



# MULTNOMAH COUNTY OREGON

OFFICE OF THE BOARD CLERK  
 SUITE 1510, PORTLAND BUILDING  
 1120 SW FIFTH AVENUE  
 PORTLAND, OREGON 97204  
 CLERK'S OFFICE • 248-3277 • 248-5222  
 FAX • (503) 248-5262

BOARD OF COUNTY COMMISSIONERS

BEVERLY STEIN	CHAIR	•248-3308
DAN SALTZMAN	DISTRICT 1	• 248-5220
GARY HANSEN	DISTRICT 2	•248-5219
TANYA COLLIER	DISTRICT 3	•248-5217
SHARRON KELLEY	DISTRICT 4	•248-5213

# AGENDA

## MEETINGS OF THE MULTNOMAH COUNTY BOARD OF COMMISSIONERS FOR THE WEEK OF

### AUGUST 12, 1996 - AUGUST 16, 1996

*Tuesday, August 13, 1996 - 9:30 AM - Land Use Planning .....Page 2*

*Tuesday, August 13, 1996 - 10:30 AM - Board Briefing .....Page 2*

*Tuesday, August 13, 1996 - 1:00 PM - Cities/County Meeting..Page 2*

*Thursday, August 15, 1996 - 9:30 AM - Regular Meeting.....Page 3*

*Thursday Meetings of the Multnomah County Board of Commissioners are \*cablecast\* live and taped and can be seen by Cable subscribers in Multnomah County at the following times:*

*Thursday, 9:30 AM, (LIVE) Channel 30*

*Friday, 10:00 PM, Channel 30*

*Sunday, 1:00 PM, Channel 30*

*\*Produced through Multnomah Community Television\**

**INDIVIDUALS WITH DISABILITIES MAY CALL THE OFFICE OF THE BOARD CLERK AT 248-3277 OR 248-5222, OR MULTNOMAH COUNTY TDD PHONE 248-5040, FOR INFORMATION ON AVAILABLE SERVICES AND ACCESSIBILITY.**

**AN EQUAL OPPORTUNITY EMPLOYER**

*Tuesday, August 13, 1996 - 9:30 AM  
Multnomah County Courthouse, Room 602  
1021 SW Fourth, Portland*

**LAND USE PLANNING MEETING**

- P-1 CU 1-96, HV 1-96, SEC 1-96 DE NOVO HEARING Regarding Appeal of Hearings Officer Decision DENYING Request for a Conditional Use Permit for a Single Family Residence Not Related to Forest Management, Lot Size and Setback Variances, and a Significant Environmental Concern Permit in the Commercial Forest Use CFU-80 and SEC-h Wildlife Habitat Zones Located at 3130 NW FOREST LANE, PORTLAND. Testimony Limited to 15 Minutes Per Side.*
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*Tuesday, August 13, 1996 - 10:30 AM  
Multnomah County Courthouse, Room 602  
1021 SW Fourth, Portland*

**BOARD BRIEFING**

- B-1 Discussion and Request for Policy Direction Regarding County Position on Proposed Property Tax Exemption Program for Transit Oriented Mixed Use and Residential Development. Presented by Rey España and Mike Saba. 1 HOUR REQUESTED.*
- 

*Tuesday, August 13, 1996 - 1:00 - 4:00 PM  
Office of the Mayor, Fifth Floor - International Conference Room  
1400 SW Fifth Avenue, Portland*

**MULTNOMAH CITIES/COUNTY JOINT MEETING**

- B-2 Elected Officials from the Cities of Portland, Fairview, Gresham, Troutdale and Wood Village, and the Multnomah County Board of Commissioners Will Meet to Discuss Topics Including Individual Critical Issues; 1996 Annual Benchmark Report; Potential Local Impacts of Ballot Measures; Emerging 1997 State Legislative Issues; Political Revisions to Resolution A Policy and Other Issues.*

Thursday, August 15, 1996 - 9:30 AM  
Multnomah County Courthouse, Room 602  
1021 SW Fourth, Portland

## **REGULAR MEETING**

### **CONSENT CALENDAR**

#### **NON-DEPARTMENTAL**

- C-1        *Renewal of Intergovernmental Agreement 700025 with the State of Oregon Services to Children and Families, Providing Child Abuse Multidisciplinary Intervention (CAMI) Funding for 1 FTE Protective Services Worker Assigned to Child Abuse Investigations*

#### **DEPARTMENT OF COMMUNITY AND FAMILY SERVICES**

- C-2        *Intergovernmental Agreement 105366 with the City of Portland, Clarifying Roles and Responsibilities for the Program Operations, Management, and Facilities Operations of the Singles Housing Assessment Center*

### **REGULAR AGENDA**

#### **PUBLIC COMMENT**

- R-1        *Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.*

#### **NON-DEPARTMENTAL**

- R-2        *Board Decision and Consideration of an ORDER Regarding the Appeal of Dianna Roberts from the Hearings Officer Decision on an Adult Care Home License. **OPTION 1** Schedule a Hearing to Accept Evidence or Argument on this Appeal; OR **OPTION 2** Decide this Appeal on the Record that has Already Been Created. MCC Section 8.90.090 (J) and Section 890-90-450 of the Administrative Rules for Licensure of Adult Care Homes Give the Board Discretion to Follow Either Course.*

#### **DEPARTMENT OF HEALTH**

- R-3        *NOTICE OF INTENT to Respond to a Program Announcement from the Centers for Disease Control and Prevention to Fund a Cooperative*

*Agreement for the Development and Evaluation of HIV Prevention Programs for HIV Positive Men*

**DEPARTMENT OF SUPPORT SERVICES**

*R-4 RESOLUTION Repealing Resolutions 90-57 and 93-338 and Directing the Proceeds from the Sale of Unrestricted County Property to the Capital Improvement Fund and the Capital Acquisition Fund*

# ANNOTATED MINUTES

Tuesday, August 13, 1996 - 9:30 AM  
Multnomah County Courthouse, Room 602  
1021 SW Fourth, Portland

## LAND USE PLANNING MEETING

*Chair Beverly Stein convened the meeting at 9:30 a.m., with Vice-Chair Dan Saltzman, Commissioners Sharron Kelley, Gary Hansen and Tanya Collier present.*

- P-1 CU 1-96, HV 1-96, SEC 1-96 DE NOVO HEARING Regarding Appeal of Hearings Officer Decision DENYING Request for a Conditional Use Permit for a Single Family Residence Not Related to Forest Management, Lot Size and Setback Variances, and a Significant Environmental Concern Permit in the Commercial Forest Use CFU-80 and SEC-h Wildlife Habitat Zones Located at 3130 NW FOREST LANE, PORTLAND. Testimony Limited to 15 Minutes Per Side.

**CHAIR STEIN EXPLAINED QUASI-JUDICIAL PROCESS. AT CHAIR STEIN'S REQUEST FOR DISCLOSURE, NO EX PARTE CONTACTS WERE REPORTED. AT CHAIR STEIN'S REQUEST FOR CHALLENGES AND/OR OBJECTIONS, NONE WERE OFFERED. PLANNER BOB HALL PRESENTED CASE HISTORY AND RESPONDED TO BOARD QUESTIONS. HEARINGS OFFICER PHIL GRILLO PRESENTED CONDITIONS, FINDINGS OF FACT AND CRITERIA USED IN DETERMINATION TO DENY APPLICATION. APPLICANT'S ATTORNEY DAVID HUNNICUTT SUBMITTED MEMORANDUM IN SUPPORT OF APPLICATION WITH LETTERS FROM RAYMOND LUTHY, FRANK WALKER, AE ASSOCIATES, AND ROBERT BOWSER AND PRESENTED TESTIMONY IN SUPPORT OF REVERSAL OF THE HEARINGS OFFICER DECISION, ADVISING DENIAL OF THE APPLICATION EFFECTS A TAKING OF APPLICANT'S PROPERTY. APPLICANT'S ATTORNEY MICHAEL ROBINSON TESTIFIED IN SUPPORT OF REVERSAL AND RESPONDED TO A**

**PROCEDURAL MATTER RAISED BY OPPONENT  
ARNOLD ROCHLIN. ARNOLD ROCHLIN  
TESTIFIED IN OPPOSITION TO APPLICANT'S  
REQUEST, IN RESPONSE TO APPLICANT'S  
TESTIMONY, AND IN SUPPORT OF HEARINGS  
OFFICER DECISION DENYING APPLICATION.  
DAVID HUNNICUTT RESPONDED TO QUESTIONS  
OF FARM USE AND OWNERSHIP. IN RESPONSE  
TO CHAIR STEIN'S REQUEST FOR CONTINUANCE  
OR OBJECTION TO HEARING, MR. ROCHLIN  
REQUESTED THAT THE RECORD BE KEPT OPEN  
FOR 7 DAYS IN ORDER TO RESPOND TO WRITTEN  
MATERIALS SUBMITTED TODAY. MR. HALL AND  
MR. ROBINSON DISCUSSION IN RESPONSE TO  
MR. ROCHLIN'S REQUEST AND BOARD  
QUESTIONS REGARDING SCHEDULING. MR.  
GRILLO RESPONSE TO BOARD QUESTIONS  
REGARDING OWNERSHIP ISSUE, FOREST USE  
AND FINDINGS ON OTHER GROUNDS. MR.  
ROBINSON RESPONSE TO BOARD QUESTIONS  
REGARDING APPLICANT'S INTENTION TO  
DEVELOP. IN RESPONSE TO CHAIR STEIN'S  
REQUEST FOR OBJECTION TO HEARING, NONE  
WERE OFFERED. HEARING CLOSED.  
FOLLOWING DISCUSSION, BOARD CONSENSUS  
TO CONTINUE THE DECISION UNTIL THE  
THURSDAY, SEPTEMBER 10, 1996 BOARD  
MEETING.**

*The planning meeting was adjourned at 10:25 a.m. and the briefing was  
convened at 10:30 a.m.*

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Tuesday, August 13, 1996 - 10:30 AM  
Multnomah County Courthouse, Room 602  
1021 SW Fourth, Portland

## **BOARD BRIEFING**

- B-1 Discussion and Request for Policy Direction Regarding County Position on Proposed Property Tax Exemption Program for Transit Oriented Mixed Use and Residential Development. Presented by Rey España and Mike Saba.

**REY ESPAÑA, MIKE SABA, HENRY MARCUS,  
BARRY CROOK, KRISTIN HERMAN, DAN STEFFEY  
AND TASHA HARMON PRESENTATIONS AND  
RESPONSE TO BOARD QUESTIONS AND  
DISCUSSION.**

*Commissioner Hansen was excused at 11:45 a.m.*

**CHAIR STEIN DIRECTED COUNTY STAFF REY  
ESPAÑA AND BARRY CROOK TO WORK  
TOGETHER AND FOLLOW UP WITH ANOTHER  
BOARD BRIEFING.**

*There being no further business, the meeting was adjourned at 11:55 a.m.*

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Tuesday, August 13, 1996 - 1:00 - 4:00 PM  
Office of the Mayor, Fifth Floor - International Conference Room  
1400 SW Fifth Avenue, Portland

## **MULTNOMAH CITIES/COUNTY JOINT MEETING**

*Gussie McRobert convened the meeting at 1:00 p.m., with Beverly Stein, Dan Saltzman, Sharron Kelley, Tanya Collier, Don Robertson, Roger VonderHarr, Vera Katz, Gretchen Kafoury, Charlie Hales, Kay Durtschi, Mike Lindberg, Barbara Clark, Charles Rosenthal, Pamela Wev, Jeff Rogers, Marge Kafoury and Tim Grewe present, and Gary Hansen arriving at 1:45 p.m.*

B-2- Elected Officials from the Cities of Portland, Fairview, Gresham, Troutdale and Wood Village, and the Multnomah County Board of Commissioners Will Meet to Discuss Topics Including Individual Critical Issues; 1996 Annual Benchmark Report; Potential Local Impacts of Ballot Measures; Emerging 1997 State Legislative Issues; Political Revisions to Resolution A Policy and Other Issues.

**ELECTED OFFICIALS GUSSIE MCROBERT, ROGER  
VONDERHARR, BEVERLY STEIN, TANYA COLLIER,  
DAN SALTZMAN, SHARRON KELLEY, VERA KATZ,  
GRETCHEN KAFOURY, CHARLIE HALES, MIKE  
LINDBERG, DON ROBERTSON, GARY HANSEN  
AND BARBARA CLARK AND INVITED GUESTS KAY  
DURTSCHI, PAMELA WEV, JEFF ROGERS, MARGE  
KAFOURY, CHARLES ROSENTHAL, NINA REGOR**

**AND TIM GREWE PRESENTATIONS AND DISCUSSION. MAYORS TO SIGN JOINT LETTER GENERATED BY MAYOR KATZ BY OCTOBER 1, 1996 TO PORTLAND CHAMBER OF COMMERCE ASKING THEM TO COORDINATE A JOINT CHAMBERS OF COMMERCE INDEPENDENT ANALYSIS OF THE FINANCIAL IMPACTS OF CERTAIN BALLOT MEASURES. BUDGET STAFF TO ASSIST WITH APPLICABLE DATA. JURISDICTIONS TO PROVIDE LIST OF BALLOT MEASURES TO MAYOR KATZ BEFORE FRIDAY. EACH JURISDICTION TO HAVE THREE TOPIC IDEAS WITH RELATED BENCHMARKS TO FEED INTO THE CITIES/COUNTIES COORDINATING COMMITTEE (C-4); TOPICS INCLUDE INFORMATION TECHNOLOGY, CONSOLIDATION, RESOLUTION A, HOMELESS, TEEN PREGNANCIES HOUSING, WORK FORCE, SENIORS AND ANNEXATION. SCHEDULERS TO SCHEDULE A FOLLOW UP JOINT MEETING IN OCTOBER.**

*There being no further business, the meeting was adjourned at 3:40 p.m.*

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Thursday, August 15, 1996 - 9:30 AM  
Multnomah County Courthouse, Room 602  
1021 SW Fourth, Portland

## **REGULAR MEETING**

*Chair Beverly Stein convened the meeting at 9:35 a.m., with Vice-Chair Dan Saltzman and Commissioner Tanya Collier present, and Commissioners Sharron Kelley and Gary Hansen excused.*

### **CONSENT CALENDAR**

**UPON MOTION OF COMMISSIONER SALTZMAN, SECONDED BY COMMISSIONER COLLIER, THE CONSENT CALENDAR (ITEMS C-1 THROUGH C-2) WAS UNANIMOUSLY APPROVED.**

### **NON-DEPARTMENTAL**

- C-1 Renewal of Intergovernmental Agreement 700025 with the State of Oregon Services to Children and Families, Providing Child Abuse Multidisciplinary Intervention (CAMI) Funding for 1 FTE Protective Services Worker Assigned to Child Abuse Investigations

**DEPARTMENT OF COMMUNITY AND FAMILY SERVICES**

- C-2 Intergovernmental Agreement 105366 with the City of Portland, Clarifying Roles and Responsibilities for the Program Operations, Management, and Facilities Operations of the Singles Housing Assessment Center

**REGULAR AGENDA**

**PUBLIC COMMENT**

- R-1 Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.

***CHRISTINE HILLMER, JEFF MCMAHON AND SHERRY DAHLEN COMMENTED IN OPPOSITION TO PROPOSED NORTH PORTLAND HEALTH CENTER LOCATION. COMMISSIONER COLLIER COMMENTS IN RESPONSE. DIANNA ROBERTS COMMENTS REGARDING SEARCH WARRANT OF HER ADULT CARE HOME ON FRIDAY, AND SUBMITTAL OF CERTAIN DOCUMENTS REGARDING HER CASE, WHICH WERE NOT ACCEPTED BY THE HEARINGS OFFICER.***

**NON-DEPARTMENTAL**

- R-2 Board Decision and Consideration of an ORDER Regarding the Appeal of Dianna Roberts from the Hearings Officer Decision on an Adult Care Home License. **OPTION 1** Schedule a Hearing to Accept Evidence or Argument on this Appeal; **OR OPTION 2** Decide this Appeal on the Record that has Already Been Created. MCC Section 8.90.090 (J) and Section 890-90-450 of the Administrative Rules for Licensure of Adult Care Homes Give the Board Discretion to Follow Either Course.

***ACTING BOARD COUNSEL PETE KASTING EXPLANATION OF PROCESS AND BOARD OPTIONS. ATTORNEY JIM HILLAS TESTIMONY IN***

**SUPPORT OF DIANNA ROBERTS' REQUEST FOR CONTINUANCE AND RESPONSE TO BOARD QUESTIONS. COUNTY COUNSEL KATIE GAETJENS TESTIMONY IN OPPOSITION TO REQUEST FOR CONTINUANCE. DIANNA ROBERTS AND LINDA SHELTON TESTIMONY IN SUPPORT OF CONTINUANCE. MS. GAETJENS OBJECTION. MR. KASTING EXPLANATION OF BOARD OPTIONS ON THIS CASE. UPON MOTION OF COMMISSIONER COLLIER, SECONDED BY COMMISSIONER SALTZMAN, IT WAS UNANIMOUSLY APPROVED TO DECIDE THE CASE ON THE RECORD. UPON MOTION OF COMMISSIONER COLLIER, SECONDED BY COMMISSIONER SALTZMAN, THE HEARINGS OFFICER DECISION WAS UNANIMOUSLY AFFIRMED AND AT THE REQUEST OF MR. KASTING, ORDER 96-137 WAS UNANIMOUSLY APPROVED.**

**DEPARTMENT OF HEALTH**

R-3 NOTICE OF INTENT to Respond to a Program Announcement from the Centers for Disease Control and Prevention to Fund a Cooperative Agreement for the Development and Evaluation of HIV Prevention Programs for HIV Positive Men

**COMMISSIONER COLLIER MOVED AND COMMISSIONER SALTZMAN SECONDED, APPROVAL OF R-3. JOHN DOUGHERTY EXPLANATION. NOTICE OF INTENT UNANIMOUSLY APPROVED.**

**DEPARTMENT OF SUPPORT SERVICES**

R-4 RESOLUTION Repealing Resolutions 90-57 and 93-338 and Directing the Proceeds from the Sale of Unrestricted County Property to the Capital Improvement Fund and the Capital Acquisition Fund

**COMMISSIONER SALTZMAN MOVED AND COMMISSIONER COLLIER SECONDED, APPROVAL OF R-4. BARRY CROOK AND DAVE BOYER**

**EXPLANATION AND RESPONSE TO BOARD QUESTIONS. JERE RETZER AND JOHN ALLAND TESTIMONY IN SUPPORT OF ASH CREEK AMENDMENT. JUDITH FROM THE CITY OF PORTLAND TESTIMONY IN SUPPORT OF AMENDMENTS AND RESPONSE TO BOARD QUESTIONS REGARDING TIER 1 GREENSPACE AND THE CITY'S EFFORTS TO OBTAIN FEDERAL GRANT FUNDING. KAY DURTSCHI TESTIMONY IN SUPPORT OF AMENDMENT. COMMISSIONER SALTZMAN MOVED, SECONDED BY COMMISSIONER COLLIER, TO AMEND THE SECOND FURTHER RESOLVED ON PAGE 2 BY ADDING THE FOLLOWING LANGUAGE: "A ONE-TIME ONLY \$20,000 DISBURSEMENT BE MADE TO JOIN AND COMPLETE THE EFFORTS MADE BY METRO AND THE CITY OF PORTLAND PARKS DEPARTMENT TO PURCHASE THE TAYLOR WOODS PROPERTY WHICH INCLUDES THE HEADWATERS OF ASH CREEK, A TRIBUTARY OF FANNO CREEK IN PORTLAND'S CRESTWOOD NEIGHBORHOOD AND AN IMPORTANT PARCEL RECOGNIZED IN THE FANNO CREEK GREENWAY AND TRYON CREEK LINKAGE REFINEMENT PLANS;" MOTION UNANIMOUSLY APPROVED. COMMISSIONER COLLIER MOVED, SECONDED BY COMMISSIONER SALTZMAN, TO ADDITIONALLY AMEND THE SECOND FURTHER RESOLVED ON PAGE 2 BY ADDING THE FOLLOWING LANGUAGE: "AND A ONE-TIME ONLY \$100,000 DISBURSEMENT BE MADE TOWARDS ACQUISITION OF OPEN SPACE PROPERTIES DESIGNATED BY METRO AS TIER 1-B, EAST BUTTES AND INCLUDING ROCKY, KELLY, POWELL, AND MT. SCOTT/CLATSOP BUTTES IN PARTNERSHIP WITH METRO AND THE CITY OF PORTLAND TO PRESERVE THESE IMPORTANT PROPERTIES AND ENHANCE THE LIVABILITY OF MULTNOMAH COUNTY IN THE FUTURE." AMENDMENT UNANIMOUSLY APPROVED. RESOLUTION 96-138 UNANIMOUSLY APPROVED, AS AMENDED. MR. CROOK ADVISED A BUDGET MODIFICATION WILL BE SUBMITTED**

**FOR BOARD APPROVAL IN THE NEAR FUTURE.  
COMMISSIONER SALTZMAN COMMENTS IN  
SUPPORT.**

*There being no further business, the meeting was adjourned at 10:24 a.m.*

OFFICE OF THE BOARD CLERK  
FOR MULTNOMAH COUNTY, OREGON

*Deborah L. Bogstad*

Deborah L. Bogstad

MEETING DATE: AUG 13 1996

AGENDA #: B-1

ESTIMATED START TIME: 10:30

(Above Space for Board Clerk's Use ONLY)

AGENDA PLACEMENT FORM

SUBJECT: Development of County Position on Property Tax Exemption Program for Transit Oriented Mixed Use and Residential Development

BOARD BRIEFING: DATE REQUESTED: August 13, 1996 10:30 Time Certain  
REQUESTED BY: Commissioner Sharron Kelley  
AMOUNT OF TIME NEEDED: 60 Minutes

REGULAR MEETING: DATE REQUESTED: \_\_\_\_\_  
AMOUNT OF TIME NEEDED: \_\_\_\_\_

DEPARTMENT: Nondepartmental DIVISION: Commissioner Sharron Kelley

CONTACT: Rey Espana TELEPHONE #: 248-3999  
BLDG/ROOM #: 166/500

PERSON(S) MAKING PRESENTATION: Rey Espana, Mike Saba

ACTION REQUESTED

INFORMATIONAL ONLY  POLICY DIRECTION  APPROVAL  OTHER

SUGGESTED AGENDA TITLE:

Development of County Position on Property Tax Exemption Program for Transit Oriented Mixed Use and Residential Development

SIGNATURES REQUIRED:

ELECTED OFFICIAL: Sharron Kelley  
OR  
DEPARTMENT MANAGER: \_\_\_\_\_

ALL ACCOMPANYING DOCUMENTS MUST HAVE REQUIRED SIGNATURES

Any Questions: Call the Office of the Board Clerk 248-3277 or 248-5222

96 AUG - 8 AM 8:37  
MULTNOMAH COUNTY  
OREGON  
BOARD OF  
COUNTY COMMISSIONERS

TO: Board of County Commissioners  
FROM: Commissioner Sharron Kelley  
RE: Development of County Position on Property Tax Exemption Program for  
Transit Oriented Mixed Use and Residential Development  
DATE: August 8, 1996  
AGENDA DATE: August 13, 1996

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I. Recommendation/Action Requested

Provide direction for county position on property tax exemption program for Transit Oriented Mixed Use and Residential Development.

II. Background/Analysis

See the attached memo from Mike Saba, City of Portland Planning Bureau dated July 11, 1996 and Portland Development Commission memo and resolution dated July 17, 1996.

County staff have not been fully included in the planning process for this program, and therefore are unable to comment substantively at this time as to the effect such a policy would have on the County's mandates associated with affordable housing or on the potential to develop this policy to promote other mandates.

The Board may wish to go on record with reservations about any taxing entity assuming County agreement with its policy until such time as County staff have considered and reported on the effects of such a policy change, and have recommended a policy that assures the County's goals have been advanced, or at least held harmless. A clear statement to other taxing entities as to the elements necessary for County agreement to City policy is particularly important since the authorizing statute provides that when taxing jurisdictions that constitute 51% of the tax authority for land agree, then the tax abatement applies to all taxing authorities. Since the City of Portland and the Multnomah County taxing authority will exceed this threshold in every instance, Multnomah County agreement to this policy will have an impact on other taxing districts.

III. Financial Impact

The Budget Office should be requested to prepare one.

IV. Legal Issues

State law provides that any city or county can grant a transit tax abatement within its jurisdiction by adopting policies which meet the requirements of the statute. It also provides that if taxing authorities which constitute 51% of the total taxing authority for the conjoint jurisdictions agree on the abatement, it will abate the tax of all authorities within the area.

V. Controversial Issues

- Are the public benefits criteria in Section 3.103.040 adequate? Is it sufficient to only meet one of the listed items? Should the criteria be expanded to encourage special needs housing (developmentally disabled, mentally ill, CFSD and DCC clients)? Should the County require CFSD approval of project public benefits as a condition for County agreement to abatement of county taxes?
- Alternatively, should the County develop its own policy and agree to any other jurisdiction which adopts policies which comport with that policy?
- Does the County support the proposed transit tax abatement policy that requires the provision of 20% of the multi-family rental units of projects granted this abatement to be affordable to families at 60% or at 80% of the median income family level, which for

1996 is \$44,400? PDC by resolution is opposed to the inclusion of any affordable unit set-aside, on the rationale that it is a disincentive to meeting its Livable Cities Housing Initiative goal of 50,000 new housing units. The PDC resolution justifies the elimination of an affordable housing component based on an assumption that "an affordability requirement *may* act as a barrier to the development of higher density housing." (emphasis added). An informed discussion of the appropriate affordable housing criteria and analysis of the impact of the affordable housing proposals on the table, including the effects of such policy on:

- ⇒ The County's commitments to support children and families through affordable housing, and
- ⇒ Linkages of such housing to the transit system,

need to be further developed prior to an acquiescence to such a major change in policy.

If the County accepts the City's proposed policy that includes a small, or no, affordable housing component, the County's own policy commitments to affordable housing will be weakened, and this may carry over into other policy decisions by the precedent set here.

CFSD staff advise that this community is facing serious and increasing problems with housing affordability occurring due to rapidly increasing housing costs. The rapidity of increase in housing costs is making it increasingly difficult for many residents to find stable, affordable housing. The locational issue is important not only to the housing density issues the region faces, but is also critical to the commitments made to support the region's workforce initiatives. Affordable housing availability is projected to grow even more severe due to the expiration of most HUD Section 8 contracts over the next five years. Although the abatement is originally targeted in three areas, the City's estimate is that up to 90% of the City could potentially qualify under one of the three categories for abatement under this statute. While the City has no responsibility to assure affordable housing per se, the joint programs between City and the County to date have always included such a component. The elimination of this requirement is thus a major policy change which has not been reviewed for its countervailing effects. Nor has there been an opportunity to explore the County's options, which might include adopting a consistent County-wide policy, rather than agreeing piecemeal to the policies developed by individual cities. Gresham, for instance is also considering amending its ordinance under this statute.

#### VI. Link to Current County Policies

The Board needs to decide whether the County tax abatement should be linked only to City goals or whether there should be mandated links to County goals. If the Board decides to require an assurance that County goals are at least being held harmless, as opposed to granting blanket approval to the City's policy, then a further decision as to the best way to achieve these goals is required.

#### VII. Citizen Participation

The City is starting to notify affected neighborhood associations.

#### VIII. Other Government Participation

Tri-Met; City Planning; City Bureau of Housing and Community Development; Portland Development Commission.



CITY OF  
**PORTLAND, OREGON**  
BUREAU OF PLANNING

Charlie Hales, Commissioner  
David C. Knowles, Director  
1120 S.W. 5th, Room 1002  
Portland, Oregon 97204-1966  
Telephone: (503) 823-7700  
FAX (503) 823-7800

July 11, 1996

MEMORANDUM

TO: Multnomah County Board of Commissioners' Staff Assistants

FROM: Mike Saba, Planning Bureau, 823-7838  
Transit Oriented Development (TOD) Work Group

SUBJECT: Briefing and Update on the Issues Surrounding a Proposed Property Tax Exemption Program for Transit Oriented Mixed Use and Residential Development

**Purpose of Briefing**

An inter-agency staff work group has produced a draft of a proposed program to grant limited property tax exemption for transit oriented development. Work group members would like to brief County Commissioners' Assistants so that they are aware of this initiative, which will be one of the incentives for achieving the City's housing goals, and understand which issues may be of most interest to our various "publics" including developers, housing advocates, neighborhood residents, etc.

Assuming that the City Council adopts this program, we will be appearing before the Board of County Commissioners for their endorsement later this Summer. According to state law, in order for the exemption for a particular project to apply to the entire amount of eligible tax liability, the program must receive the endorsement of jurisdictions representing more than 51 percent of the consolidated tax rate.

*The importance of this program lies in its utility in helping achieve the City's adopted growth policies including: compliance with the Regional Urban Growth Goals and Objectives (RUGGOs), the 2040 Growth Concept, the Urban Growth Management Functional Plan, and associated population allocations for Portland; consistency with the City's own Livable City Housing Initiative and Future Focus Benchmarks; containment of the regional Urban Growth Boundary; and demonstrated compliance with the Transportation Planning Rule.*

The state enabling legislation provides considerable administrative leeway in implementing this program. Further, the City has considerable experience administering housing tax exemption programs and recognizes that the program

adopted by Portland may serve as a model for other regional jurisdictions considering the adoption of this property tax incentive.

### **Background**

In 1995 the Oregon Legislature amended ORS 307.600-.690 to allow cities and counties to adopt programs granting a limited ten year property tax exemption to encourage the development of multi-family residential and mixed use projects near major public transit facilities. For several months, a staff work group representing the Portland Development Commission, Planning Bureau, Housing and Community Development, Office of Transportation, Finance and Administration, with assistance from Tri-Met, has met to develop a program to carry out the purposes of this legislation.

Key questions the work group considered in developing this draft have included:

- In what areas of the City should this program be applied?
- How do we ensure that the project contains transit supportive design features?
- What cost effective public benefits should be required from projects receiving the exemption?
- To what extent should low or moderate income housing be required in projects?

The Public Discussion Draft represents a staff consensus on each of these issues with the exception of the affordable housing question. In Section 3.103.040 B of the Draft (Exhibit C), two alternatives are offered for discussion: a dedication of 20 percent of the rental units would be required for households at either 60 percent or 80 percent or less of the area median income. Either of these requirements would apply only to projects not subject to any other affordable housing requirement.

Because the legislation also allows the exemption for ownership units for the first time, we have proposed that the exemption apply only to those for-sale units that are affordable to households earning 100 percent of the median income.

The following discussion examines each issue and offers the work group proposal for your consideration. Attached are a Public Discussion Draft of a proposed new Chapter 3.103 (Exhibit C) as well as a one page summary of the City's current tax exemption programs (Exhibit A).

attch.

# **A Proposed Program for Property Tax Exemption for Transit Oriented Mixed Use and Residential Development**

## Issues for Public Discussion

The 1995 Oregon Legislature passed a bill allowing cities and counties to grant limited ten year property tax exemptions for transit oriented residential and mixed use development.

### **1. What are the overriding goals of the program?**

- To encourage higher density residential and mixed use develop on vacant or underutilized sites near transit service.
- The program shall result in housing with "rental rates or sale prices accessible to a broad range of the general public."

Attempting to adhere to the stated goals of the enabling statute has guided the discussion of the work group and calls out the following issues for discussion.

### **2. Should this be a new program or should the Central City Exemption program be amended to incorporate the new transit oriented elements?**

The City currently administers three different programs providing limited property tax exemption for five types of housing activities. See the attached summary of current programs (Exhibit A). The state enabling statute amends the existing core area multiple unit program (ORS 307.600-.690, Exhibit B). The work group spent some time discussing whether this program should amend the existing Central City program (Chapter 3.104 of the City Code) or whether it should be viewed as a separate program.

**Work Group Proposal:** Adopt a new Chapter of Title 3 to carry out the new program.

- This approach recognizes the distinct housing markets that exist within the Central City from those along the Eastside MAX and Outer SE neighborhoods.
- A new program provides an opportunity to try a more streamlined review process with administrative review and a more focused point of public input at the Council level.

### **3. Where in the City should the exemption be applied?**

The statute's definition of Light Rail Station Area and Transit Oriented Area would cover over 90 percent of the City. The work group, for fiscal and administrative reasons, proposes that the program be applied in focused areas of the City with the opportunity for periodic consideration of other eligible areas as transportation plans and major public transit investments are carried out in the future.

**Work Group Proposal:** apply the new program initially at existing Eastside light rail stations outside the Central City and in zones that allow multi-family housing at transit

oriented areas within the Gateway Plan District and the Lents Town Center as designated by the Outer Southeast Community Plan.

- The program should be implemented on a trial basis around light rail stations which have been operational for over ten years but where desired development has not yet occurred.
- These areas have received transit supportive zoning guided by regional and city growth policies through the Community Plan process.

**4. What type of review process should be adopted?**

Projects reviewed through the current Central City exemption program wend their way through three review bodies: PDC, the Planning Commission, and City Council. While ostensibly providing a high level of public review, the reality is that a project's financial package and physical design typically have been determined by the time it is brought before the Planning Commission so that the time spent in preparing a report and recommendation to the Commission is perfunctory. Staff proposes that feedback can be more effectively provided by interested parties and agencies who can request notification of a case and comment during the administrative review and before City Council if and when disagreements arise.

**Work Group Proposal:** Adopt an administrative review process by PDC with the opportunity for notice to interested parties and a requirement that written feedback be incorporated into the report and recommendation that goes to City Council. The City Council would be the only hearings body. The extent of Council review (from a consent calendar item to a full hearing) could be adjusted according to the level of project controversy.

**5. What package of public benefits should be required or encouraged?**

Both the statute and the local Code require design features and amenities in return for the tax exemption. In the Central City program this is performed on a case-by-case basis using a list of suggested elements that should be reasonably incorporated into the project as benefits to the project residents and the public in general. The work group proposes dividing the public benefit requirement into three sections which speak to general design features, affordable housing, and transit oriented features in keeping with the policies goals of the program.

**Work Group Proposal:** Use list in current program as suggested ways of meeting the general public benefit test but add separate sections specific to housing affordability and transit supportive design.

**6. How do we achieve the affordability component?**

A prominent goal of the enabling statute speaks to providing housing at rental rates and purchase prices accessible to a broad range of the general public. The work group considered several approaches and affordability formulas before agreeing on one approach and proposing two formulas for public consideration.

**Work Group Proposal:** Establish a required setaside of affordable units for low or moderate income households for projects *not receiving another form of direct low/moderate income housing assistance*. Two different formulas are proposed:

- Twenty percent of project units be affordable at 60 percent of median income , or
- Twenty percent of project units be affordable at 80 percent of median income.

In addition, if the project includes for-sale units, such as condominiums, only those units affordable to a household of four earning up to 100 percent of the median income would receive the exemption. For 1996-97, the area median income is \$44,400. An affordable purchase price would equal 2 and one half times this income (\$111,000).

**6. How are transit oriented design features and amenities incorporated?**

The key purpose of this program is to encourage higher density residential housing with supportive commercial services on vacant and underutilized sites near transit facilities. The work group determined that this requires a minimum density and physical accessibility to the transit service.

**Work Group Proposal:**

- Exclude from eligibility single family residential zones.
- Require that residential projects contain a minimum density of 30 units per net acre.
- Require a demonstration that transit is readily accessible from the project by pedestrians.

**7. What are the next steps in obtaining public review and Council adoption?**

- Obtain feedback from commissions, public, other agencies.
- Draft report to accompany proposed ordinance demonstrating need for program and expected impacts.
- Pass ordinance adopting program and direct staff to get 51 percent approval of taxing jurisdictions.
- Obtain program endorsement by Multnomah County Board of Commissioners.

**Attached Exhibits:**

Exhibit A: Summary of Current Property Tax Exemption Programs

Exhibit B: State Enabling Statute

Exhibit C: Proposed Public Discussion Draft of New Program

	<b>New Multi-Family (Chapter 3.104)</b>	<b>Non-Profit (3.101)</b>	<b>Renter Rehab (3.102)</b>	<b>Owner-occupied Rehab (3.102)</b>	<b>New Single Family Construction (3.102)</b>
<b>Program Goal</b>	Promote new rental housing in the Central City area	Promote housing for very low-income renters	Promote rehabilitation of rental housing	Promote rehabilitation of housing in "distressed areas"	Promote new housing in "distressed areas"
<b>Household Incomes</b>	All income levels	Exclusively low income	Mostly low and moderate income	Mostly low and moderate income	Mostly moderate income
<b>Eligibility</b>	For-profit or non-profit housing developer of 10 or more rental units	Certified by IRS as 501(c)(3) or (4)	If improvement >50% value, building can be any age. For buildings older than 32 years, improvement must be >10% of value	If improvement >50% value, building can be any age. For buildings older than 32 years, improvement must be >10% of value	Anyone who meets geographic and housing price restrictions may apply
<b>Restrictions</b>	Owner must provide one or more public benefits listed in code. May include rent limits	Resident income must be at or below 60% of median area income	Rent must yield an annual return on investment in improvements of no more than 10%	"Distressed areas" only	Price limit of 120 percent of the median sales price of single-family homes in city "Distressed areas" only
<b>Geographic limitations</b>	Central City Plan District boundary or any urban renewal or redevelopment area	Applicable within City of Portland	Applicable within City of Portland	City neighborhoods designated as "distressed areas"	City neighborhoods designated as "distressed areas"
<b>Administration</b>	PDC and Planning Bureau (PDC, Planning Com. and City Council approval required)	Planning Bureau (staff only)	Bureau of Buildings (staff only)	Planning Bureau and Bureau of Buildings (staff only)	Planning Bureau and Bureau of Buildings (staff only)
<b>Length of Abatement</b>	Ten years	One year with annual renewals	Ten years	Ten years	Ten years
<b>What is taxed?</b>	Land but not improvements	Ineligible (e.g., commercial) land/improvements	Property value before rehabilitation	Property value before rehabilitation	Land but not improvements
<b>Application Fee</b>	\$2,000	\$250 new, \$50 renewals	\$300 plus \$5 for every unit over two and appraisal fees	\$300 plus appraisal fees	\$300 plus appraisal fees
<b>Value of Exempted Property for Tax Year 1995</b>	\$73,022,100	\$58,721,110	\$25,473,400 (Estimated total. Assessed values of individual properties tracked since 1991)	Included in estimated total for Renter Rehab program	\$19,933,700

**Exhibit A  
Current Property Tax Exemption Programs**

CHAPTER 596

AN ACT

HB 3133

Relating to property tax exemptions for multiple-unit rental housing; creating new provisions; and amending ORS 307.600, 307.605, 307.610, 307.620, 307.630, 307.640, 307.650, 307.660, 307.670, 307.680 and 307.690.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 307.600 is amended to read:

307.600. (1) The legislature finds that it is in the public interest to stimulate the construction of [rental] transit supportive multiple-unit housing in the core areas of Oregon's urban centers to improve the balance between the residential and commercial nature of those areas, and [thus,] to [insure] ensure full-time use of [these] the areas as places where citizens of the community have an [option] opportunity to live as well as work.

(2) The legislature also finds that it is in the public interest to promote private investment in transit supportive multiple-unit housing in light rail station areas and transit oriented areas in order to maximize Oregon's transit investment to the fullest extent possible and that the cities and counties of this state should be enabled to establish and design programs 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.

(3) The legislature further finds that the cities and counties of this state should be enabled to establish and design programs to attract new development of [rental] multiple-unit housing in light rail station areas, in transit oriented areas or in [their] city core areas by means [based on the incentive] of [a] the local property tax exemption [which is] authorized under ORS 307.600 to 307.690. The [Such] programs shall emphasize the following:

(a) The development of vacant or underutilized sites in [the] light rail station areas, transit oriented areas or core areas, rather than sites where sound or rehabilitable multiple-unit [rental] housing exists. [ and]

(b) The development of multiple-unit housing, with or without parking, in structures that may include ground level commercial space.

(c) The development of multiple-unit housing, with or without parking, on sites with existing single-story commercial structures.

(d) The development of multiple-unit housing, with or without parking, on existing surface parking lots.

(4) The programs shall result in the construction, addition or conversion of units at rental rates or sale prices accessible to a broad range of the general public.

SECTION 2. ORS 307.605 is amended to read: 307.605. As used in ORS 307.600 to 307.690:

(1) "Lender" means any person who makes a loan, secured by a recorded mortgage or trust deed, to finance the acquisition, construction, addition or conversion of multiple-unit housing.

(2) "Light rail station area" means an area defined in regional or local transportation plans to be within a one-half mile radius of an existing or planned light rail station.

(3) "Multiple-unit housing" means newly constructed structures, stories or other additions to existing structures and structures converted in whole or in part from other use to dwelling units that meet the following criteria:

(a) The structure must have [having as] a minimum [a] number of [rental] dwelling units as specified by the city or county pursuant to ORS 307.610 (4).

(b) The structure must [and] not be designed or used as transient accommodations, including but not limited to [and not including] hotels and motels, [but including such].

(c) The structure must have those design elements benefiting the general public as specified by the city or county pursuant to ORS 307.650. [Included in the definition are newly constructed structures and structures converted in whole or in part from other use to multiple family use.]

(d) If in a light rail station area or transit oriented area, the structure must:

(A) Be physically or functionally related to a light rail line or mass transportation system; and

(B) Enhance the effectiveness of a light rail line or mass transportation system.

(4) "Transit oriented area" means an area defined in regional or local transportation plans to be within one-quarter mile of a fixed route transit service.

SECTION 3. ORS 307.610 is amended to read:

307.610. (1) ORS 307.600 to 307.690 apply to multiple-unit [rental] housing constructed, added to or converted [after July 1, 1975, and completed on or before July 1, 1998,] in cities or counties [which] that adopt or amend, after a public hearing and determination pursuant to subsection (3) of this section, by resolution or ordinance, the provisions of ORS 307.600 to 307.690. The tax exemption provided by ORS 307.600 to 307.690 only applies to the tax levy of a city or county [which] that adopts the

provisions of ORS 307.600 to 307.690, except that the tax exemption shall apply to the ad valorem tax levy of all taxing districts when upon request of the city or county [which] that has adopted the provisions of ORS 307.600 to 307.690, the rates of ad valorem taxation of taxing districts whose governing boards agree by resolution to the policy of providing tax exemptions for multiple-unit [rental] housing as provided in ORS 307.600 to 307.690, when combined with the rate of taxation of the city or county [which] that adopts the provisions of ORS 307.600 to 307.690, equal 51 percent or more of the total combined rate of taxation levied on the property which is tax exempt under ORS 307.600 to 307.690.

(2) The city or county shall designate an area [in proximity to the central business district,] within which it proposes to allow exemptions provided for under the provisions of ORS 307.600 to 307.690. Core areas, light rail station areas or transit oriented areas may be designated by a city. A county may designate areas as light rail station areas or transit oriented areas but may not designate areas as core areas. A city or county from time to time may, by amending its resolution or ordinance, add or withdraw territory from the area originally designated as a light rail station area or a transit oriented area, but any area added must be within the boundaries of the area as limited by ORS 307.605 (2) or (4).

(3) The city or county shall, prior to passage of a resolution, [or] ordinance or amendment electing to utilize the provisions of ORS 307.600 to 307.690, hold a public hearing in order to determine whether multiple-unit housing meeting the qualifications of subsection (4) of this section would not otherwise be built in the designated area without the benefits provided by ORS 307.600 to 307.690.

(4) Prior to accepting project applications under ORS 307.600 to 307.690, cities or counties shall promulgate standards and guidelines to be utilized in considering applications and making the determinations required by ORS 307.650. The standards and guidelines shall establish policy governing basic requirements for an application, including but not limited to:

(a) Existing utilization of proposed project site, including justification of the elimination of any existing sound or rehabilitable housing.

(b) Design elements.

(c) Rental rates or sales prices.

(d) Extensions of public benefits from the project beyond the period of the exemption.

(e) Minimum number of units.

**SECTION 4.** ORS 307.620 is amended to read:

307.620. In [cities] any city, or in any county with a population of over 300,000, the exemption shall apply only to multiple-unit housing constructed, added to or converted on land within an area designated under ORS 307.610 (2) or within a designated urban renewal or redevelopment area formed pursuant to ORS chapter 457.

**SECTION 5.** ORS 307.630 is amended to read:

307.630. (1) Except as provided under subsection (2) of this section, multiple-unit housing [which] that qualifies for exemption under ORS 307.600 to 307.690[,] shall be exempt from ad valorem taxation for no more than 10 successive years. The first tax year of exemption shall be the tax year beginning July 1 [of the tax year] immediately following the calendar year in which construction, addition or conversion is completed, determined by that stage in the construction process when, pursuant to ORS 307.330, the improvement would have gone on the tax rolls in the absence of the exemption provided for in ORS 307.600 to 307.690. However:

(a) The exemption shall not include the land or any improvements not a part of the multiple-unit housing, but may include parking constructed as part of the multiple-unit housing construction, addition or conversion.

(b) In the case of a structure to which stories or other improvements are added or a structure that is converted in whole or in part from other use to dwelling units [multiple family use], only the increase in value attributable to the addition or conversion shall be exempt from taxation.

(2) If the multiple-unit housing is subject to a low income rental assistance contract with an agency of this state or of the United States, the city or county may extend the exemption provided by ORS 307.600 to 307.690 through June 30 of the tax year during which the termination date of the contract falls.

(3)(a) The exemption provided by ORS 307.600 to 307.690 shall be in addition to any other exemption provided by law. However, nothing in ORS 307.600 to 307.690 shall be construed to exempt any property beyond 100 percent of its real market value.

(b) If property is located within a core area and within a light rail station area or a transit oriented area, or both, and application for exemption under more than one program is made, only the exemption for which application is first made and approved shall be granted. If property is granted exemption under ORS 307.600 to 307.690 pursuant to an ordinance or resolution adopted by a city, the property shall not be granted exemption pursuant to an ordinance or resolution adopted by a county. If property is granted exemption under ORS 307.600 to 307.690 pursuant to an ordinance or resolution adopted by a county, the property shall not be granted exemption pursuant to an ordinance or resolution adopted by a city. Property shall be granted exemption under ORS 307.600 to 307.690 only once.

**SECTION 6.** ORS 307.640 is amended to read:

307.640. An owner desiring an exemption under ORS 307.600 to 307.690 shall first apply to the city or county, whichever is appropriate, on forms supplied by the city or county. The application shall

describe the property for which an exemption is requested, set forth the grounds supporting the requested exemption and be verified by oath or affirmation of the applicant. Application shall be made on or before September 1 immediately preceding the first tax year for which exemption is requested, and shall be accompanied by the application fee required by ORS 307.660. The city or county may permit the applicant to revise an application prior to final action by the city or county.

**SECTION 7.** ORS 307.650 is amended to read:  
307.650. The city or county may approve the application if it finds that:

(1) The owner has agreed to include in the construction, addition or conversion as a part of the multiple-unit housing one or more design elements benefiting the general public as specified by the city or the county, including but not limited to open spaces, parks and recreational facilities, common meeting rooms, [and] day care facilities, transit amenities and transit or pedestrian design elements.

(2) The proposed construction, addition or conversion project is or will be, at the time of completion, in conformance with all local plans and planning regulations, including special or district-wide plans developed and adopted pursuant to ORS chapters 195, 196, 197, 215 and 227, [which] that are applicable at the time the application is approved.

(3) The owner has complied with all standards and guidelines adopted by cities or counties pursuant to ORS 307.610 (4).

**SECTION 8.** ORS 307.660 is amended to read:  
307.660. (1) The city or county shall approve or deny an application filed under ORS 307.650 within 180 days after receipt of the application. An application not acted upon within 180 days shall be deemed approved.

(2) Final action upon an application by the city or county shall be in the form of an ordinance or resolution that shall contain the owner's name and address, a description of the subject multiple-unit housing, either the legal description of the property or the assessor's property account number, and the specific conditions upon which the approval of the application is based. On or before April 1 following approval, the city or county shall file with the county assessor and send to the owner at the last-known address of the owner a copy of the ordinance or resolution approving or disapproving the application. In addition, the city or county shall file with the county assessor on or before April 1 a document listing the same information otherwise required to be in an ordinance or resolution under this subsection, as to each application deemed approved under subsection (1) of this section.

(3) If the application is denied, the city or county shall state in writing the reasons for denial and send notice of denial to the applicant at the last-known address of the applicant within 10 days after the denial.

(4) The city or county, after consultation with the county assessor, shall establish an application fee in an amount sufficient to cover the cost to be incurred by the city or county and the assessor in administering ORS 307.600 to 307.690. The application fee shall be paid to the city or county at the time the application for exemption is filed. If the application is approved, the city or county shall pay the application fee to the county assessor for deposit in the county general fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. If the application is denied, the city or county shall retain that portion of the application fee attributable to its own administrative costs and shall refund the balance to the applicant.

**SECTION 9.** ORS 307.670 is amended to read:  
307.670. (1) Except as provided in ORS 307.675, if [ after an application has been approved under ORS 307.600 to 307.690,] the city or county finds that construction of multiple-unit housing was not completed on or before the date specified in section 13 of this 1995 Act [July 1, 1998], or that any provision of ORS 307.600 to 307.690 is not being complied with, or any provision required by the city or county pursuant to ORS 307.600 to 307.690 is not being complied with, the city or county shall give notice to the owner, mailed to the owner's last-known address, and to any known lender, mailed to the lender's last-known address, of the proposed termination of the exemption. The notice shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(2) If the owner fails to appear and show cause why the exemption should not be terminated, the city or county shall further notify every known lender and shall allow the lender a period of not less than 30 days, beginning with the date that the notice of failure to appear and show cause is mailed to the lender, to cure any noncompliance or to provide assurance that is adequate, as determined by the governing body, to assure the governing body that the noncompliance will be remedied.

[(2)] (3) If the owner fails to appear and show cause why the exemption should not be terminated, and a lender fails to cure or give adequate assurance that any noncompliance will be cured, the city or county shall adopt an ordinance or resolution stating its findings terminating the exemption. A copy of the ordinance or resolution shall be filed with the county assessor and a copy sent to the owner at the owner's last-known address, and to any lender at the lender's last-known address, within 10 days after its adoption.

**SECTION 10.** ORS 307.680 is amended to read:  
307.680. (1) Review of a denial of an application under ORS 307.660, or of the termination of an ex-

emption under ORS 307.670, shall be as provided by ORS 34.010 to 34.100.

(2) If no review of the termination of an exemption as provided in subsection (1) of this section is affected, or upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.207 to 311.213, to provide for the assessment and taxation of any property for which exemption was terminated by the city or county, or by a court, in accordance with the finding of the city, county or the court as to the tax year in which the exemption is first to be terminated. The county assessor shall make such valuation of the property as shall be necessary to permit such correction of the rolls. The owner may appeal any such valuation in the same manner as provided for appeals under ORS 311.207 to 311.213. Where there has been a failure to comply with ORS 307.670, the property shall become taxable beginning July 1 of the tax year following the tax year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th of the month next following the month of correction. If not paid within such period, the additional taxes shall be delinquent on the date they would normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made.

SECTION 11. ORS 307.690 is amended to read:

307.690. Notwithstanding any provision of ORS 307.670, if the city or county finds that construction, addition or conversion of the multiple-unit housing was not completed by the date specified in section 13 of this 1995 Act [July 1, 1998,] due to circumstances beyond the control of the owner, and that the owner had been acting and could reasonably be expected to act in good faith and with due diligence, the city or county may extend the deadline for completion of construction for a period not to exceed 12 consecutive months.

SECTION 12. Section 13 of this Act is added to and made a part of ORS 307.600 to 307.690.

SECTION 13. An exemption for multiple-unit housing shall not be granted under ORS 307.600 to 307.690 unless the construction, addition or conversion is completed on or before July 1, 2006.

SECTION 14. (1) Except as provided in section 13 of this Act, the amendments to ORS 307.600, 307.605, 307.610, 307.620, 307.630, 307.640, 307.650, 307.660, 307.670, 307.680 and 307.690 by sections 1 to 11 of this Act first apply to exemptions for those structures that are completed in the calendar year 1996 or any calendar year thereafter and first apply to tax years beginning on or after July 1, 1997.

(2) Any exemption granted under ORS 307.600 to 307.690 for a structure completed in the calendar year 1995 or a calendar year prior to 1995 shall not be affected by the amendments to ORS 307.600, 307.605, 307.610, 307.620, 307.630, 307.640, 307.650, 307.660, 307.670, 307.680 and 307.690 by sections 1 to 11 of this Act. ORS 307.600 to 307.690 (1993 Edition) shall continue to apply to the structure and exemption as if this Act were not in effect.

Approved by the Governor July 17, 1995  
Filed in the office of Secretary of State July 18, 1995  
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6-6-96 Public Discussion Draft  
Chapter 3.103

PROPERTY TAX EXEMPTION FOR NEW TRANSIT SUPPORTIVE RESIDENTIAL  
OR MIXED USE DEVELOPMENT

**Sections:**

- 3.103.005 Purpose
- 3.103.010 Definitions
- 3.103.020 Eligible Projects and Sites.
- 3.103.025 Pre-application Procedure.
- 3.103.030 Application Procedure.
- 3.103.040 Public Benefits
- 3.103.045 Approval Criteria
- 3.103.050 Review of Application
- 3.103.060 Exemption
- 3.103.070 Termination
- 3.103.080 Extension of Deadline.
- 3.103.090 Implementation.

**3.103.005 Purpose.**

The purpose of this property tax exemption is to encourage the development of high density housing and mixed use projects affordable to a broad range of the general public on vacant or underutilized sites within walking distance of light rail or fixed route transit service, to enhance the effectiveness of the light rail or fixed route transit system, and to provide a safe and pleasant pedestrian environment for the public.

**3.103.010 Definitions.** As used in this Chapter:

- A. "Full funding agreement" means an agreement executed by the Federal Transit Administration or other U.S. governmental agency which contains the terms and conditions applicable to the approval of a light rail project and the grant of federal funds for that project which includes construction of planned stations and other light rail facilities.
- B. "Light rail station area" means an area defined, for the purposes of this Chapter, to be within a one-quarter mile radius of an existing or planned light rail station. A planned light rail station shall be defined as one that has achieved a full funding agreement.
- C. "Multiple-unit housing" means newly constructed structures, stories, or other additions to existing structures and structures converted in whole or in part from other uses to dwelling units that meet the following criteria:
  - 1. The structures must have (10) or more dwelling units.

2. The structures must not be designed or used as transient accommodation, including but not limited to hotels and motels.
  3. The structures must contain design elements benefiting the general public as specified in Section 3.103.040
  4. The structures must:
    - a. Be physically or functionally related to a light rail line or mass transportation system;
    - b. Enhance the effectiveness of a light rail line or mass transportation system as demonstrated by compliance with the provisions of Section 3.103.040 D; and
    - c. Contain housing units with rental rates or purchase prices which are accessible to a broad income range of the general public as demonstrated by compliance with the provisions of Section 3.103.040 B or C.
- D. "Transit oriented area" means an area defined in a local transportation, community, neighborhood or other local or regional plan to be within one-quarter mile of a fixed route transit service including bus lines.

### 3.103.020 Eligible Projects and Sites.

- A. The property tax exemption permitted by this Chapter is intended to benefit projects that emphasize:
1. The development of vacant or underutilized sites rather than sites where sound or rehabilitable multiple-unit housing exists;
  2. The development of multiple-unit housing, with or without parking, in structures that may include groundlevel commercial space;
  3. The development of multiple-unit housing, with or without parking, on sites with existing single-story commercial structures;
  4. The development of multiple-unit housing, with or without parking, on existing surface parking lots; and
  5. The development of units at rental rates or purchase prices which are accessible to a broad income range of the general public.

- B. Eligible projects shall be constructed or converted after the date of adoption of this program, and completed on or before July 1, 2006.
- C. For the purposes of this Chapter, eligible sites shall include the following:
1. Light rail station areas within a one-quarter mile radius of an existing light rail station or a light rail station under construction on or before January 1, 1999 located outside the boundaries of the Central City Plan District as shown on Map 510-1 of Chapter 33.510 of the Portland Zoning Code. The distance from an eligible light rail station shall be measured from the edge of the station platform. If a portion of the project site falls within the one quarter mile distance, the entire site shall qualify as a property eligible to apply for this exemption; and
  2. Transit oriented areas within the Gateway Plan District as delineated on Map 526-1 of Chapter 526 of Title 33, Planning and Zoning, and shown at the end of this Chapter; and
  3. Transit oriented areas within the Lents Town Center as delineated on Map 11 of the adopted Outer Southeast Community Plan and shown at the end of this Chapter.
- D. In addition to the eligible areas noted above, the following criteria apply to individual projects:
1. Projects located on sites zoned R5, R7, R10, R20, or RF Single Dwelling Zones, as defined by Title 33, Planning and Zoning, are not eligible for the property tax exemption permitted by this Chapter.
  2. Multiple unit projects, which do not include ground floor commercial space, must contain at least 30 housing units per net acre of site area to be eligible for the property tax exemption permitted by this Chapter.
  3. Mixed use projects containing ground floor commercial space must incorporate at least two times the amount of residential floor area to non-residential floor area and contain at least 20 housing units per net acre of site area.
  4. For the purposes of this Chapter, a rowhouse or townhouse development containing for sale or rental units is eligible so long as all other eligibility criteria of this Chapter are met.
- E. All eligible projects shall demonstrate that property tax exemption is necessary to achieve economic feasibility for the residential use taking into account the additional costs incurred by the design features, public benefits, or minimum densities required in return for the incentives allowed by this Chapter.

- F. The City shall periodically review the areas eligible for the exemption granted to transit supportive development in response to transportation planning and policy initiatives which indicate the need to encourage desired development in other light rail station areas or transit oriented areas as defined in this Chapter. The basis for considering the inclusion of new light rail station areas shall be the establishment of a full funding agreement.

**3.103.025 Pre-application Procedure.**

- A. A pre-application meeting will be required with the Portland Development Commission staff prior to submitting a complete application. On forms provided by staff, the prospective applicant shall include the following:
  - 1. A schematic drawing, showing the site plan, including major features and dimensions of the proposed development;
  - 2. A statement describing the location of the proposed development; the number, size, and type of individual dwelling units; a preliminary pro forma showing expected rents or purchase prices of the dwelling units; the dimensions of the multiple unit structure(s); the approximate amount of floor area dedicated to the types of uses envisioned; public and private access; parking and circulation plans; a description of the public benefits proposed; and any additional information that would demonstrate the eligibility of the project for the property tax exemption including its physical and functional connection to the nearest transit service.
- B. Prior to the meeting, the staff shall review the information supplied and contact, for purposes of facilitating the application process, those bureaus, bodies, or other governmental agencies which may be affected by, or have an interest, in the proposed development.
- C. The applicant shall meet with staff and discuss the proposed development. Thereafter, the Development Commission staff shall provide the applicant with a summary of the meeting, including recommendations designed to assist the applicant in the preparation of the exemption application. Staff guidance shall be provided indicating the minimum requirements for meeting the provisions of Section 3.103.040 of this Chapter.

**3.103.030 Application Procedure.**

- A. A person seeking an exemption under the terms of this Chapter shall apply to the Portland Development Commission not later than September 1 of the calendar year immediately prior to the first assessment year for which the exemption is requested.

The application for the exemption shall be on forms prescribed by the Commission staff and include the following information:

1. The applicant's name, address, and telephone number;
  2. A legal description of the property and property account number;
  3. A detailed description of the project including the number, size, and type of dwelling units; dimensions of the multiple-unit structure(s), parcel size, proposed lot coverage of building, and amount of open space; type of construction; expected rents or purchase prices of the dwelling units; public and private access; parking and circulation plan; number of residential and commercial off-street parking spaces; the source of water and proposed method of sewage disposal; other utilities requirement; landscaping; proposed amount of floor area dedicated to residential and nonresidential uses; a description of the public benefit(s) prescribed in 3.103.040 included in the project; and economic feasibility studies or market analysis, when appropriate. In addition, the application shall contain a detailed construction and operating cost analysis to demonstrate the applicant's economic need for the tax exemption. Evidence of cost comparisons may be required when appropriate;
  4. A description of the existing use of the property, including if appropriate a justification for the elimination of existing sound and habitable housing;
  5. A site plan and supporting maps, drawn to a minimum scale of one inch equal to 16 feet, showing the development plan of the entire project including streets, driveways, sidewalks, pedestrian ways, off street parking, loading areas, location, design, and dimension of structures, use of land and structure(s), major landscaping features, existing and proposed utility systems, including sanitary and storm sewers, water, electric, gas and telephone lines; and
  6. Such other information required by state or local law or otherwise which is reasonably necessary to effectuate the purposes of this Chapter including a demonstration of the project's physical and functional connection to the nearest transit service.
- B. Concurrent with the submission of the application, an application fee as established by the Portland Development Commission shall be required.

**3.103.040 Public Benefits and Transit Oriented Design Features.**

- A. In order to qualify for the exemption provided for by this Chapter, an applicant must agree to include in the project public benefits which may consist of, but are not limited to, one or more of the following:

1. Recreation facilities or space;
2. Open spaces;
3. Public meeting rooms;
4. Day care facilities;
5. Facilities supportive of the arts;
6. Facilities for the handicapped;
7. Ground floor service or commercial use which is permitted and serves project residents, neighboring residents, and transit riders.
8. Dedication for public use; or
9. Other public benefits approved by the City Council.

B. In addition to the provisions of Section 3.103.040 A., all rental projects applying for the exemption under the terms of this Chapter, and having no other public subsidy requiring the inclusion of low or moderate income housing units, must include within the project and for the term of the exemption at least 20 percent of the units for rent at rates which are affordable to households earning [60 or 80] percent or less of the area median income. For projects applying for the exemption that have another form of affordable housing public subsidy, the requirement for low and moderate income housing under the terms of this Chapter shall be considered as met by the requirements of that subsidy. Examples of public subsidy include programs providing direct project or tenant-based assistance with specific low or moderate income requirements such as low interest bond financing, direct grants, tax credits, Section 8 and other federal, state, or local assistance.

1. For the units affordable to households earning [60 or 80] percent or less of the area median income under the terms of this Chapter, the units must be rented to households whose incomes do not exceed [60 or 80] percent of the area median income upon initial occupancy of the unit by that household. Subsequent monitoring of the incomes of these households is not required until the affordable unit again becomes available for rent, at which time it must be rented to an income qualified household earning [60 or 80] percent of the area median income for the term of the property tax exemption.
2. Measurement of household income shall be determined using the U.S. Department of Housing and Urban Development's, or its successor agency's, annual household income for the Portland Metropolitan Area for a family of one person (for a studio apartment), two persons (for a one bedroom apartment), three persons (for a two bedroom apartment), or four persons (for a three bedroom apartment). Affordability shall be defined as a rental rate which does not exceed 30 percent of the monthly gross income for a family earning [60 or 80] percent or less of the area median income.

C. In addition to the provisions of Section 3.103.040 A., all projects containing housing units available for individual purchase shall receive the property tax exemption only

for those for-sale units which are affordable to households earning 100 percent or less of the area median income. Affordability shall be defined as a purchase price which does not exceed two and one half times the annual gross income for a family of four earning 100 percent or less of the area median income. [This would be a purchase price of \$111,000 for a family of four in 1996-97.]

1. In order to qualify for this exemption, such units must be owner-occupied during the term of the exemption. Should any unit become available for sale during the term of the exemption, it must be sold to a household earning no more than 100 percent of the area median income as established by the U.S. Department of Housing and Urban Development, or its successor agency, during the year of sale in order to retain its property tax exempt status.
- D. In addition to the provisions of Sections 3.103.040 A., B., and C., eligible projects shall include transit oriented design features and demonstrate that the project is physically or functionally related to transit. Compliance with this standard may require off site pedestrian and transit supportive improvements funded by the project applicants such as a sidewalk or other pedestrian amenities. Adjustment to any of these standards which are permitted by Title 33, Planning and Zoning, must be reviewed in accordance with the prescribed adjustment review criteria and procedures of Title 33 and not in conjunction with the review of the tax exemption request.
- E. Staff from the Portland Development Commission shall confer, at a minimum, with the staffs of the Planning Bureau and the Office of Transportation for advice and confirmation regarding compliance with the relevant public benefits, plan policies, and transit oriented design features applicable to the project. Other bureaus or agencies indicating interest shall also be invited to comment. Written comments received from staff shall be entered into the record of the adopting report and recommendation presented before the City Council.
- F. The City Council shall specify the public benefits and transit oriented design features which are to be included in the proposed project. If the applicant fails to agree to include the public benefits as specified by the Council, the application shall be denied.

**3.103.045 Approval Criteria.** An application may be recommended for approval if the Development Commission staff finds that:

- A. The project contains one or more of the public benefits described in Section 3.103.040 A.; the affordable housing units as described in Sections 3.103.040 B. or 3.103.040 C., as appropriate; and the transit oriented design features described in Section 3.103.040 D.

- B. The project containing these public benefits, affordable units, and transit oriented design features would not otherwise be financially feasible without the benefit provided by the property tax exemption.
- C. The construction project will at the time of completion, conform with the applicable provisions of Titles 24, 32, 33, 34, and the Comprehensive Plan; and
- D. The applicant has complied with 3.103.010, 3.103.020, 3.103.030, and 3.103.040.

**3.103.050 Review of Application.**

- A. Within 80 days of receipt of a complete application, the staff of the Portland Development Commission shall recommend to the Portland City Council that the application be denied or approved subject to conditions.
- B. If the recommendation is for approval, the report and recommendation shall contain a resolution stating the terms and conditions of approval which shall be made available to the applicant, the City Council, and any interested agencies or individuals at least 14 days prior to consideration of the recommendation at a hearing conducted before the City Council.
- C. The City Council shall review the application and deny or approve it subject to conditions. Final action upon the application shall be in the form of a resolution that shall include; the owner's name and address; a description of the multiple-unit housing; the legal description of the property and the Assessor's property account number; and all conditions imposed and upon which approval of the application is based. An application not acted upon within 180 days from the date of application shall be deemed approved.
- D. If the application is denied, a notice of denial shall be sent to the applicant within 10 days following the denial. The notice shall state the reasons for denial.
- E. If the application is approved, the Portland Development Commission staff shall file with the Assessor a copy of the resolution approving the application.

**3.103.060 Exemption.**

- A. Except as provided for under subsection B., multiple-unit housing for which an exemption has been approved under the terms of this Chapter shall be exempt from ad valorem taxation for up to 10 successive years beginning January 1 of the year immediately following the calendar year in which construction is completed, determined by that stage in the construction process when, pursuant to ORS 307.330, the improvement would have gone on the tax rolls in the absence of the exemption. The exemption shall not include the land upon which the project is located, nor any

improvement not part of the multiple-unit housing except for those improvements deemed a public benefit as specified in 3.103.040. The exemption provided in this section shall be in addition to any other exemption provided by law.

- B. In the case of a structure converted in whole or in part from other uses to multiple family, only the increase in value attributed to the conversion shall be eligible for the exemption.
- C. In either case, the value of the exemption shall not exceed 100 percent of its real market value.

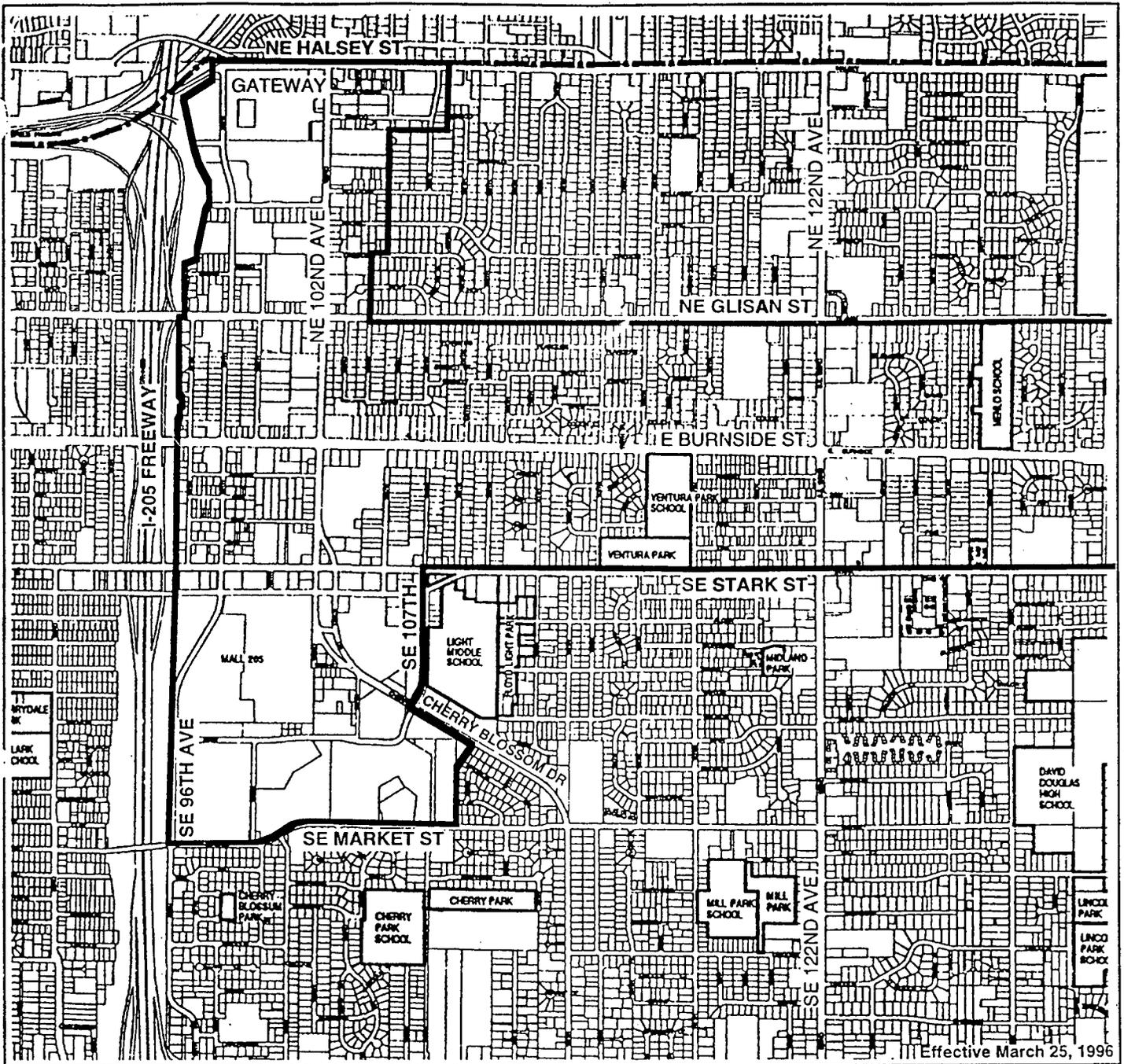
**3.103.070 Termination.** If, after an application has been approved under this Chapter, the City finds that the work was not completed on or before July 1, 2006; that any provision of this Chapter has not been complied with; or that any agreement by the owner or requirement imposed is not being satisfied, the Portland Development Commission staff shall send a notice of proposed termination of the exemption to the owner's last known address.

- A. The notice shall state the reasons for the proposed termination, and shall require the owner to appear before the City Council at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.
- B. If the owner fails to show cause why the exemption should not be terminated, the City Council shall adopt a resolution terminating the exemption. A copy of the resolution shall be filed with the County Assessor and a copy sent to the owner at his last known address within 10 days after its adoption.
- C. If the owner does not seek review of the termination of an exemption pursuant to ORS 34.010 to 34.100, upon final adjudication, the county officials having possession of the assessment and tax rolls shall correct the rolls in the manner provided for omitted property under ORS 311.207 to 311.213, to provide for the assessment and taxation of any property for which exemption was terminated by the City or by a court, in accordance with the finding of the City or the court as to the assessment year in which the exemption is first to be terminated. the County Assessor shall make such valuation of the property as shall be necessary to permit such correction of the rolls. The owner may appeal any such valuation in the same manner as provided for appeals under ORS 311.207 to 311.213. Where there has been a failure to comply with ORS 307.670, the property shall become taxable beginning January 1 of the calendar year in which the noncompliance first occurred. Any additional taxes becoming due shall be payable without interest if paid in the period prior to the 16th of the month next following the month of correction. If not paid within such period, the additional taxes shall be delinquent on the date they would

normally have become delinquent if timely extended on the roll or rolls in the year or years for which the correction was made.

**3.103.080 Extension of Deadline.** Notwithstanding the provision of 3.104.070, if the City finds that construction of the multiple-unit housing was not completed by July 1, 2006, due to circumstances beyond the control of the owner, and that the owner has been acting and could reasonable be expected to act in good faith and with due diligence, the City may extend the deadline for completion of construction for a period not to exceed 12 consecutive months.

**3.103.090 Implementation.** The Portland Development Commission shall establish procedures and prepare forms for implementation, administration, and monitoring for compliance with the provisions of this Chapter.



Effective March 25, 1996



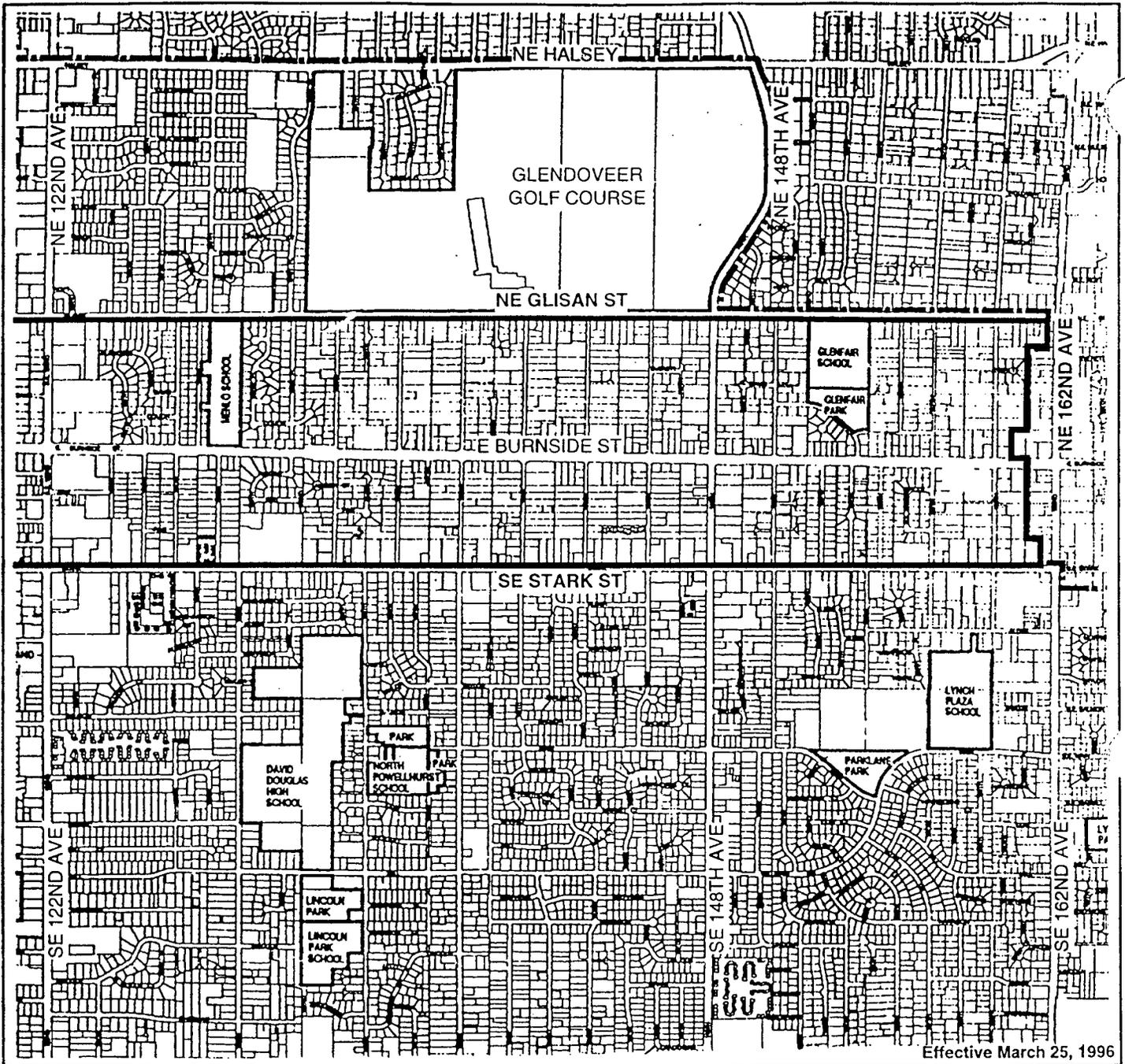
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Scale in Feet

Plan District Boundary

Map 526-1  
**Gateway Plan District**  
 Map 1 of 2



Effective March 25, 1996



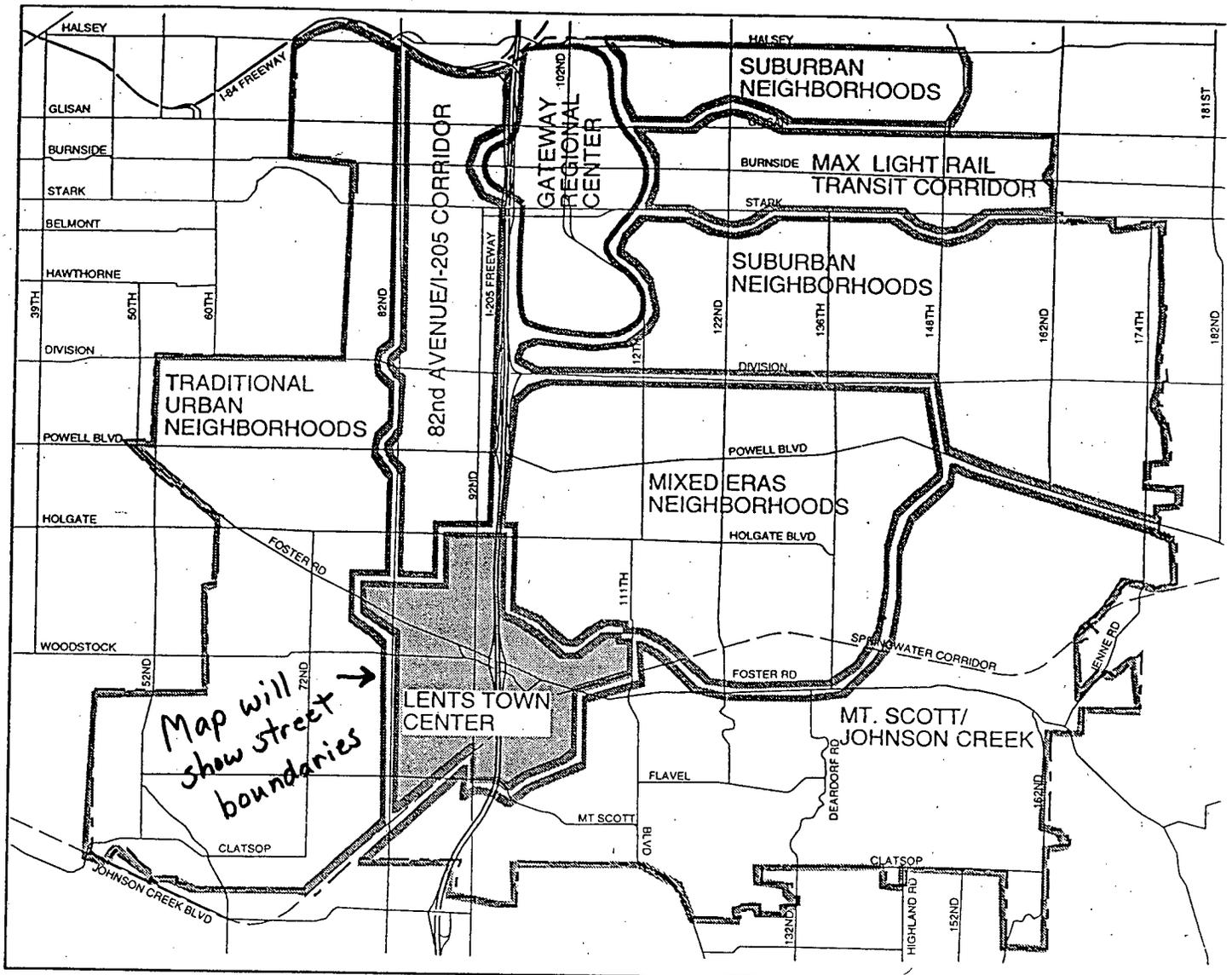
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Scale in Feet

Plan District Boundary

Map 526-1  
**Gateway Plan District**  
 Map 2 of 2



Outer Southeast Community Plan March, 1996

**ADOPTED**  
**OUTER**  
**SOUTHEAST**  
**COMMUNITY**  
**PLAN**

**MAP 11**

## Lents Town Center Subarea

### Legend

- Outer Southeast Community Plan Boundary
- Subarea Boundaries
- Lents Town Center Subarea

**PORTLAND DEVELOPMENT COMMISSION**  
Portland, Oregon

**RESOLUTION NO.**

**RECOMMENDS THE COMMISSION ENDORSE THE DRAFT TRANSIT ORIENTED DEVELOPMENT (TOD) TAX ABATEMENT ORDINANCE SUBJECT TO THE OMISSION OF AN AFFORDABILITY SET ASIDE AND THE REQUIREMENT THAT PROJECT APPLICANTS MAY HAVE TO FUND OFF SITE PEDESTRIAN AND TRANSIT SUPPORTIVE IMPROVEMENTS AND TO THE MINOR REVISION OF THE PRE-APPLICATION AND APPLICATION PROCEDURES.**

**WHEREAS**, in 1995 the Oregon Legislature passed a bill allowing cities and counties to grant limited ten year property tax exemptions for transit oriented residential and mixed use development; and

**WHEREAS**, an interagency work group prepared a draft ordinance to implement the tax exemption program for transit supportive development; and

**WHEREAS**, this program will help achieve the Livable City Housing Initiative and serve as an important tool to implement transit supportive development in the Commission's transit station areas; and

**WHEREAS**, the Commission has reviewed the draft Property Tax Exemption for New Transit Supportive Residential or Mixed Use Development Ordinance and Application Procedure and recommends substantive changes to two sections and minor revisions of two other sections; and

**WHEREAS**, the program proposes an administrative review process by PDC staff with City Council as the only public review and approval body; now, therefore be it

**RESOLVED**, that the Commission endorses the ordinance subject to the deletion of the affordability set aside and the requirement that project applicants may be required to fund off site

DNS/MDH

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FAX: 503-823-7800

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July 17, 1996  
Page 2

pedestrian and transit supportive improvements and minor revisions to the pre-application and application procedure; and be it

**FURTHER RESOLVED**, that this Resolution shall become effective immediately upon its adoption.

**ADOPTED** by the Commission July 17, 1996.

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Carl B. Talton, Chairman

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E. Kay Stepp, Acting Secretary

DNS/MDH

04/23 '96 13:41

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FAX: 503-823-7800

PAGE 1

## PORTLAND DEVELOPMENT COMMISSION

RECEIVED  
PLANNING BUREAU

1996 JUL 12 P 12:24

DATE: July 17, 1996  
TO: The Commissioners  
FROM: Janet S. Burrison  
REPORT NO. 96-62

SUBJECT: Support for the Draft Property Tax Exemption for New Transit Supportive Residential or Mixed Use Development Ordinance Subject to Deletion of the Affordability Set Aside and the Requirement that Project Applicants May Be Required to Fund Off Site Pedestrian and Transit Supportive Improvements and Minor Revision of the Pre-application and Application Procedures.

In 1995 the Oregon Legislature passed a bill allowing cities and counties to grant limited ten-year property tax exemptions for transit oriented residential and mixed use development. An interagency work group with staff from the Bureau of Planning, Bureau of Housing and Community Development, Office of Finance and Administration, Office of Transportation, Tri-Met and PDC prepared a draft ordinance to implement the tax exemption program for transit supportive development. This program will help achieve the Livable City Housing Initiative, Future Focus Benchmarks, Regional Urban Growth Goals and Objectives and the 2040 Growth Concept. In addition, the program will be an important tool to implement transit supportive development in the Commission's transit station areas.

The draft program is modeled on the existing limited property tax abatement program for new construction of rental housing in the Central City and urban renewal areas (Chapter 3.104 of the City Code) but includes several important changes. The purpose of this report is to (1) highlight the key ways the proposed program differs from the existing multi-family property tax abatement program; and (2) discuss sections of the ordinance that staff recommends be revised prior to adoption of the ordinance. A copy of the draft TOD tax abatement ordinance is attached.

### KEY DIFFERENCES OF THE TOD TAX ABATEMENT PROGRAM

#### Areas Eligible for the TOD Tax Abatement

The TOD tax exemption program will apply in (1) light rail station areas within one-quarter mile of existing East side and Westside light rail stations outside the Central City Plan District; and (2) transit oriented areas within the Gateway Plan District and Lents Town Center Area.

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Page 2

### **Types of Eligible Projects**

In addition to new, multi-family construction, conversion and addition of units are eligible for tax abatement. A density minimum of 30 units per net acre for multi-family projects and 20 units per net acre for mixed-use projects is required for all types of projects. For-sale units meeting the density and location requirements are eligible for the abatement under the proposed program. Only those units affordable to household of four earning up to 100 percent or less of the 1996-97 median income of \$44,400 would be eligible for the abatement. Assuming an affordable purchase price equals two and a half times household income, the purchase price would be capped at \$111,000.

### **Public Benefits**

The proposed TOD tax abatement program contains a similar "laundry list" of public benefits as the multi-family new construction tax abatement program and allows flexibility on the part of the applicant to provide one or more of these benefits. In addition, the new program requires two public benefits: (1) an affordability set aside; and (2) transit oriented design features.

### **Affordability Set Aside**

In Section 3.103.040 B, two alternatives for the percentage of units required to maintained as affordable housing for the period of the abatement are proposed:

1. Twenty percent of the units be affordable at or below 60 percent of median income; or
2. Twenty percent of the units be affordable at 80 percent or below of median income.

### **Transit Oriented Design Features**

All projects must have transit oriented design features and be physically and functionally connected to transit. Compliance with this standard may require off site pedestrian and transit supportive improvements funded by the project applicants such as a sidewalk.

### **Streamlined Review Process**

Projects reviewed through the Central City exemption program undergo review by PDC's Board, the Planning Commission and the City Council. In contrast, the TOD tax abatement program proposes an administrative review process by PDC staff with City Council as the only public review and approval body. There are minor revisions to information required of project applicants at the time of the pre-application conference and in the application submittal (Sections 3.103.025 and 3.103.030), however, they will not be discussed in this report

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July 17, 1996

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## STAFF RECOMMENDATIONS FOR CHANGES TO ORDINANCE

### (1) Affordability Set Aside

The reality is that higher density residential and mixed-use developments are not being built along transit corridors on the Eastside. The primary focus of the ordinance should be to provide an incentive to build higher density housing. Unless funds are available from the Housing Investment Fund or other City sources to provide gap financing, an affordability requirement may act as a barrier to the development of higher density housing and to the Commission meeting the Livable City Housing Initiative to construct 50,000 new housing units in the City. Staff recommends that Section 3.103.040 B, Section 3.103.040 B 1 and Section 3.103.040 B 2 be deleted in their entirety.

### (2) Transit Oriented Design Features

The requirement that off-site pedestrian and transit supportive improvements be funded by the project applicants is problematic and fosters increased uncertainty and risk. Under Section 3.103.040 D, developers may be required to construct sidewalks from their project up to 1/4 mile away to the station. Notwithstanding that these improvements are typically done through local improvement districts, projects would be forced to pay the costs of the improvements. As costs increase, projects become less feasible. Staff recommends that the second sentence of Section 3.1.3.040 D be deleted in its entirety.

### RECOMMENDATION:

**Recommend the Commission Endorse the Draft Property Tax Exemption for New Transit Supportive Residential or Mixed Use Development Ordinance Subject to the Deletion of an Affordability Set Aside and the Requirement that Project Applicants May Have to Fund Off Site Pedestrian and Transit Supportive Improvements and the Minor Revision of the Pre-application and Application Procedures.**

---

Janet S. Burreson, Executive Director

### ACTION:

DNS/MDH

**New Multiple Unit Rental Housing in the Central City (Chapter 3.104)**  
**Table 1**

	1994	1995
Number of Units in Exempted Projects	739	1,068
Total Exempted Value	\$49,918,500	\$73,022,100
Average Value Exempted Per Unit	\$67,549	\$68,373
Total Foregone Tax Revenue (All Taxing Jurisdictions)	\$900,030 (@ \$18.03/\$1000 tax rate)	\$1,134,763 (@ \$15.54/\$100 tax rate)
Average Amount of Foregone Tax Revenue Per Unit (All Taxing Jurisdictions)	\$1,218	\$1,062
Total Foregone Tax Revenue (City of Portland)	\$308,995 (@ \$6.19/\$1000 tax rate)	\$448,356 (@ \$6.14/\$1000 tax rate)

**Low Income Housing Held by Charitable Non-Profit Organizations (Chapter 3.101)**  
**Table 2**

	1994	1995
Number of Units in Exempted Projects	2,246	2,710
Total Exempted Value	\$43,955,620	\$58,721,110
Average Value Exempted Per Unit	\$19,571	\$21,668
Total Foregone Tax Revenue (All Taxing Jurisdictions)	\$792,520 (@ \$18.03/\$1000 tax rate)	\$912,526 (@ \$15.54/\$1000 tax rate)
Average Amount of Foregone Tax Revenue Per Unit (All Taxing Jurisdictions)	\$353	\$337
Total Foregone Tax Revenue (City of Portland)	\$272,085 (@ \$6.19/\$1000 tax rate)	\$360,548 (@ \$6.14/\$1000 tax rate)

**Residential Rehabilitation, Renter and Owner Occupied (Chapter 3.102)**  
**Table 3**

	1994	1995
Number of Units in Exempted Projects	1,700	1,724
Total Exempted Value*	\$22,000,000	\$25,473,400
Average Value Exempted Per Unit	\$12,941	\$14,776
Total Foregone Tax Revenue (All Taxing Jurisdictions)	\$396,660 (@ \$18.03/\$1000 tax rate)	\$395,857 @ \$15.54/\$1000 tax rate)
Average Amount of Foregone Tax Revenue Per Unit (All Taxing Jurisdictions)	\$233	\$230
Total Foregone Tax Revenue (City of Portland)	\$136,180 (@ \$6.19/\$1000 tax rate)	\$156,407 (@ \$6.14/\$1000 tax rate)

\* Estimates based on yearly sample of appraised properties. For 1995 the sample includes 107 projects containing 988 units

**New Single Family Construction in Distressed Areas (Chapter 3.102)**

**Table 4**

	<b>1994</b>	<b>1995</b>
Number of Units	190	311
Total Exempted Value	\$11,376,500	\$19,933,700
Average Value Exempted Per Unit	\$59,876	\$64,095
Total Foregone Tax Revenue (All Taxing Jurisdictions)	\$205,118 (@ \$18.03/\$1000 tax rate)	\$309,770 (@ \$15.54/\$1000 tax rate)
Average Amount of Foregone Tax Revenue Per Unit (All Taxing Jurisdictions)	\$1,079	\$996
Total Foregone Tax Revenue (City of Portland)	\$70,420 (@ \$6.19/\$1000 tax rate)	\$122,393 (@ \$6.14/\$1000 tax rate)

**Totals For All Programs**

**Table 5**

	<b>1994</b>	<b>1995</b>
Number of Units	4,875	5,813
Total Exempted Value	\$127,250,620	\$177,150,310
Average Value Exempted Per Unit	\$26,103	\$30,475
Total Foregone Tax Revenue (All Taxing Jurisdictions)	\$2,294,328 (@ \$18.03/\$1000 tax rate)	\$2,752,916 (@ \$15.54/\$1000 tax rate)
Average Amount of Foregone Tax Revenue Per Unit (All Taxing Jurisdictions)	\$470	\$473
Total Foregone Tax Revenue (City of Portland)	\$787,680 (@ \$6.19/\$1000 tax rate)	\$1,087,703 (@ \$6.14/\$1000 tax rate)

**Total Taxes Collected and Abated Through  
The City's Housing Property Tax Abatement Programs 1995  
Table 6**

<b>Program</b>	<b>Number of Units<sup>1</sup></b>	<b>Taxable Assessed Value</b>	<b>Tax Revenue Collected<sup>2</sup></b>	<b>Exempted Assessed Value</b>	<b>Tax Revenue Abated<sup>2</sup></b>
New Multiple Unit Rental Housing in the Central City (Chapter 3.104)	1,068	\$11,877,300	\$184,573	\$73,022,100	\$1,134,763
Low Income Housing Held by Charitable Non-Profit Organizations (Chapter 3.101)	2,710	\$2,508,790 <sup>3</sup>	\$38,986	\$58,721,110 <sup>3</sup>	\$912,526
Residential Rehabilitation, Renter and Owner Occupied (Chapter 3.102)	1,724	\$29,137,000	\$452,789	\$25,473,400 <sup>4</sup>	\$395,857
New Single Family Construction in Distressed Areas (Chapter 3.102)	311	\$9,441,700	\$146,724	\$19,933,700	\$309,770
<b>Totals</b>	<b>5,813</b>	<b>\$52,964,790</b>	<b>\$823,072</b>	<b>\$177,150,310</b>	<b>\$2,752,916</b>

<sup>1</sup> The number of new and existing units receiving some level of tax abatement for the tax year 1995

<sup>2</sup> For all taxing jurisdictions in the City of Portland based on \$15.54 millage rate.

<sup>3</sup> Under this program both project land value and improvement value are exempted. Floor area used for non-residential purposes is taxable.

<sup>4</sup> This is an estimate of exempt value based on a sample of 988 units which were appraised by the County Assessor during 1995.