

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

**RESOLUTION NO. 07-129**

Authorizing the City of Portland's Tax Exemption Programs Adminstrated by the Portland Development Commission

**The Multnomah County Board of Commissioners Finds:**

- a. The County's core mission involves providing support services for low income and other clients of county programs to enable those clients to lead productive lives. The County has historically had a limited role in the development of this housing. The County also has historically had a limited role in economic development within its jurisdiction.
- b. The single-unit housing program was authorized by the State Legislature under ORS 458.005 to .065 from 1989 to 2003, and was reauthorized in 2005 under ORS 307.651 to .687. This program allows cities and counties to provide a property tax exemption for up to 10 years to stimulate the construction of affordable new single-unit housing in distressed areas, to promote residential infill development on vacant or underutilized lots, to encourage homeownership and to reverse declining property values. The exemption applies to all improvements for 10 years, but does not apply to the value of the land. The City of Portland adopted this program in 1990 as recommended by the Vacant and Abandoned Buildings Task Force to promote revitalization of neighborhoods that that had experienced disinvestment and little new single-family construction in several decades. The City requires that the residence must be owner occupied during the exemption period, the homebuyer meet income guidelines, and the housing price must be less than 120% of the median sales price in the City, as adjusted every January 1. The area in which exemptions are granted must be determined to be a distressed area and there must be a judgment concerning the probability that the area cannot be revitalized without the exemptions. Only 20 percent of the area of the city can be included in the program and the program's boundaries are adjusted every three years by the Planning Commission. As areas improve they are taken out of the program and new areas in need of attention are added.
  - (1) Currently the 1989 to 2003 program exempts \$515,013 in County taxes and \$2,134,773 abated overall for 1836 homes.
  - (2) Since the program was reauthorized in 2005, the program exempts \$64,910 in County taxes and \$268,704 abated overall for 185 homes with 135 applications pending.

- c. The rehabilitated residential property program is authorized by ORS 308.450 to .481 to enable cities and counties to provide a limited property tax exemption for up to 10 years to encourage the rehabilitation of existing units in substandard condition and the conversion of transient accommodation to permanent residential units and the conversion of nonresidential structures to permanent residential units in order to make these units sound additions to the housing stock of the state, Eligible properties are exempt from the increased assessed value resulting from the rehabilitation for a period of 10 years. The abatement does not apply to the value of existing improvements prior to rehabilitation or the value of the land. The City adopted this program in 1975 to provide incentive to maintain the City's rental housing stock as part of the Downtown Plan's Housing Program and Policy. Eligible rental properties may be located anywhere within the city limits. The City allowed eligible owner-occupied properties within designated "distressed areas" to receive the abatement in 1990 as incentive to maintain housing in neighborhoods that were experiencing disinvestment. The program currently has 99 properties and abates \$34,492 in County taxes and \$142,024 abated overall. Three applications were processed for 2006/07 and none in 2007/08.
- d. The State Legislature adopted ORS 307.600 to .637 in 1995 to enable cities and counties to provide a property tax exemption for up to 10 years to promote private investment in transit supportive multiple-unit housing in light rail stations areas and transit oriented areas and to attract new development of multiple-unit housing and commercial and retail property in areas located within a light rail station area or transit oriented area. The City adopted the transit oriented development (TOD) program in 1996 to support the development of the metro regional light rail system and other public transit facilities. Multnomah County passed a resolution agreeing to the program in 1996. The City of Gresham also adopted its own TOD program. The exemption applies to all improvements for 10 years, but does not apply to the value of the land. The property must be within ¼ mile of a light rail station or within ¼ mile of a bus line in certain transit oriented areas. The property must add new multi-unit housing and meet certain design conditions as specified by the City. There must be a minimum of 10 units and projects of more than 15 units must meet affordability requirements. In addition, when the Board approved this program in November, 1996, it specified that the program provide "additional services at housing sites addressing needs of tenants and occupants, such as child care" and "the ability to monitor and review the program's progress towards these objectives". The City of Portland program currently has 126 properties resulting in \$277,994 in County taxes abated and \$1,201,557 abated overall. Two applications were processed for 2006/07 one for 2007/08.
- e. The multi-unit housing program/ core area housing is authorized by ORS 307.600-.6337 to enable cities and counties to stimulate the construction of transit supportive multiple-unit housing in the core areas of urban centers. The City of Portland adopted this program. The exemption applies to improvements

