

IMPACT STATEMENT

Legislation title: Approve application under the Multiple-Unit Limited Tax Exemption Program for Jarrett Street Condominiums located at 5732 N Interstate Ave (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. Condominium units built and approved for the program must be sold to income eligible homebuyers who will live in the homes, at a price below the annual limit. During the exemption period, units must remain the primary residence of the property owner, including any new owners of a property.

PHB received this application for the MULTE Program in January 2016 which if approved will make 12 units more affordable to first-time homebuyers within the N/NE Neighborhood Housing Strategy Area and the Interstate Corridor Urban Renewal Area. 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 \$850 per unit for a total of \$11,200, \$10,200 of which will be paid to Multnomah County. Each homebuyer will pay an additional \$750 per unit at closing for a total additional revenue to the City of \$9,000 which supports 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 \$175,000 in today's dollars assuming a 4.0 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 are roughly 33 percent of that amount, or about \$58,000. The City and other jurisdictions 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 construction of affordable units which otherwise may not be available to low- to moderate income homebuyers and makes the units more affordable to these buyers by providing the ten-year exemption. MULTE applicants participate in a neighborhood contact process involving outreach to neighborhood associations about the projects. Applicants agree to work with PHB to reach-out to community organizations and pursue affirmative marketing strategies during the marketing of projects. In this case, the applicant will be working with PHB and non-profit partners to utilize PHB's down payment assistance program to reach homebuyers below 80% of median family income.

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 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.

Budgetary Impact Worksheet

Does this action change appropriations?

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