



[Home](#) / [Council Documents](#)

191270

Emergency Ordinance

*Approve use of the Multiple-Unit Limited Tax Exemption Program to extend the exemption period to housing developments who agree to maintain continued affordability restrictions

Passed

Amended by Council

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 Program (the "MULTE Program"), authorized under ORS 307.600-307.637 and City Code Chapter 3.103.
2. The MULTE Program provides a ten-year property tax exemption on all or a portion of the residential structural improvements of a multiple-unit housing development ("housing development") so long as program requirements are met. During the exemption period, property owners remain responsible for the payment of taxes on the assessed value of the land and any commercial portions of the housing development.
3. Prior to the implementation of the Inclusionary Housing Program ("IH" or the "IH Program") on February 1, 2017, the MULTE Program was an incentive available to housing developments voluntarily restricting at least twenty percent of the developments' units to be affordable up to either sixty or eighty percent of the area median family income for a period of ten years in exchange for a ten-year limited property tax exemption.
4. The current MULTE Program is administered solely in connection with the IH Program, which includes mandatory affordability restrictions.
5. The MULTE Program has an annual cap limiting the approval of new property tax exemptions to no more than \$3 million of new estimated foregone revenue that is calculated on a five-year rolling basis.
6. Current tenant protections limiting annual rent increases do not apply to housing developments built within fifteen years.

Introduced by

[Commissioner Carmen Rubio](#)

Bureau

[Housing Bureau](#)

Contact

Dory Hellyer

Coordinator IV

✉ dory.hellyer@portlandoregon.gov

📞 [503-823-4469](tel:503-823-4469)

Cassie Graves

Program Coordinator

✉ Cassie.Graves@portlandoregon.gov

Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

May 10, 2023

Time Requested

15 minutes

Portland Policy Document

7. Regulated rents at eighty percent of the area median family income are comparable to current market rents, however regulated rents at sixty percent of the area median family income are twenty-one percent below market rents.
8. PHB wants to allow up to sixteen housing developments with expiring tax exemptions previously approved under the MULTE Program with applications submitted before February 1, 2017, when IH went into effect, to receive an additional five years of tax exemption so long as the housing developments voluntarily continue restricting rents, totaling up to 279 units to households earning sixty percent or less of the area median income, for another five years (referred to as the "MULTE Extension Program").

NOW, THEREFORE, the Council directs:

- A. The MULTE Extension Program will be available to housing developments with expiring tax exemptions previously approved under the MULTE Program with applications submitted before February 1, 2017, when IH went into effect, to continue receiving a tax exemption for five years so long as the housing developments voluntarily continue restricting affordable units for another five years and the following criteria are met:
 1. During the term of the MULTE Extension Program, each development continues to restrict the same number of units reflected in the ordinances from when the developments were initially approved for the MULTE Program;
 2. The restricted units must be affordable to households earning sixty percent or less of the area median family income; and
 3. The conditions within the developments' individually approved ordinances continue to apply.
- B. Any estimated foregone revenue for tax exemptions of housing developments approved under the MULTE Extension Program will not be included in the annual \$3 million cap that is calculated on a five-year rolling basis.
- C. Housing developments will receive a tax exemption on all the residential structural improvements, including parking used by tenants, so long as program requirements are met.
- D. Applications must meet the additional MULTE program requirements adopted by PHB.
- E. This ordinance is binding City policy.

Section 2. The Council declares that an emergency exists because timely City approval of this ordinance is necessary for PHB to consider approval for the extension of the expiring tax exemption of at least one housing development

prior to July 1, 2023, as required by ORS 307.600; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed as amended by Council
May 10, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

The purpose of this legislation is for the City to offer projects currently receiving the Multiple-Unit Limited Tax Exemption (MULTE) prior to the adoption of the Inclusionary Housing (IH) program an extension of the property tax exemption for five years in exchange for maintaining restricted affordability at the projects' original area median income (AMI) levels of 60% AMI for an additional five years.

The goal is to increase tenant protections for a minimum of five years, addressing the loophole introduced by the Rent Stabilization package (SB 611), which set an annual rent cap, but exempted buildings built within 15 years. Rents increasing from restricted affordability levels at 60% of AMI to market rents may result in up to 279 households struggling to afford market rents and having to move.

