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CITY OF  
**PORTLAND, OREGON**  
PORTLAND HOUSING BUREAU

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**Hoyt St Development Agreement Recommendation** – The Amended and Restated Agreement for Development between the City of Portland and Hoyt Street Properties (HSP) (the “DA”) effective Sept 8, 1997, includes goals for the development of affordable housing. The agreement specifies the intended number of affordable housing units to be built within a specified area and time period. The DA goals for affordable housing are stated, not as a stand-alone number, but as a percentage of total residential units built. Under the DA, thirty-five percent (35%) of all units built are to be affordable to households at 80% MFI or less.

In addition to provisions of the DA, an unrelated agreement (Amendment #3 to Station Place DDA in 2011) stipulates among other things, extending the period during which the City has a remedy for achieving these goals “by two years to 9/8/14”.

As displayed in the table below, the affordable housing goals were not met as of September 8, 2012. The City Attorney agrees this is the date for the ‘final’ count.

Estimated totals as September 8, 2012	0-50%	51-80%	81% +	Total Percentage of Affordable Units
Proposed and Built	297	430	1828	
Stated Goals	15%	20%	65%	35%
Actuals	11.6%	16.8%	71.5%	<b>28%</b>

**Remedy** – The DA provides an option for PHB to purchase a property within the agreement area should the affordability percentage goals not be met. It provides:

- that the parcel is chosen by HSP “so as to distribute the affordable housing throughout the property,
- a very involved formula to determine the price of the property, discounted for the deficit in affordable housing, and
- That construction must begin within two years of acquisition.

**Recommendation** – Staff recommends that PDC (which has the rights under the DA) notify HSP of the City’s intent to purchase a parcel, as required by the September 8, 2014 date, and immediately begin negotiations to include a simplified pricing methodology and possible extension or elimination of the construction start time limit. Prior to recommending purchase to the Commissioner, PHB will do a final cost benefit analysis on the purchase. Approval of the land purchase will go to City Council, and potentially the PDC Board if the rights are not transferred to PHB as part of the process.