

Chapter 3.103**PROPERTY TAX EXEMPTION FOR
MULTIPLE-UNIT HOUSING DEVELOPMENT**

(Chapter replaced by Ordinance No.,
effective, 2015.)

Sections:

3.103.010	Purpose.
3.103.020	Definitions.
3.103.030	Benefit of the Exemption; Annual Maximum Exemption Amount.
3.103.040	Program Requirements.
3.103.050	Application Review.
3.103.060	Application Approval.
3.103.070	Rental Project Compliance.
3.103.080	For-Sale Unit Compliance.
3.103.090	Extension of the Exemption for Low Income Housing Projects.
3.103.100	Termination of the Exemption.
3.103.110	Implementation.

3.103.010 Purpose.

- A. The City of Portland adopts the provisions of Oregon Revised Statutes 307.600 through 307.637, and administers a property tax exemption program for multiple-unit housing development authorized under those provisions.
- B. In addition to meeting the legislative goals set forth in ORS 307.600, the program also seeks to accomplish the following additional core goals:
 - 1. Stimulate the inclusion of affordable housing where it may not otherwise be made available.
 - 2. Leverage market activities to advance housing and economic prosperity goals by aligning those activities with the goals of the Portland Plan and the Portland Housing Bureau's Strategic Plan.
 - 3. Provide transparent and accountable stewardship of public investments.

3.103.020 Definitions.

As used in this Chapter:

- A. **“Administrative Rules”** means the tax exemption program administrative rules developed by the Portland Housing Bureau and approved through City Council which set forth the program requirements, processes, and procedures.
- B. **“Applicant”** means the individual or entity who is either the owner or a representative of the owner who is submitting an application for the tax exemption program.
- C. **“Extended Use Agreement”** means a recorded agreement between the owner and the Portland Housing Bureau stating the approval and compliance criteria of a project’s tax exemption.
- D. **“Multiple-unit housing”** has the meaning set forth in ORS 307.603(5).
- E. **“Owner”** means the individual or entity holding title to the exempt project and is legally bound to the terms and conditions of an approved tax exemption, including but not limited to any extended use agreement and any compliance requirements under this Chapter.
- F. **“Project”** means property on which any multiple-unit housing is located, and all buildings, structures, fixtures, equipment and other improvements now or hereafter constructed or located upon the property.

3.103.030 Benefit of the Exemption; Annual Maximum Exemption Amount.

- A. Multiple-unit housing that qualifies for an exemption under this Chapter is exempt from property taxes to the extent provided under ORS 307.612 and the Administrative Rules.
- B. However, the maximum amount of estimated foregone tax revenue provided as a benefit of the exemption under this Chapter may not exceed the amount approved by Council.

3.103.040 Program Requirements.

In order to be considered for an exemption under this Chapter, an applicant must verify by oath or affirmation in the application that the project meets the following program requirements as further described in the program Administrative Rules:

- A. Financial need for the exemption
 - 1. Rental projects. The project would not otherwise be financially feasible without the benefit provided by the property tax exemption.
 - 2. For-sale projects. The units receiving tax exemption will be sold to buyers meeting the affordability requirements contained in this Section.

B. Property eligibility

1. Projects must be located within identified Designated Plan Areas/Metro 2040 Centers, within a half mile radius of Max Station Areas, or within a quarter mile from either Metro 2040 Corridors with Frequent Transit Service or Metro 2040 Main Streets with Transit Service within the City of Portland.
2. Projects must conform to City of Portland's zoning and density requirements.

C. Affordability

1. For rental projects, during the term of the exemption, a minimum of 20 percent of the number of units must be affordable to households earning 60 percent or less of the area median family income, or affordable to households earning 80 percent or less of the area median family income based on the market for similar units in the same geographic area. The units meeting the affordability requirements must match the unit mix in the project as a whole in terms of number of bedrooms.
2. For projects containing for-sale units, those units receiving the exemption must not exceed the maximum price established under City Code Section 3.102.040 at initial sale and must sell to an initial homebuyer who income qualifies and occupies the unit as established under City Code Section 3.102.040. During the term of the exemption, the unit must be occupied by a homebuyer as established under City Code Section 3.102.040.

D. Equity

1. Applicants must consult with Portland Housing Bureau staff and a third party technical assistance provider prior to opening up bidding for the construction and prior to application. The application must include a description of strategies identified in coordination with the technical assistance provider that will be employed to promote Minority, Women, and Emerging Small Businesses (MWESB) in construction contracting in compliance with City policies. The contractor must work with the City of Portland's Procurement Services Compliance Specialist to track results.
2. Applicants must consult with Portland Housing Bureau staff to identify an intended population for lease-up or sale of the units in the project. Applicants must commit to using Portland Housing Bureau's prescribed lease-up strategy.

E. Accessibility. At least 5 percent of the units in the project must be built to be

be adaptable to become fully ADA accessible.

3.103.050 Application Review.

- A. The Portland Housing Bureau will review and approve or deny applications consistent with ORS 307.621.
- B. Applications for tax exemption must be submitted and approved prior to issuance of the project's building permit.
- C. Applications must include an application processing fee, to be established annually by the Portland Housing Bureau, including the fee to be paid to Multnomah County.

3.103.060 Application Approval.

- A. The Portland Housing Bureau Investment Committee will review each application's eligibility
- B. Portland Housing Bureau will present the eligible applications to the Portland Housing Advisory Commission at a public hearing, for which notice will be given and public testimony will be heard.
- C. Portland Housing Bureau will take applications to City Council for approval in the form of an ordinance and deliver a list of the approved applications to Multnomah County within the timeframe set forth in ORS 307.621.
- D. If construction of an approved project is not completed or an application for exemption is not received within the timeframe described in ORS 307.637, Portland Housing Bureau may extend the deadline consistent with ORS 307.634.

3.103.070 Rental Project Compliance.

- A. The owner of a rental project approved for exemption will be required to sign an Extended Use Agreement to be recorded on the title to the property.
- B. During the exemption period, the owner or a representative shall submit annual documentation of tenant income and rents for the affordable units in the project to the Portland Housing Bureau.

3.103.080 For-Sale Unit Compliance.

- A. Approved applicants must execute a document to be recorded on title of the project requiring Portland Housing Bureau verification of homebuyer affordability and owner-occupancy qualification prior to the sale of each for-sale unit to an initial homebuyer.

- B. For-sale units which sell to homebuyers who do not meet the affordability or owner occupancy qualifications at initial sale will have the tax exemption removed as of the next tax year.
- C. For-sale units which sell over the established sale price at initial sale will have the tax exemption terminated according to Section 3.103.100 and require the owner to repay any exempted taxes consistent with ORS 307.631.

3.103.090 Extension of the Exemption for Low Income Housing Projects.

Projects subject to a low income housing assistance contract may be eligible for extension pursuant to ORS 307.612.

3.103.100 Termination of the Exemption.

If the Portland Housing Bureau determines that the project fails to meet any of the provisions of ORS 307.600 to 307.637 or this Chapter, the Portland Housing Bureau will terminate the exemption consistent with ORS 307.627.

3.103.110 Implementation.

Portland Housing Bureau may adopt, amend and repeal the Administrative Rules, and establish procedures, and prepare forms for the implementation, administration and compliance monitoring consistent with the provisions of this Chapter.