

Chapter 3.103 Property Tax Exemption for Multiple-Unit Housing Development

(Chapter replaced by Ordinance 187283, effective August 5, 2015.)

3.103.010 Purpose.

A. The City of Portland, acting by and through the Portland Housing Bureau, 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 referred to as the Multiple-Unit Limited Tax Exemption ("MULTE") program.

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.~~ Support the production of units affordable to households earning 80 percent or less of the median family income ("MFI"), with an emphasis on households earning 60 percent MFI or less;
- ~~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.~~ Structure the MULTE program to support the variety of Inclusionary Housing program compliance options, with an emphasis on mixed-income buildings in high opportunity areas;
- 3.** Provide transparent and accountable stewardship of public investments.

3.103.020 Definitions.

(Amended by Ordinance 188163, effective February 1, 2017.)

As used in this Chapter:

A. "Administrative Rulesrules" 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, and are filed as Portland Policy Documents.

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. "Building" means a structure of multiple-unit housing that qualifies to receive the MULTE.

D. "Compliance period" means:

1. Rental buildings: the 99 year time period during which the regulatory agreement applies to the building receiving the MULTE. The compliance period begins at the date that the Portland Bureau of Development Services issues the final certificate of occupancy for the building.

2. For-sale buildings: The 99 year time period during which the regulatory agreement applies to each unit with income restrictions. The compliance period begins upon the initial qualified sale from the owner to a homebuyer.

E. "Inclusionary housing program" means the inclusionary housing requirements established in PCC Section 30.01.120, Chapter 33.245, and the related administrative rules.

F. "Regulatory Agreementagreement" means a low-income housing assistance contract recorded ~~agreement~~ between the owner and the Portland Housing Bureau stating the approval and compliance criteria of the MULTE program ~~a project's tax exemption.~~

GD. "Multiple-unit housing" has the meaning set forth in ORS 307.603(5).

H. "Neighborhood analysis areas" means individual and or multiple census tracts within a neighborhood, as identified in administrative rule by PHB.

IE. "Owner" means the individual or entity holding title to the ~~exempt project building~~ and is legally bound to the terms and conditions of an approved tax exemption MULTE, including but not limited to any Regulatory Agreementregulatory 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~~ A building that qualifies for an property tax exemption under this Chapter is exempt from property taxes to the extent provided under ORS 307.612, PCC Section 30.01.120, and the Inclusionary Housing program and MULTE and the Administrative Rules administrative rules.

1. Rental buildings

a. If the building is located within the Central City Plan District, as designated in Chapter 33.510, the property tax exemption applies to all residential units;

b. If the building is located outside the Central City Plan District but within an eligible Neighborhood Analysis Area, as identified in administrative rule by PHB, and when restricting the units at 60 percent MFI, the property tax exemption applies to all residential units;
or

c. If the building is located outside the Central City Plan District and outside a neighborhood analysis area, as identified in administrative rule by PHB, the tax exemption applies only to the income restricted units.

2. For-sale buildings. The property tax exemption applies only to the income restricted units, as identified in the applicable regulatory agreement.

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. As of March 1, 2024, the Foregone Revenue Cap is temporarily suspended until December 31, 2029. On January 1, 2030, the rolling Foregone Revenue Cap will be automatically reinstated at the amount approved by Council.

3.103.040 Program Requirements.

(Amended by Ordinances 188163, 189302 and 190145, effective October 23, 2020.)

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

A. Financial need for the exemption

1. Rental ~~projects building~~. The project building would not include low to moderate-income units because it would not be financially feasible without the benefit provided by the property tax exemption.
2. For-sale ~~projects building~~. The units receiving the property tax exemption ~~will~~ must be sold to buyers meeting the affordability requirements contained in this ~~Section~~ Chapter.

B. Property eligibility

1. Projects Buildings must be located within the taxing jurisdictions of the City of Portland and Multnomah County.
2. Projects Buildings must conform to City of Portland's zoning and density requirements.
3. Projects Buildings must include 20 or more units.

