

Property Management License Program Handbook

Since 1988, Portland's Clean & Safe Services District has kept the City's center vital and attractive to businesses, shoppers and visitors. You may have noticed the Portland I's (Sidewalk Ambassadors), supplemental security personnel, or the work of sidewalk and graffiti cleaners. Business recruitment and retention, and marketing the downtown area as a place to live, work and play are some of the other services provided under Clean & Safe.

In June 2001, the City Council voted unanimously to renew the District for ten years and extend the license requirement to include managers of affordable residential rental properties.

This handbook, created to answer your questions as a property manager, outlines the property management license program that funds the Downtown Clean & Safe services. The City of Portland Revenue Bureau, License and Tax Division, is the administrator of this property management license program.

Who Pays the License Fee?

License fee required of person engaged in property management activities

Persons engaged in property management activities within the Downtown District (see map on last page of this handbook) are required to obtain a property management license for each license year that they are engaged in such activities. In Section 6.06.020H of the City Code, "engaged in property management activities" is defined as:

- Being financially responsible for water service provided to a building, or if there is no building on the property, to land within the District, in the event there is a single water service serving the property.
- Being financially responsible for operation of a business or a residential use that exclusively occupies a building, or if there is no building on property, land with the District, in the event there is no water service serving the property.

- Being financially primarily responsible for the indicia of management property within the District, in cases not covered by the above instances. Indicia management of property include, but need not be limited to:
- Being responsible for water service provided to common areas on a building;
- Being responsible for waste disposal service provided to a building, including the common areas, or if there is no building, to land;
- Being responsible for providing fire insurance for a building;
- Being responsible for repair and maintenance of a building;
- Being responsible for operation of heating, ventilating and air conditioning equipment that services a building, including common areas; and
- Being responsible for the operation and maintenance of fire prevention and suppression equipment that serves a building, such as alarm systems and sprinklers.

Which property management activities are not subject to the Property Management License Fee?

Certain types of properties and certain persons engaged in property management activities are exempt from the Property Management License Fee:

- Under Section 6.06.020.1 of the City Code, the following properties are exempt from the Property Management License Fee:
- Mass shelters as defined in Chapter 33.910 of the City Code;
- Property owned or being purchased by a religious organization including:
 - Houses of public worship and other additional building and property used solely for administration, education, literary, benevolent, charitable, entertainment, and recreational purposes by

religious organizations, the lots on which they are situated, and the pews, slips and furniture therein. However, exempt property does not include any part of the house of public worship or other additional buildings or property which is kept or used as a store or shop or for any purpose other than those stated in the above definitions; and

- Parking lots used for parking or any other use as long as that parking or other use is permitted with out charge for no fewer that 355 days during the license year.
- Under Section 6.060.050, persons who the City cannot license or tax by law are exempt from this license requirement, to the extent provided by such law.
- Under Section 6.06.212 of the City Code, property which is owner occupied dwelling units, as defined in Chapter 33.910 of the City Code, or any common space associated exclusively with owner occupied housing is exempt property.

How the License Fee is Calculated

Fee rates for property management activities for business properties

Business properties are all properties in the District that are neither residential nor exempt property. The property management fee for business properties for a license year is the sum of the following amounts:

- \$0.87 (cents) per \$1,000 of the "value of improvements," where "value of improvements" is measured in accordance with Section 6.06.200.B of the City Code and described on pages 4 through 6 of this handbook; plus
- \$5.52 per 290 square feet of the sum of improvements and land square footage, measured in accordance with Section 6.06.020.P of the City Code, as of the July 1 immediately preceding commencement of the license year; plus
- \$0.46 (cents) per pound of elevator capacity, measured in accordance with Section 6.06.020.G of the City Code, as of the July 1 immediately preceding commencement of the license year; plus
- 2.5% surcharge is added to the fee paid for the 50 Districts

buildings primarily in business use with the highest value of improvements, and a 2.5% discount is subtracted from the fee paid for the District buildings primarily in business use with the 51st to 150th highest value of improvements; plus

- 15 percent of the amounts determined above;
- \$0.01401 (1.401 cents) per square feet of improvements or, for surface parking lots, per square foot of land, (with the revenues from this portion of the fee being dedicated to the Downtown Seasonal Lighting Program);
- With the total of all the above multiplied by the fraction in which the numerator is the Consumer Price Index for Urban Wage Earners and Clerical Workers for Portland-Salem, Oregon (CPI-W) for the January immediately preceding the commencement of the license year and the denominator is the CPI-W for January 2000.

