

IMPACT STATEMENT

Legislation title: Replace the Multiple-Unit Limited Tax Exemption Program and establish annual program cap (Ordinance; replace Code Chapter 3.103)

Contact name: Dory Van Bockel

Contact phone: 503-823-4469

Purpose of proposed legislation and background information:

Three years after a major policy review of and revisions to the tax exemption programs, PHB is making further program changes to the Multiple-Unit Limited Tax Exemption (MULTE) Program to maximize the creation of affordable units, better align the program administration with policy goals and streamline administrative requirements to meet current market conditions.

Financial and budgetary impacts:

Increasing the program cap on estimated foregone revenue approved for the year, and making the program more accessible to developers should increase the number of affordable units produced and the foregone revenue impact to the City, and other taxing jurisdictions. The result of increasing the cap to \$3,000,000 of estimated foregone revenue from \$1,000,000 would result in a loss of possible additional revenue to the City in the amount of around \$600,000 per year, and ongoing through the ten years of the exemption, if the program cap is fully utilized. However, each application that is processed includes an application fee to cover program administration costs which will help offset the expense of staffing the program.

Community impacts and community involvement:

The MULTE Program provides an opportunity for the City to create affordable housing in amenity-rich, market-rate housing developments. The program changes allow PHB to better influence the equity outcomes. The program results in foregone revenue to the affected taxing jurisdictions over the ten years of the exemption period. However, taxing jurisdictions will still see an increase in tax revenue as a result of these new developments because the value of the land increases once developed, and once an exemption expires, properties are reassessed and fully taxed. Also, there isn't direct funding available to help create affordable housing opportunities such as those made possible by the MULTE program. PHB shared the proposed program changes with staff at Multnomah County, as well as with several different developers who have used the program in the past and would be likely to access the new program in the future.

Budgetary Impact Worksheet**Does this action change appropriations?**

- ☐ **YES:** Please complete the information below.
- ☒ **NO:** Skip this section