

IMPACT STATEMENT

Legislation title: *Approve application under the Multiple-Unit Limited Tax Exemption Program for Atomic Orchard Lofts located at 2510 NE Sandy Boulevard (Ordinance)

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Purpose of proposed legislation and background information:

Portland Housing Bureau (PHB) administers the Multiple-Unit Limited Tax Exemption (MULTE) Program, authorized under ORS 307.600-307.637 and Portland City Code 3.103. The City first codified tax exemption programs in 1985. The City's tax exemption programs provide an incentive for the development and maintenance of affordable housing. The MULTE Program helps ensure the availability of affordable housing units in transit rich areas during the ten-year exemption. During the exemption period, projects in the program must report the unit rents and tenant income annually to PHB, which PHB monitors to ensure compliance of the approved affordability restrictions.

PHB received this application for the MULTE Program on November 16, 2016, which if approved, will make possible the inclusion of 18 housing units to be rented to low- to moderate-income households in a new 88-unit mixed-use housing development within the Kerns neighborhood of NE Portland. ORS 307.621 and City Code Section 3.103.050(A) state that PHB will take applications to City Council for approval in the form of an ordinance and deliver approved applications to Multnomah County within a certain timeframe. This action meets those requirements.

Financial and budgetary impacts:

The applicant submitted \$1,000 application fee and will pay an additional \$16,000 application activation fee should the application move forward; \$9,000 of that will be paid to Multnomah County leaving the balance to support administration of the MULTE Program at PHB and monitoring of the project during the exemption period.

This Ordinance approves a tax exemption resulting in foregone tax revenue. The total estimated amount of the property tax revenue not collected for the ten years of the exemption period based on the application is valued at approximately \$1,633,037 in today's dollars assuming a four percent discount rate, and a three percent annual assessment increase. This ten-year estimate includes taxes foregone by the City of Portland, Multnomah County and other entities which receive property taxes within Multnomah County. The reduced amount of property taxes to the City over the ten years is roughly 33 percent of that amount, or \$538,902. The City will still benefit from property taxes collected on the improved value of the land during the exemption period.

Community impacts and community involvement:

The MULTE program encourages the inclusion of affordable units in new developments which otherwise may not be available to potential tenants living in the area where these projects are getting built. MULTE applicants participate in a neighborhood contact process involving outreach to neighborhood associations about the projects. Applicants also contract with a third-party technical assistance provider in order to be more successful connecting to MWESB contractors in the construction of the project, and agree to work with PHB to reach-out to community organizations and pursue affirmative marketing strategies during lease-up of the project. As the largest taxing jurisdiction affected by the tax exemption programs, Multnomah County has approved the administration of the programs in order to meet shared affordable housing goals. County staff reviews the application financial information and PHB write-up of the project. Applications are presented to the Portland Housing Advisory Commission at a public hearing for which notice was provided broadly.

Overview

<u>Total Units:</u>	88
<u>No. at or below 80% MFI:</u>	18 units
<u>No. at Market Rate:</u>	70 units
<u>Foregone Revenue:</u>	\$177,315 estimated first year value of the tax exemption (all jurisdictions)
	\$9,850.83 per affordable unit annually

Bedroom Mix:

Unit Size	Count	Income Restriction (AMI)
One Bedroom	18	80%
One Bedroom	70	Market
TOTAL	88	

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

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