How “value of improvements” is calculated for business property

The “value of improvements” used in calculating the license fee for property is intended to reflect the 1993-94 value of property. As described in Section 6.06.200.B of the City Code, the applicable method of calculating the value of improvements depends on whether or not the property has been improved since the 1993-1994 license year, and if so, the year in which those improvements occurred.

The value of improvements of business property is calculated as follows:

- If on or after July 1, 1994, there has been no physical change resulting in an increase or decrease in square footage of the sum of improvements and land or in elevator capacity, “value of improvements” is the assessed value of improvements for the 1993-1994 property tax assessment year.
- If on or after July 1, 1994, but before July 1, 1997, there has been physical change resulting in an increase or decrease in square footage of the sum of improvements and land or elevator capacity, “value of improvements” is the assessed value of improvements for the 1996-1997 property tax year, discounted by 8.8 percent.

- If on or after July, 1, 1997 but before July 1, 2001, there has been physical change resulting in an increase or decrease in square footage for the sum of improvements and land or in elevator capacity, "value of improvements" is:
 - For license fee years that commence before the January 1 immediately preceding the first property tax assessment year in which the tax assessment roll reflects the change or would reflect it were the property not assessed by the Oregon Department of Revenue, the amount that would be applicable without that improvement plus the cost of the physical changes as determined from the City Office of Planning and Development Review records, discounted by a percent equal to 8.8 percent plus an additional 2.9 percent for each year between the 1996-1997 assessment year and such occupancy authorization date; or
 - For license fee year that commence after January 1 immediately preceding the first property tax assessment year in which the assessment roll reflects the change or would reflect it were the property not assessed by the Oregon Department of Revenue, discounted by a percent equal to 8.8 percent plus an additional 2.9 percent for each year between the 1996-1997 assessment year and such first assessment year.
 - For business property that is improved on or after July 1, 2001, the method for calculating "value of improvements" depends on whether or not the building is a "new building" under Section 6.06.200.B.4 of the City Code. A building is considered "new" if the cost of the physical changes, as determined from the City Office of Planning and Development Review records, is more than 50 percent of the assessed value of improvements on the property immediately prior to physical change. Using this definition, the value of improvements for business property as to which, on or after July 1, 2001, there has been physical change resulting in an increase or decrease in square footage of the sum of improvements and land square footage or in elevator capacity is computed as follows:
 - When the physical change has not resulted in there being a new building on the property, "value of improvements" is the amount determined before such improvement multiplied by a fraction the numerator of which is the square footage of improvements after the physical change and the denominator of which is the square footage of improvements prior to the physical change; or

- When the physical change has resulted in there being a new building on the property, "value of improvements" is \$73.00 per square foot of improvements.

How the license fee is pro rated for business property improvements that are authorized for occupancy during a license year

The license fee for business property improvements or new buildings that are authorized for occupancy by the City during a license year is pro rated over that license year. The date of such authorization is the date the Office of Planning and Development Review issues a written authorization to occupy all new improvements on the business property or the date 180 days after the Office issues a written authorization to occupy some but not all new improvements on the property, whichever occurs first.

If as of July 1 immediately preceding commencement of a license year, the Multnomah County Assessor in accord with ORS 307.340 has cancelled the property tax assessment on the business property building, structure, or addition for the property tax assessment year beginning on the July 1, then:

- For purposes of initially determining the license fee for such license year, the value of improvements, improvements square footage, and elevator capacity attributable to the business property building, structure, or addition shall be deemed to be zero; and
- If, after that July 1 and prior to completion of such license year the City Office of Planning and Development Review issues an authorization to occupy the building, structure or addition as to which the property tax assessment was cancelled, then the license fee payable for such license year will be adjusted. To determine the adjusted amount:
 - First, determine the unadjusted amount of the fee by using the formula on page 4 of the handbook. The value of improvements is measured as described on page 4 through 6 of this handbook, the improvement square footage are measured as of the date of the City authorization to occupy the improvement, and the elevator capacity is measured as of the date of such authorization.
 - Next, the unadjusted amount of the fee is multiplied by a

fraction, the numerator of which is the number of the whole and partial months after the date of such authorization remaining in the license year and the denominator of which is twelve.