for 10 years, but does not apply to the value of the land. The property may include commercial/retail space if approved by the City of Portland and must be multiple-unit housing, apartments or condominiums, constructed within the Central Core area or an urban renewal area. There must be a minimum of 10 units and projects of more than 15 rental units must have 15% of units for incomes of 80% of median income or less. Where units are for sale, the price must not exceed 95% of FHA mortgage maximum and household income of the purchaser must be less than 100% of median income for a family of four. Finally, the applicant must demonstrate the exemption is required to make the project feasible. The program currently has 192 current programs and exempts \$1,020,473 in County taxes and \$4,192,197 overall. Three applications were processed for 2006/07 and none for 2007/08. The City of Portland has placed a moratorium on this program except for projects which are 100 percent low income (60 percent or below M.F.I.), and is evaluating their future participation.

- f. The nonprofit corporation low income housing program is authorized by ORS 307.540 - .548 to enable cities and counties to provide an exemption for low-income housing owned, leased or managed by eligible nonprofit organizations. The City of Portland adopted this program in 1985. Properties may be fully or partially exempt, residential units not occupied by low income individuals and commercial /retail areas are taxable. The exemption is intended to benefit low-income renters. The exemption applies to all improvements and land value for the year in which application is approved. Applications are submitted annually to the City of Portland Bureau of Planning and approved/denied by the City. The property must be owned, leased or managed by a non-profit organization under 501C (3) or (4)( of the IRS code, occupied by low-income persons or held for future development as low income housing. The program currently has 600 properties, with either a partial or full exemption, and abates \$1,020,473 in County taxes and \$4,192,197 overall.
- g. The combined 2006/07 financial impact of these abatement programs is:

Education Taxes:		\$3,630,146
	Portland Public School	\$2,564,687
	Reynolds	24,862
	David Douglas	303,177
	Parkrose	5,047
	Centennial	28,804
	Community	703,569
	Colleges/ESDs	
City of Portland		4,431,551
Multnomah County		3,004,621
Other Local Government		<u>1,408,453</u>
Total		\$12,474,771

- h. The City of Portland can exempt city taxes only. The exemption can apply to all taxing district levies if the City of Portland and the governing bodies equal 51% (or more) of the combined rate of taxation agree to the policy. One option for the exemptions to apply to all taxing districts would be for Multnomah County to concur with the City of Portland's decision to exempt the taxes. If the County does not concur, for the exemptions to apply to all properties within Portland Public Schools, Portland Public Schools would have to concur with the City of Portland's decision to exempt the taxes.

**The Multnomah County Board of Commissioners Resolves:**

- 1. These programs are authorized to continue to receive the current abatements for the 2007/08 tax year ending 06/30/2008. Any further abatement of Multnomah County's share for subsequent tax years requires explicit authorization from the Board.
- 2. If the Board is to continue to participate in these programs beyond 06/30/2008, the City of Portland/ PDC must do the following;
  - (a) To the extent they do not exist, adopt clear standards, guidelines and quality control monitoring systems for each program in accordance with the relevant ORS statutes.
  - (b) Review each property under the relevant termination provisions and determine whether the current individual properties are meeting the standards as set forth in state law. If allowed under state law, the Board would encourage the adoption of a process of public review for compliance with these standards.
- 3. The Board requests that PDC report to the County Board by February 1, 2008 and each February 1st thereafter, concerning the standards adopted and whether the properties in the individual programs meet those criteria.

4. Each February, the Board will decide whether to continue to participate in the abatement programs for future exemptions. That decision will be based upon findings related to the overall success of the program in accomplishing the objectives outlined in state, city and county policy. In making that determination the County must also balance the continuing investment in these programs against other needed investments in meeting its core mission.

ADOPTED this 28th day of June 2007.

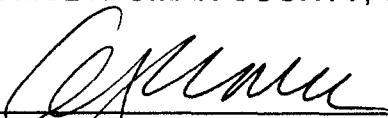


BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

  
Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By   
Agnes Sowle, County Attorney

SUBMITTED BY:

Ted Wheeler, Multnomah County Chair