

Item 36 Motions:

January 16, 2013 Agenda

**36 TIME CERTAIN: 9:30 AM** – Accept the Report on the 2013 State Legislative Agenda (Report introduced by Mayor Hales)  
30 minutes requested

**Motion to add low-income housing property tax initiative:**  
Moved by Fish and seconded by Fritz.

**Motion to revise education language to pre-k through 12:**  
Moved by Saltzman and seconded by Hales.

**Motion to revise title and add “reentry” language to Public Safety Budgeting and Mental Health Care Crisis section; add statement that the city will work with coordinated care organizations to ensure that appropriate resources are focused on the mental health crisis:** Moved by Novick and seconded by Fritz.

**Motion to move the Gun Safety item from the Policy Position Section to the Priority Section:** Moved by Hales.

**ACCEPTED**  
AS AMENDED

(Y-5)



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CITY OF  
**PORTLAND, OREGON**  
PORTLAND HOUSING BUREAU

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January 16, 2012

**AMENDMENT  
Item 36**

MEMORANDUM

To: Mayor Charlie Hales  
Commissioner Amanda Fritz  
Commissioner Steve Novick  
Commissioner Dan Saltzman

From: Commissioner Nick Fish

Subject: **Amend Item 36 to add Low-Income Housing Property Tax Initiative**  
Council Agenda January 16, 2012

The City of Portland and Multnomah worked for two years to reform our tax abatement programs. From time to time, ambiguities arise over how to implement these programs.

A new issue has arisen about whether a City owned affordable housing property is taxable. Rather than pursue this matter through the Oregon Tax Court, Multnomah County and the City agree it is appropriate to take it to Salem for legislative relief. Both jurisdictions agree that seeking a technical clarification will resolve the issue more expeditiously and at less cost for all parties.

NOW THEREFORE, the Council directs that:

- a. Item 36 be amended to add a Low-Income Housing Property Tax Initiative to the City's 2013 State Legislative Agenda. The objective of this Initiative is to introduce legislation to exempt from assessment and taxation publicly owned real property that is used for affordable housing or leased to low-income persons.

Objective:

Introduce legislation to exempt from assessment and taxation publicly owned real property that is used for affordable housing or leased to low-income persons.

Issue:

The City of Portland invests significant resources to build, rehabilitate and preserve rental housing affordable to low and moderate income persons and households. To this end, the City from time to time acquires or comes into ownership of real property which the City uses to provide affordable housing or leases to low-income persons.

Oregon law provides that publicly owned property becomes taxable if it is rented or leased to any entity whose real property is taxable. One such property is the Fairfield Hotel, an 82-unit single-room occupancy rental property for Section 8 housing located in downtown Portland. The City acquired the Fairfield in 2001 through the Portland Development Commission for the specific purpose of maintaining the affordable housing inventory in the West End. The City then selected a private company to handle day to day management and operating responsibilities.

Despite a long history of exemption, in October 2009 the Multnomah County Assessor placed Fairfield on the tax rolls. The assessment applies retroactively to January 1, 2009, under the theory that City-owned, low income rental properties are subject to taxation under current law.

In a December 14, 2012 ruling, the Oregon Tax Court agreed with the Assessor, holding that provisions of Oregon law cause the Fairfield to be taxable. The court reasoned that Oregon law expressly exempts low income rental housing properties if they are owned by a housing authority or nonprofit entity. However, according to the Tax Court's ruling, there is no clear exemption for similar properties if the City happens to own them. The City is planning to appeal the ruling.

The City of Portland will introduce legislation that will clarify existing law to provide an express exemption for publicly owned property that is used or intended to be used for the provision of low-income housing.

Portland, Oregon  
**FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT  
 For Council Action Items**

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Martha Pellegrino	2. Telephone No. (503)823-4130	3. Bureau/Office/Dept. Government Relations
4a. To be filed (date): January 10, 2013	4b. Calendar (Check One)  Regular    Consent    4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	5. Date Submitted to Commissioner's office and FPD Budget Analyst: January 10, 2013
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed	6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

**1) Legislation Title:**

Accept the Report on the 2013 State Legislative Agenda

**2) Purpose of the Proposed Legislation:**

Accept the Report on the 2013 State Legislative Agenda in order to guide the work of the Office of Government Relations during the 2013 legislative session.

**3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?**

- |                                     |             |             |         |
|-------------------------------------|-------------|-------------|---------|
| X City-wide/Regional                | X Northeast | X Northwest | X North |
| X Central Northeast                 | X Southeast | X Southwest | X East  |
| X Central City                      |             |             |         |
| X Internal City Government Services |             |             |         |

**FINANCIAL IMPACT**

**4) Revenue:** Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

No fiscal impact.

**5) Expense:** What are the costs to the City related to this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the level of confidence.)

No fiscal impact.

**6) Staffing Requirements:**

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** *(If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)*

No.

- **Will positions be created or eliminated in future years as a result of this legislation?**

No.

*(Complete the following section only if an amendment to the budget is proposed.)*

**7) Change in Appropriations** *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

<b>Fund</b>	<b>Fund Center</b>	<b>Commitment Item</b>	<b>Functional Area</b>	<b>Funded Program</b>	<b>Grant</b>	<b>Sponsored Program</b>	<b>Amount</b>

**[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]**

## PUBLIC INVOLVEMENT

**8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:**

**YES:** Please proceed to Question #9.

**NO:** Please, explain why below; and proceed to Question #10.

**9) If “YES,” please answer the following questions:**

**a) What impacts are anticipated in the community from this proposed Council item?**

The City's 2013 State Legislative Agenda is focused on promoting stable and adequate education funding, public safety, economic growth and prosperity, and community livability. Successful implementation of the State Legislative Agenda will positively impact Portland residents by improving public safety, economic opportunities, neighborhood livability, and public education.

**b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?**

Mayor Adams and Commissioner Fritz led the City's effort in 2012 to involve the community in the development of the 2013 State Legislative Agenda. At forums held on August 6<sup>th</sup> and September 27<sup>th</sup>, 2012, members of the public identified critical issues to their neighborhoods and communities for consideration as part of the City's state (and federal) legislative agendas. Advance notice of the meeting was sent to a broad range of community members including representatives of neighborhood associations and coalitions, non-profit organizations (including those who serve under-represented communities), business associations and individuals who attended forums that informed development of the City's 2013 state legislative agenda. Notice of the forum was posted on the Office of Neighborhood Involvement website, where community members who could not attend were also able to provide online input into the legislative agenda.

**c) How did public involvement shape the outcome of this Council item?**

Community members provided the City with input on issues to include in 2013 state legislative agenda. Issues in the City's legislative agenda that reflect issues raised by the community include advocacy on housing, education funding, and public safety at liquor serving establishments.

**d) Who designed and implemented the public involvement related to this Council item?**

Commissioner Fritz and Mayor Adams approved the community engagement strategy that was collaboratively designed and implemented by the Office of Neighborhood Involvement and Office of Government Relations.

**e) Primary contact for more information on this public involvement process (name, title, phone, email):**

Steffeni Mendoza Gray  
Intergovernmental Relations Specialist  
503-823-5153  
Steffeni.mendozagray@portlandoregon.gov

**10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.**

The Office of Government Relations anticipates partnering with the Office of Neighborhood Involvement to publish a summary report after the 2013 legislative session adjourns describing the outcome of the legislative items raised by community representatives through the public involvement initiative. The report will also be distributed to those who attended the forum and submitted input online.

Martha Pellegrino

BUREAU DIRECTOR (Typed name and signature)