Fee rates for property management activities for residential uses: general

Residential property is property or portion of property that is in residential use as defined in Section 33.920 of the City Code. Residential uses that are owner-occupied dwelling units or mass shelters, as defined in Section 33.920, are exempt from the property management license fee. All other residential uses are subject to the license fee.

The first step in determining the license fee for a non-exempt residential use that is subject to the license fee is to determine whether or not that use is "affordable residential rental property." Affordable residential property is defined in Section 6.06.211.B of the City Code to be:

- Single room occupancy housing, as defined in Section 33.910 of the Code; or
- Low income housing, which is dwelling units available for rent at rates that are considered affordable, under federal affordability standards in effect on the July 1 immediately preceding the commencement of the license year, to persons earning 60 percent or less of the Portland region median income as identified in the record of Metro as of that July 1; or
- Subsidized housing, which is housing units available for rent at below market rates because either the units qualify for federal income tax benefits under Section 42 of the Internal Revenue Code, or the units are subsidized through United States Department of Housing and Community Development Section 8 subsidies or other public or private organization subsidies. Subsidized housing includes but is not limited to student housing owned by the Oregon State System of Higher Education and housing owned by non-profit organizations that is subsidized through charitable contributions and grants.

For housing properties that are entirely "affordable residential rental property," the license fee is calculated in the manner described in the next section of this handbook. The license fee for housing properties that are entirely other than affordable units is calculated in the manner

described on page 8 of this handbook. The license fee for housing properties that are a mixture of affordable and other than affordable units or residential uses and non-residential uses is calculated in the manner described on page 10 of this handbook.

Fee rates for property management activities for affordable residential rental property

The amount of the property management license fee for affordable residential rental property depends on whether the license is a “not-for-profit or governmental entity” or another type of entity (such as a for-profit entity).

The license fee for affordable residential rental property is calculated as follows:

- If the license fee is a not-for-profit corporation or government entity, the license fee for affordable residential rental property is equal to \$20.00 multiplied by the number of affordable residential dwelling units managed by the licensee.
- If the licensee is an entity other than a not-for-profit corporation or government entity, the license fee for affordable residential rental property is equal to \$44.00 multiplied by the number of affordable residential dwelling units managed by the licensee.

Fee rates for property management activities for residential used that are other than affordable residential rental property

The property management fee for residential properties other than those that are “affordable residential rental property” for a license year shall be the sum of the following amounts:

- \$0.87 (cents) per \$1,000 of the “value of improvements,” where “value of improvements” is measured in accordance with Section 6.06.210.B of the City Code and summarized below; plus
- \$5.52 per 725 square feet of the sum of improvements and land square footage, measured in accordance with Section 6.06.020.P of the City Code, as of the July 1 immediately preceding commencement of the license year; plus
- \$0.46 (cents) per pound of elevator capacity, measured in accordance with Section 6.06.020.G of the City Code, as of the July

immediately preceding commencement of the license year; plus

- 15 percent of the amounts determined above;
- With the total of all the above multiplied by the fraction in which the numerator is the Consumer Price Index for Urban Wage Earners and Clerical Workers for Portland-Salem, Oregon (CPI-W) for the January immediately preceding the commencement of the license year and the denominator is the CPI-W for January 2000.

How “value of improvements” is calculated for residential property that is other than affordable residential rental property

The formula for calculating the “value of improvements” of residential property that is other than residential rental property is the same as that for business property, as described on pages 4 through 6 of the handbook, for:

- Property that has a physical change on or before June 30, 2001; and
- Property that has a physical change on or after July 1, 2001 that is not considered a “new” building.

