

ORDINANCE No. 186585 As Amended

* Approve application under the Multiple-Unit Limited Tax Exemption Program for Sky3 located at SW Jefferson St between SW 11th Ave and 12th 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 307.600-637 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 ten year property tax exemption for Sky3 located at SW Jefferson St between SW 11th Ave and 12th Ave. 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 Sky3.
7. To qualify for the MULTE program, a rental project must include at least 20 percent of its units affordable to households below 80 percent of the median family income based on the market for similar units in the same geographic area. As detailed in Exhibit A, the

application for Sky3 meets these requirements with 39 of its 196 units affordable to households at or below 80 percent of median family income.

8. The application for Sky3 was reviewed by the PHB Investment Committee with expanded representation from the Portland Bureau of Planning and Sustainability and the Multnomah County Tax Assessor's Office on April 17, 2014. The role of the review committee is to approve the staff recommendation that the application meets the basic program threshold criteria.
9. On May 6, 2014, the PHB Portland Housing Advisory Committee convened a public hearing on the proposed approval for the Sky3 application under the MULTE program.

NOW, THEREFORE, the Council directs:

- a. The request for a ten year property tax exemption under the MULTE authorized by Chapter 3.103 of the Municipal Code of the City of Portland, Oregon, and ORS 307.600-637 is hereby approved for Sky3's structural improvements of the residential units, including all of the parking units.
- b. Approval of the Sky3 MULTE application is provided subject to the project meeting the minimum threshold requirements and public benefits as specifically described in Exhibit A including the following conditions:
 1. The project must provide 39 of its 196 units affordable to households at or below 80 percent of median family income. 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).
- d. If, after the Project is approved for the MULTE, and prior to construction being completed, the Project owner needs to make changes to the application submitted that would reduce the number, percent or distribution of affordable units in the Project, or the approved public benefits provided, the project owner must submit a formal restructure request. Restructures will be reviewed by staff, presented to PHB's Investment Committee, and go to City Council for approval. If changes to the Project are minor and would result in substantially the same Project, PHB may allow slight variances to what was approved without a formal restructure request.

Section 2. The Council declares an emergency exists because timely City approval of the Sky3 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: MAY 21 2014

Commissioner Dan Saltzman
Prepared by: Dory Van Bockel
Date Prepared: April 30, 2014

LaVonne Griffin-Valade
Auditor of the City of Portland

By


Deputy

434 480

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Agenda No. **186585** As Amended

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Title

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<p>INTRODUCED BY Commissioner/Auditor: Dan Saltzman</p>	<p>CLERK USE: DATE FILED <u>MAY 09 2014</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman <i>[Signature]</i></p> <p>Position 4/Safety - Novick</p>	<p style="text-align: center;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <u><i>[Signature]</i></u> Deputy</p>
<p>BUREAU APPROVAL</p> <p>Bureau: Portland Housing Bureau Bureau Head: Traci Manning</p> <p>Prepared by: Dory Van Bockel Date Prepared: April 30, 2014</p> <p>Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	<p>ACTION TAKEN:</p> <p style="font-size: 1.2em; font-weight: bold;">MAY 14 2014 CONTINUED TO MAY 21 2014 9:30 A.M.</p>
<p>City Auditor Office Approval:</p> <p>City Attorney Approval: <i>[Signature]</i></p> <p>Council Meeting Date May 14, 2014</p>	

AGENDA
<p>TIME CERTAIN <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>
<p>CONSENT <input checked="" type="checkbox"/> <i>Pulled</i></p>
<p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Novick	4. Novick	✓	
Hales	Hales	✓	