 2010-11
North	791	741
Northeast	329	247
Southeast	1064	1027
Southwest	0	0
Northwest	0	0
Total	**2,184**	**2,015**
Total SFNC program	2,230	2,166

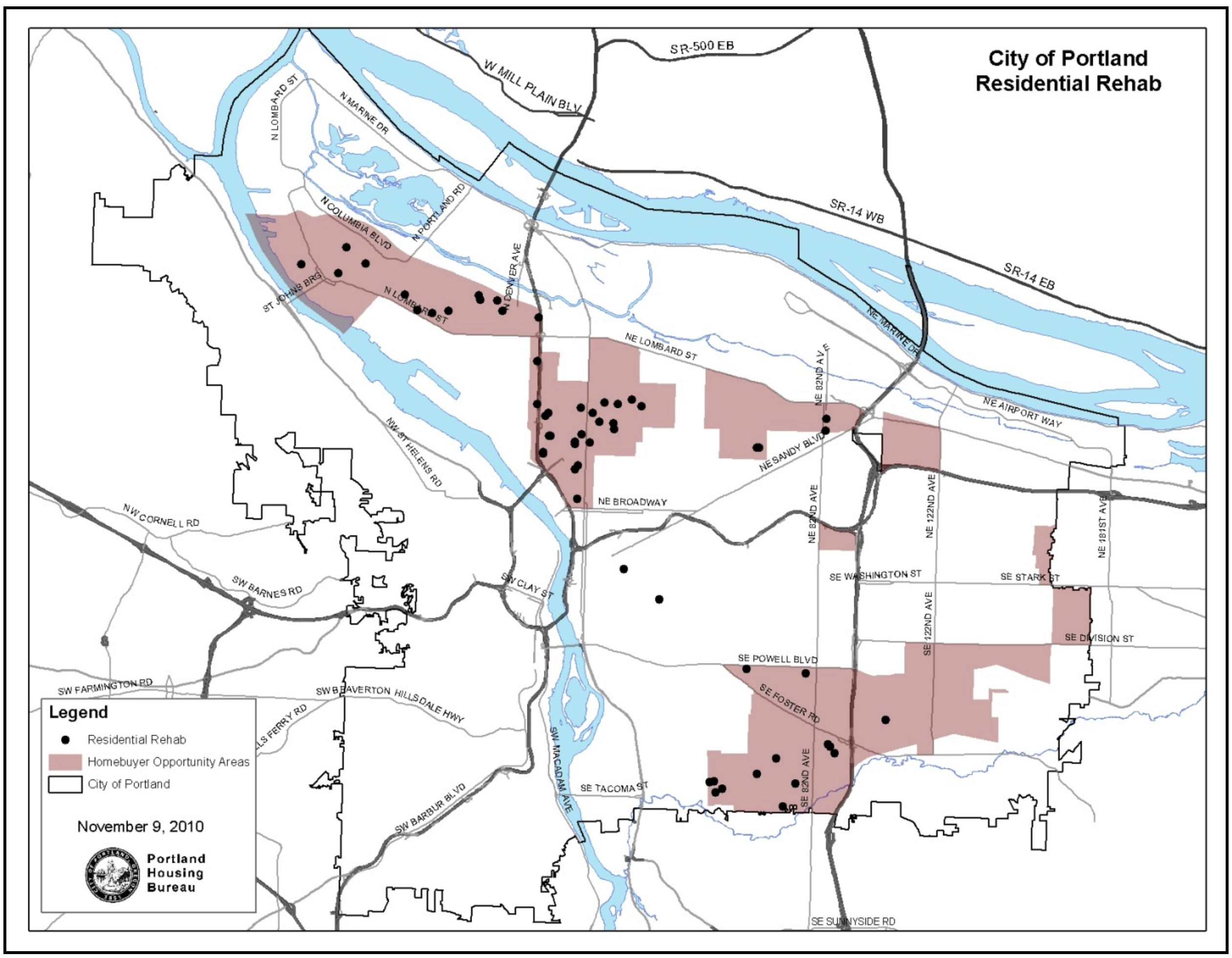
Table 28: Distribution of new SFNC units

Low/Moderate Income Neighborhoods	FY 2008-09	FY 2009-10
North	28	23
Northeast	18	8
Southeast	122	78
Southwest	0	0
Northwest	0	0
Total	**168**	**109**

Appendix 5:
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 citywide. The regulations of the Rehab program are in **City Code 3.102**, Property Tax Exemption for Residential Rehabilitation. Find a program summary here. This map shows the location of Residential Rehab projects for rental or ownership projects which are now restricted to the "homebuyer opportunity areas" of the city highlighted in the map below.



REHAB PROGRAM SUMMARY FOR FISCAL YEARS 2009-10

This program has had very limited new activity this reporting period and no longer accepts applications. In general this program was not used due to property tax limitation measures. The Residential Rehab program abates property taxes on increases in property tax assessment value resulting from an improvement of existing rental housing or conversion of existing structures to rental housing. The property must have code violations that are addressed through the rehabilitation and the rehabilitation improvements must equal or exceed 50% of the cash value of the land and improvements, *[city code 3.102.010(D)].* Units that remain active in the program are summarized below.

Table 28: Number of rental and ownership rehab exemptions for TY 2010-11

Tax Year	Total # of Projects (units)	New Activity in fiscal year prior to tax year		Total New Units	Tenure at End of Fiscal Year prior to tax year			
		Units Added	Units Removed		Rental	%	Owner	%
2009-10	133	0	0	133	60	43%	73	55%
2010-11	60	0	73	60	4	6.6%	56	9.3%

NEW PROGRAM ACTIVITIES AND RENEWALS

New Project Approvals

No residential rehabilitation projects were added in TY 2009-10.

Extensions

Program does not allow for extensions.

Expirations

56 rental Residential Rehabilitation units expired June 30 2010. There are 4 units with rental Residential Rehabilitation exemptions left citywide.

A total of 14 Residential Rehabilitation ownership units reached the end of their exemption period in June 2010.

Table 29: Rehab activity in FY09/10 and the number of exemptions for TY2010-11

Fiscal Year	Project or units			Total Units Remaining
	Monitored	Terminated	Expired	**TY 2010-11**
Rental Rehab 2009-10	60	0	56	4
Owner Rehab 2009-10	73	3	14	56
Total	133	3	69	60

MONITORING AND COMPLIANCE

Rental Terminations

Sixty rental rehabilitation projects were monitored for compliance in FY 2009-10 and all remained eligible for the program.

Ownership Terminations

Seventy-three single family ownership rehabilitation projects were monitored for compliance in FY 2009-10. Seventy-three were investigated and three were recommended for termination.

Demographic Data 7/01/08-6/30/10

The demographic information is not presented for this category because the program no longer accepts applications.