For property that has a physical change on or after July 1, 2001 that results in there being a new building on the property, the “value of improvements” for that new building is \$68.00 per square foot of improvements.

How the license fee is pro rated for residential uses that are authorized for occupancy during a license year

The license fee for residential property improvements or new buildings that are authorized for occupancy by the City during a license year is pro rated over the license year in the same manner described for business property on page 6 of this handbook, except that the residential formula described on page 8 of this handbook applies. Fee rates for property management activities for mixed-use properties

Section 6.06.213 of the City Code provides special rules that govern how the license fee is computed for properties that contain a combination of uses, such as properties that contain both business and

residential uses, or affordable and other-than-affordable residential uses, or business and exempt uses, or residential and exempt uses, etc. In such mixed-use properties, the license fee in a license year is the sum of the following:

- Portion of property in business use: The license fee for the part of the property that is business property is computed by applying the fee calculations for business property, as described on page 4 of the handbook and in Section 6.06.2000 of the City Code, to the entire property and multiplying that amount by a fraction the numerator of which is the square footage of the business property improvements of the property that is subject to Section 6.06.2000 and the denominator of which is the square footage of all improvements on the property.
- Portion of the property in residential use other than affordable residential rental property: the license fee for the part of the property that is residential property other than "affordable residential property" is computed by applying the fee calculations for such residential property (described on page 8 of this handbook and in Section 6.06.210 of the City Code) to the entire property and multiplying that amount by a fraction the numerator of which is the square footage of the residential property improvements other than "affordable residential property" on the property that is subject to Section 6.06.210 and the denominator of which is the square footage of all improvements on the property.
- Portion of property that is "affordable residential rental property": The license fee for the part of the property that is "affordable residential rental property: is computed by applying the fee calculations for such affordable residential rental property (described on page 8 of this handbook and in Section 6.06.211 of the City Code).

If there are common area improvements in a mixed-use property, the common area square footage must be pro-rated among the uses on the property based on the relative square footages of the uses (as described in Section 6.06.213.D of the City Code).

The license fee will also be apportioned for single-use properties where one portion of the property is exempt and another portion is not exempt. In such cases, a fraction is calculated of the square footage of the non-exempt use of the property divided by the total square footage of the property. The base fee is then multiplied by this fraction to determine the license fee.

Filing of License Applications

By August 1st of each year, the Bureau will mail to each person that the Bureau has preliminary determined to be subject to the license fee a notice containing:

- The determination that the person is engaged in property management activity within the District.
- The determination that the person is subject to the license fee requirement.
- The amount of the license fee for the next year as well as the data and formula used in determining the amount.
- The activities which constitute being engaged in property management activities as defined in Section 6.06.020(c)(1)-(3) of the City Code.
- The activities that do not constitute being engaged in property management activities as defined in Section 6.06.020(c)(4) of the City Code.
- The exemption provisions (Section 6.06.020.H, Section 6.06.050 and Section 6.06.212).
- The appeal rights of the recipient (form enclosed).

The business property management license fee billing constitutes your application when it has been filed and paid.

The Bureau may, for good cause, grant up to 30 days additional time to file the application and pay the fee. Interest accrues during the additional time.

Fee Payment and License

- The license fee is payable in two equal installments, with the first installment due by October 1 of the license year and the second installment due by April 1 of the license year.

- Upon receipt of the first installment payment of each license year, a license will be issued.
- The term license does not mean permit. Payment of the license fee and acceptance of such license fee and insurance of a license by the City does not entitle the licensee to engage in any activity not in compliance with all the requirements of the Portland City Code, including but not limited to the requirements of Title 7, Business License Law, and all other applicable laws.

Penalties

Then City Code provides for penalty and interest assessments if license fee payments are not made in a timely fashion:

- Unless it is shown that failure to file an application on time or to make a payment on time is due to reasonable cause and not neglect, there will be a penalty of
 - 5% of the amount due, but at least \$20, if the delay is one month or less; and
 - An additional 5% penalty for each additional month or part thereof, provided that the total penalties cannot exceed 25%.
- The Manager also may impose an additional civil penalty up to \$500.00 for each of the following violations of the property management license code for:
 - Failure to file any application within 90 days of the Bureau's original written request to file.
 - Failure to pay any fee installment within 90 days of the Bureau's original written request for payment.