C. Affordability

1. For rental projects buildings, ~~for applications received on or before December 31, 2018, during the term of the exemption, a minimum of 15 percent of the number of units or bedrooms must be affordable to households earning 80 percent or less of the area median family income, or a minimum of 8 percent of the number of units or bedrooms must be affordable to households earning 60 percent or less of the area median family income. For applications received after December 31, 2021, during the term of the exemption, during the compliance period, a minimum of 20 percent of the number of units or bedrooms must be affordable to~~

households earning 80 percent or less of the area median family income, or a minimum of 10 percent of the number of units or bedrooms must be affordable to households earning 60 percent or less of the area median family income, as approved through PCC Section 30.01.120. The units meeting the affordability requirements must match the unit mix in the project building as a whole in terms of number of bedrooms.

2. For ~~projects~~ buildings containing for-sale units, only those units meeting the following criteria benefit from the property tax exemption: 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.

a. At initial sale, each unit receiving the property tax exemption must sell for no more than the maximum price established annually under Subsection 3.102.040 A.2.:

b. At initial sale and for the duration of the property tax exemption, each unit receiving the property tax exemption must sell to a homebuyer who income qualifies and occupies the unit as established under Subsection 3.102.040 B.; and

c. During the term of the property tax exemption, the unit must be continuously occupied by the homebuyer as established under Subsection 3.102.040 C.

D. Accessibility. At least 5 percent of the affordable income restricted units in the project building must be built to be Type A as defined in the Oregon Structural Specialty Code.

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 to the Portland Housing Bureau and approved prior to issuance of the ~~project's~~ building'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.

(Amended by Ordinance 188163, effective February 1, 2017.)

A. Applications will be considered based on the Inclusionary Housing Program requirements as per ~~City Code PCC~~ Section 30.01.120, the requirements in this Chapter, and any applicable administrative rules.

B. Portland Housing Bureau will review complete applications, ~~approve or deny complete applications~~, ~~take applications to City Council for approval in the form of an ordinance~~ and deliver a listing of the approved applications to Multnomah County within the timeframe set forth in ORS 307.621.

C. If construction of an approved ~~project~~ building is not completed or an application for ~~exemption~~ the MULTE program 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 Building Compliance.

(Amended by Ordinance 188163, effective February 1, 2017.)

A. The owner of a rental ~~project~~ building approved for ~~exemption~~ the MULTE program will be required to sign a ~~Regulatory Agreement~~ regulatory agreement to be recorded on the title to the property.

B. During the ~~exemption~~ compliance period, the owner or a representative shall submit annual documentation of tenant income and rents for the ~~affordable income restricted~~ units in the ~~project~~ building to the Portland Housing Bureau.

3.103.080 For-Sale Unit Compliance.

~~A. Approved applicants must execute a document to be recorded. Upon approval, Portland Housing Bureau will record a notice on title of the project building requiring Portland Housing Bureau verification of homebuyer affordability eligibility and owner-occupancy qualification prior to the sale of each for-sale unit to an initial homebuyer, as well as for any subsequent homebuyers throughout the duration of the compliance period.~~

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.

(Repealed by Ordinance 188163, effective February 1, 2017.)

3.103.100 Termination of the Exemption.

If the Portland Housing Bureau determines that the project building 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. The Director of Portland Housing Bureau, or a designee, may enter into covenants and agreements, establish and charge administrative fees, prepare forms, and adopt, amend, and repeal administrative rules which establish procedures, policies, program requirements, compliance monitoring standards, and penalties for the implementation, administration, and enforcement of a program consistent with the provisions of this Chapter. The Director of Portland Housing Bureau, or a designee, has authority to make changes to the~~

Exhibit A

administrative rules as is necessary to meet current City housing program requirements. The administrative rules will set forth clear and objective criteria to establish minimum standards for affordable units restricted under the MULTE program.