

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 07-153

Memorializing Action on the City of Portland's Requests for Tax Exemption Programs Administrated by the Portland Development Commission and the City of Portland Bureau of Planning

The Multnomah County Board of Commissioners Finds:

- a. By Board Resolution 07-129, on June 28, 2007, the Multnomah County Board of Commissioners authorized properties eligible to receive property tax abatements for the 2007-08 tax year under the single-unit housing program, the rehabilitated residential property program, the transit supportive multiple-unit housing program, the multi-unit housing program/core area (low income only), and the nonprofit corporation low income housing program to continue to receive abatements for the full period authorized by statute. The Board further resolved that abatement of Multnomah County's share for properties where applications are submitted for subsequent tax years required explicit authorization from the Board.
- b. The County's mission is directly served by the provision of low-income housing and homeownership throughout the county to assist clients of County services and the general public. It is in the best interest of the County to authorize participation in programs that directly serve that population.
- c. The single-unit housing program was authorized by the State Legislature under ORS 458.005 to .065 from 1989 to 2003, and was reauthorized in 2005 under ORS 307.651 to .687, until July 1, 2015. This program allows cities and counties to provide a property tax exemption for up to 10 years to stimulate the construction of affordable new single-unit housing in distressed areas, to promote residential infill development on vacant or underutilized lots, to encourage homeownership and to reverse declining property values. Last year, the program exempted \$64,910 in County taxes and \$268,704 in taxes for all local jurisdictions in Multnomah County for 185 homes. In addition, there are approximately 161 homes that will be exempt beginning in 2007-08 and approximately 200 applications pending for exemptions to begin in the 2008-09 tax year. (The 2008-09 tax year is for taxes assessed and collected in the year July 1, 2008 to June 30, 2009). The Portland Development Commission (PDC) only accepts applications in the single unit housing program where the sale is the initial sale of a new unit by a builder or developer to an eligible buyer. After January 1, 2008, the single unit housing program will only accept applications prior to the final approval of the building permit on the structure.

- d. The nonprofit corporation low income housing program is authorized by ORS 307.540 - .548 to enable cities and counties to provide an exemption for low-income housing owned, leased or managed by eligible nonprofit organizations, until July 1, 2014. The City of Portland adopted this program in 1985. The exemption is intended to benefit low-income renters. The program currently has 600 properties that include over 7,000 units, with either a partial or full exemption, and abates \$1,091,737 in County taxes each year and \$4,535,516 in the taxes of all local jurisdictions annually.
- e. The multi-unit housing program/ core area housing is authorized by ORS 307.600-.637 to enable cities and counties to stimulate the construction of transit supportive multiple-unit housing in the core areas of urban centers. The City of Portland adopted this program. There must be a minimum of 10 units and projects of more than 15 rental units must have 15% of units for incomes of 80% of median income or less. Where units are for sale, the price must not exceed 95% of FHA mortgage maximum and household income of the purchaser must be less than 100% of median income for a family of four. Finally, the applicant must demonstrate the exemption is required to make the project feasible. The program currently has 192 current properties and exempts \$1,020,473 in County taxes annually and \$4,192,197 in taxes for all local jurisdictions each year. Three applications were processed for 2006/07 and none for 2007/08. The City of Portland has placed a moratorium on this program except for projects which are 100 percent low income (60 percent or below M.F.I.), and is evaluating their future participation.
- f. The State Legislature amended ORS 307.600 to .637 in 1995 to enable cities and counties to provide a property tax exemption for up to 10 years to promote private investment in transit supportive multiple-unit housing in light rail stations areas and transit oriented areas and to attract new development of multiple-unit housing and commercial and retail property in areas located within a light rail station area or transit oriented area. The City adopted the transit oriented development (TOD) program in 1996 to support the development of the metro regional light rail system and other public transit facilities. Multnomah County passed a resolution agreeing to the program in 1996. There must be a minimum of 10 units and projects of more than 15 units must meet affordability requirements. In addition, when the Board approved this program in November, 1996, it specified that the program provide "additional services at housing sites addressing needs of tenants and occupants, such as child care" and "the ability to monitor and review the program's progress towards these objectives". The City of Portland program currently has 126 properties resulting in \$277,994 in County taxes abated and \$1,201,557 in taxes abated for all local jurisdictions. Two applications were processed for 2006/07 one for 2007/08.

The Multnomah County Board of Commissioners Resolves:

1. Qualifying properties eligible to receive property tax abatements under the single-unit housing program, the nonprofit corporation low income housing program, the multi-unit housing program/ core area housing (limited solely to 100% low income projects), and the multi-family transit oriented program based on applications received during the 2007 calendar year are authorized to receive the abatements for the corresponding statutory abatement period beginning in the 2008/09 tax year.
2. The nonprofit corporation low income housing program is authorized until its statutory sunset date in 2014.
3. The multi-unit housing program/ core area housing (which is currently limited solely to low income projects) is authorized until its statutory sunset date of 2012. If the City of Portland decides to remove or change its current limitations regarding income levels, additional approvals will be required by the County before County taxes can be abated.
4. The multi-family transit oriented program is authorized until its statutory sunset date of 2012.
5. The single-unit housing program is authorized until its statutory sunset date of 2015.
6. During 2008, the City of Portland and Multnomah County will discuss measures that could modify these programs to focus on benefits on low income residents of the County. The City will convene those joint sessions and invite representatives from impacted education districts. The initial focus will be on the Single Unit Housing Program. Key topics regarding the single unit program should include a discussion of maximum eligible home price, whether income should be adjusted by household size, geographic emphasis for the program, and the timing and accepting of applications. Subsequent sessions will examine the policy objectives associated with the limited tax abatement programs to determine whether existing programs need to be removed, re-engineered, or new ones created to better meet the shared objectives and core mission of the City of Portland and Multnomah County.
7. Decisions on the County's participation in the owner occupied rehabilitation program and the rental rehabilitation tax abatement programs will be made after a review by City, PDC, and County staff on program benefits, administration and implementation. A recommendation from the City is expected by November 1, 2007.

8. The City of Portland/ PDC agree to provide annual reports on the programs to the Board of County Commissioners. These reports shall occur on or before November 1 of each year beginning in 2008. Information shall include:
- (a) The outcomes for each program relative to their policy goals and objectives.
 - (b) Results of monitoring and compliance efforts to insure properties continue to qualify for abatement. Compliance reporting will include an annual compliance certification officially signed off by the Executive Director of the Portland Development Commission and the Director of the Bureau of Planning.
 - (c) How potential shifts in geographic areas serves or other policy changes impact the County's core mission of serving low income families and individuals.
9. The Board also requests that the City and PDC work collaboratively with Multnomah County in the next state legislative session to clarify the state statutes governing these programs. Specifically, the City and County should cooperate on proposals that will increase the supply of affordable housing for low income residents.
10. The Board will provide notice and an invitation to testify to all impacted jurisdictions concerning actions the Board is considering that would result in the abatement of taxes of another jurisdiction.

ADOPTED this 20th day of September 2007.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By *John S. Thomas*
John S. Thomas, Deputy County Attorney

SUBMITTED BY:

Ted Wheeler, Multnomah County Chair