The determination of a violation and imposition of a civil penalty under this section shall be subject to appeal to the Code Hearings Officer under the provision of Portland City Code Chapter 22.10.

- Interest is computed from the due date to the day of payment at the rate of 10 percent per annum simple interest.

License Transfers

The Bureau will allow a property management license to be transferred for the balance of its term to a successor or transferee that continues the acts that constituted property management activities requiring a license. The Bureau will provide forms for the transfer requests. The transfer will be effective once the Bureau approves it. Any license fee installment due before the approval will be owned by the transferor. Any license fee installment due after the approval shall be owned by the transferee.

Appealing Bureau Determination

Persons that are sent the notice preliminary determinations of liability and license fee are presumed:

- To be engaged in property management activity within the District.
- To be subject to the license fee requirement.
- To be liable for the amount indicated in the notice as a license fee payable by the person for the next license year unless the person files with the Bureau an appeal on a form provided by the Bureau within 30 days of the day of the mailing of the notice.
- See page 3 for exemptions.
- There is a separate page enclosed that explains your right to appeal and includes the form to use in filing your appeal.

Assistance

For assistance or information about this license program or the status of your account, please contact the Revenue Bureau, License and Tax Division at 503-823-5157 or Stephen Bouffard at 503-865-2857.

For information about the services provided through Downtown Clean & Safe Program, please contact the Portland Business Alliance at 503-552-6750.

Business Property Management License Fee Program Definitions

Assessed Value of Improvements

- “Assessed value of improvements” means, for property tax years beginning on or before July 1, 1996, the assessed value of improvements as recorded in the assessment roll for Multnomah County for a specified assessment year and, for property tax years beginning on or after July 1, 1997, the real market value of improvements as recorded in the assessment roll for Multnomah County for a specified assessment year; or, as to property assessed by the Oregon Department of Revenue, the real market value of the property where “real market value” means the minimum amount in cash which could be reasonably expected by an informed seller acting without compulsion from an informed buyer acting without compulsion, in an arm’s length transaction during the assessment year.

Bureau

- The Revenue Bureau, License and Tax Division, of the City of Portland, along with its employees and agents.

Downtown Business District or District

- The area within the boundaries formed by NW and SW Naito Parkway (Front Avenue) on the east; SW Harrison between SW Naito Parkway and SW 4th; SW 4th between SW Harrison and SW Market; SW Market between SW 4th and SW 9th; SW 9th between SW Market and SW Salmon; SW Salmon between SW 9th and SW 11th; SW 11th between SW Salmon and W Burnside; W Burnside between 11th and 9th; NW 9th between W Burnside and NW Hoyt; NW Hoyt between NW 9th and NW Broadway; and the Broadway Bridge on the north; but excluding until the 2004 license year the area known as 1800 SW First Avenue, more particularly described as Block 1, South Auditorium Addition, Blocks A, B, I, J and partial Block H (all comprising Tax Lot 2 of Block 1) at the southeast corner of the District.

Engaged in business property management activities

- See full description on page 2

Licensee

- A person licensed to engage in business property management activities within the District under the Business Property Management License Code.

License year

- October 1 of any year through September 30 of the next year.

Manager

- The Manager of the Revenue Bureau, License and Taxation Division.

Notice

- A written document mailed by the Bureau by first class mail to the last known address of a licensee as provided to the Bureau in the latest application on file at the Bureau; or, if mailed to a person who is not a licensee, then to the last address of the person as provided by the Bureau of Water Works or, if that Bureau has no address record, as provided to the Revenue Bureau, License and Taxation Division, in the latest general business license on file at the Bureau or, if none, then to such address as may be determined following reasonable investigation.

Person

- A natural person, partnership, joint venture, association, club, trust, estate, corporation (for profit or not-for-profit) or any other entity capable of engaging in business property management activities within the District.