The current implementation of the MULTE program links it directly as a financial incentive to projects subject to the City's Inclusionary Housing (IH) program, which requires a 99-year affordability period. Prior to the IH program, the MULTE had been available under multiple various program designs but consistently as a program requiring ten years of restricted affordability for a ten-year tax exemption.

The City and County have an agreement capping the amount of additional foregone revenue approved annually at \$15M over five years, equating to \$3M per year while allowing for ebbs and flows of approved applications each year. Reaching the cap in any given year would mean that MULTE would not be available to IH projects and could mean that IH could not be required. Extending these exemptions should not apply to the annual cap on newly approved exemptions, since the taxing jurisdictions are already foregoing this revenue.

The MULTE program is voluntary. Any projects wanting to extend their exemptions under this ordinance will have to apply to PHB and PHB will confirm that the markets rents in the building exceed the rents restricted at the 60% AMI level.

Financial and Budgetary Impacts

Property tax exemption values vary by project based on their size, construction type and neighborhood. When filtering out the two outlying projects with the lowest and highest exemption values per unit amongst the projects restricted at 60% AMI, the estimated average exemption amount for each restricted income unit annually is \$8,462. The amount of the foregone revenue per unit on a five-year basis, escalating at three percent is estimated at \$44,928 to ensure stability for each household. This amount reflects revenue that is already not being received.

PHB will amend current regulatory agreements for any projects approved for the 5-year exemption extension and continue monitoring compliance of the terms.

Community Impacts and Community Involvement

The local adoption of the MULTE program must be approved by both City Council and Multnomah County, since together they make up more than the minimum required 51% of the taxing jurisdictions affected by the foregone revenue as a result of any exemptions approved under the established criteria. Approval for the use of the MULTE under this ordinance must be approved by the Multnomah County Board of Commissioners.

Residents living in the restricted MULTE units earn no more than 60% of AMI at initial lease up. Under current income limits, that equates to no more than \$63,900 for a family of four or \$44,760 for a single person. According to PHB's State of Housing Report, the median income for renters in Portland is \$49,643. 70% of Black households, 61% of Indigenous households, and over half of other communities of color rent their homes.

100% Renewable Goal

This action does not impact the City's goal of meeting 100 percent of community-wide energy needs with renewable energy by 2050.

Budget Office Financial Impact Analysis

The purpose of this legislation is for the City to offer projects currently receiving the Multiple-Unit Limited Tax Exemption (MULTE) prior to the adoption of the Inclusionary Housing (IH) program an extension of the property tax exemption for five years in exchange for maintaining restricted affordability at the projects' original area median income (AMI) levels of 60% AMI for an additional five years.

The goal is to increase tenant protections for a minimum of five years, addressing the loophole introduced by the Rent Stabilization package (SB 611), which set an annual rent cap, but exempted buildings built within 15 years. Rents increasing from restricted affordability levels at 60% of AMI to

market rents may result in up to 279 households struggling to afford market rents and having to move.

The City and County have an agreement capping the amount of additional foregone revenue approved annually at \$15 million over five years, equating to \$3 million per year while allowing for ebbs and flows of approved applications each year. Reaching the cap in any given year would mean that MULTE would not be available to IH projects and could mean that IH could not be required. Extending these exemptions should not apply to the annual cap on newly approved exemptions, since the taxing jurisdictions are already foregoing this revenue.

Property tax exemption values vary by project based on their size, construction type and neighborhood. When filtering out the two outlying projects with the lowest and highest exemption values per unit amongst the projects restricted at 60% AMI, the estimated average exemption amount for each restricted income unit annually is \$8,462. The amount of the foregone revenue per unit on a five-year basis, escalating at three percent is estimated at \$44,928 to ensure stability for each household. This amount reflects revenue that is already not being received.

Agenda Items

371 Regular Agenda in [May 10, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/5/10)
(<https://www.portland.gov/council/agenda/2023/5/10>)

Passed As Amended

Motion to replace Directive D with the following: Applications must meet the additional MULTE program requirements adopted by PHB: Moved by Rubio and seconded by Ryan. (Y-5)

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea