



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 6/9/2014)

Board Clerk Use Only

Meeting Date: 9/3/15
Agenda Item #: R.2
Est. Start Time: Approx. 9:35 am
Date Submitted: 8/25/15

Agenda Title: **Resolution Modifying Multnomah County Participation in City of Portland's Multiple Unit Limited Tax Exemption ("MULTE") Program**

Note: Title should not be more than 2 lines but sufficient to describe the action requested. Title on APR must match title on Ordinance, Resolution, Order or Proclamation.

Requested

Meeting Date: September 3, 2015 **Time Needed:** 30 minutes

Department: Non-D **Division:** Chair's Office

Contact(s): Liz Smith Currie

Phone: 503-988-4435 **Ext.** 84435 **I/O Address:** 503/6

Presenter Name(s) & Title(s): Andrea Matthiessen, Program Manager, Portland Bureau of Housing and Community Development, John Miller, Executive Director, Oregon Opportunity Network, other invited guests

General Information

1. What action are you requesting from the Board?

Approval of a resolution modifying Multnomah County's participation in the City of Portland's Multiple Unit Limited Tax Exemption ("MULTE") Program.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The purpose of the MULTE program is to expand Portland's stock of affordable housing throughout the city. The MULTE program awards a limited 10-year property tax exemption through a competitive process to projects that meet the program requirements.

The Portland Housing Bureau (PHB) is proposing changes to the Multiple Unit Limited Tax Exemption (MULTE) Program necessary to maximize the creation of affordable units, better align the program administration with policy goals, and streamline administrative requirements to meet current market conditions.

1. Maximize Ability of the MULTE Program to Create and Retain Affordable Housing

- Increase annual cap on foregone revenue from \$1 million to \$3 million in order to create 200 affordable units annually for households at 60% MFI or 80% MFI in neighborhoods where market rents are above 120% MFI
- Impose monetary penalties for MULTE project that do not provide affordability

for the full 10 years of the exemption

2. Align Program Implementation with Policy Goals

- Create greater opportunities for minority contractors to secure construction bids on MULTE projects by requiring applicants to meet with PHB and a 3rd party technical assistance provider before applying
- Connect affordable MULTE units with existing neighborhoods residents and communities of color by prescribing a lease up process for affordable units
- Achieve accessibility in all projects by requiring that 5% of units be built to be adaptable-ready to become fully accessible units

3. Streamline Administrative Requirements

- Allow for the rolling approval of applications that meet program requirements instead of holding a competitive application process twice a year with scoring of public benefits

Remove the current 10% limitation on rate of return for MULTE projects that stems from outdated interpretations of the statutory “but for” test. Demonstrate that affordable units would not be incorporated into projects “but for” the exemption by conducting an initial rate of return analysis to demonstrate that affordability would not occur without the incentive of the exemption.

3. **Explain the fiscal impact (current year and ongoing).**

The percentage of foregone revenue of the MULTE exemptions is distributed between the local taxing jurisdictions as detailed in the matrix below, which also illustrates the potential increase for each jurisdiction if the annual cap were to be increased from \$1 to \$3 million.

Foregone Revenue	City of Portland (30%)	Multnomah County (22%)	Education Districts (35%)	All Other Jurisdictions (13%)
\$1 Million	\$302,124	\$215,898	\$352,741	\$129,236
\$3 Million	\$906, 372	\$647, 694	\$1,058,224	\$387,709

4. **Explain any legal and/or policy issues involved.**

Oregon statute requires that at least 51% of taxing jurisdictions approve property tax exemptions for the full value of the exemption to be provided. The MULTE Program meets the policy goals of the County's community plan to end homelessness, A Home For Everyone. There is a significant shortage of affordable housing in our community. Addressing this shortage is key to ending homelessness in our community. The plan focuses our joint efforts to expand affordable housing access for our lowest-income residents and prevent new people from becoming homeless.

5. **Explain any citizen and/or other government participation that has or will take place.**

The Portland City Council approved these changes to the MULTE program on August 5, 2015.

Required Signature

**Elected
Official or
Department
Director:**

Deborah Kafoury /s/

Date:

August 25, 2015
