

ORDINANCE No. 185795

* Approve application under the Multiple-Unit Limited Tax Exemption Program for Pacific Tower located at 333 NW 4th Ave: (Ordinance)

The City of Portland ordains:

Section 1. The Council finds that:

1. On behalf of the City of Portland, the Portland Housing Bureau (PHB) administers the Multiple-Unit Limited Tax Exemption (MULTE) Program, which went into effect August 1, 2012 and replaces both the Transit Oriented Development (TOD) and New Multiple Unit Housing (NMUH) Limited Tax Exemption Programs. The program is authorized under ORS 307.600 and City Code Chapter 3.103.
2. The MULTE Program provides a ten year property tax exemption on the residential portion of the structural improvements as long as program requirements are met. During the exemption period, property owners are still responsible for payment of the taxes on the assessed value of the land and any commercial portions of the project, except for those commercial improvements deemed a public benefit and approved for the exemption.
3. Upon application to PHB, a property may receive an extension of an original ten year property tax exemption under the MULTE Program if the property continues to provide the initial affordability and is subject to long-term affordability restrictions, up to the length of the low income housing assistance contract.
4. The MULTE Program has an annual cap limiting the approval of new property tax exemptions to no more than one million dollars of new estimated foregone revenue. Minimum thresholds and types of public benefits expected are defined for the program. In order to fairly select projects best meeting program goals, applications are accepted annually during an open application period.
5. During this open application period, PHB received a request for a twenty year extension of an existing property tax exemption for Pacific Tower located 333 NW 4th Avenue. The project is described in further detail in the PHB staff recommendation included as Exhibit A.
6. PHB has the responsibility for reviewing the financial need for requested exemptions by calculating the rate of return. To qualify, the calculation may not exceed ten percent rate of return based on evaluation of the operating pro forma. A PHB review and analysis has determined that a property tax exemption under the MULTE Program is necessary to meet the economic need of Pacific Tower.
7. To qualify for the MULTE program, a rental project must include at least 20 percent of its units affordable to households below sixty percent of the median family income. As detailed in Exhibit A, the application for Pacific Tower meets these requirements with one

hundred percent of its 156 units affordable to households below sixty percent median family income.

- 8. The application for Pacific Tower was reviewed by the PHB Housing Investment Committee (HIC) with expanded representation from the Portland Bureau of Planning and Sustainability and the Multnomah County Tax Assessor's Office. The role of the review committee is to approve the staff recommendation that the application meets the basic program threshold criteria.
- 9. On December 4, 2012, the PHB Portland Housing Advisory Committee convened a public hearing on the proposed approval for the Pacific Tower MULTE.

NOW, THEREFORE, the Council directs:

- a. The request for a 20-year property tax exemption under the Multiple-Unit Limited Tax Exemption authorized by Chapter 3.103 of the Municipal Code of the City of Portland, Oregon, and ORS 307.600-637 is hereby approved for the residential portion of Pacific Tower.
- b. Approval of the Pacific Tower MULTE application is provided subject to the meeting the following conditions:
 - 1. The project must continue to provide one hundred percent of its 156 units as affordable to households below sixty percent of the median family income as established annually by the U.S. Department of Housing and Urban Development. The units affordable to and restricted to occupancy by low income households will reflect the unit-mix in the project.
 - 2. The application will comply with all rate of return provisions established in City Code Section 3.103.070. This section requires the owner to sign an Extended Use Agreement and to provide financial data on an annual basis to the PHB for each tax year that the exemption is in effect.
- c. PHB shall provide copies of this Ordinance to the Multnomah County Tax Assessor as prescribed by City Code Section 3.103.060 (C).

Section 2. The Council declares an emergency exists because timely City approval of the Pacific Tower application to the MULTE Program is required under authorizing statute; therefore, this ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: DEC 12 2012

Commissioner Nick Fish
Prepared by: Andrea Matthiessen
Date Prepared: November 28, 2012

LaVonne Griffin-Valade
Auditor of the City of Portland
By

Susan Parsons
Deputy

185795

Agenda No.
ORDINANCE NO.
Title

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INTRODUCED BY
Commissioner/Auditor:
Nick Fish

COMMISSIONER APPROVAL

Mayor /Finance and Administration - Adams

Position 1/Utilities - Fritz

Position 2/Works - Fish *[Signature]*

Position 3/Affairs - Saltzman

Position 4/Safety - Leonard

BUREAU APPROVAL

Bureau: Portland Housing Bureau
Bureau Head: Traci Manning

Prepared by: Andrea Matthiessen
Date Prepared: November 28, 2012

Financial Impact & Public Involvement Statement
Completed Amends Budget

Portland Policy Document
If "Yes" requires City Policy paragraph stated in document. Yes No

Council Meeting Date
December 12, 2012

City Attorney Approval *cf*

CLERK USE: DATE FILED DEC 07 2012

LaVonne Griffin-Valade
Auditor of the City of Portland

By: *[Signature]* Deputy

ACTION TAKEN:

AGENDA

TIME CERTAIN

Start time:

Total amount of time needed:

CONSENT

REGULAR

Total amount of time needed: _____
(for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	<input checked="" type="checkbox"/>	
2. Fish	2. Fish	<input checked="" type="checkbox"/>	
3. Saltzman	3. Saltzman	<input type="checkbox"/>	<input type="checkbox"/>
4. Leonard	4. Leonard	<input checked="" type="checkbox"/>	
Adams	Adams	<input checked="" type="checkbox"/>	