



CITY OF PORTLAND, OREGON PLANNING COMMISSION

c/o BUREAU OF PLANNING
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REPORT AND RECOMMENDATION OF THE PLANNING COMMISSION TO THE PORTLAND CITY COUNCIL

176785

Application Of Hoyt Street Properties, LLC For A Ten Year Property Tax Exemption For New Multiple Unit Housing (Chapter 3.104)

Known As Block 13 (Not Formally Named)

I. FACTS

A. GENERAL INFORMATION

<u>Effective Dates:</u>	Pre-Application Date:	February 7, 2002
	Full Application Date:	March 21, 2002
	P.C. Hearing Date:	May 28, 2002
<u>Deedholder:</u>	Hoyt Street Properties, LLC 809 NW 11 th Avenue Portland, OR 97209	
<u>Applicant(s):</u>	David Sperling, Controller Hoyt Street Properties, LLC 809 NW 11 th Avenue Portland, OR 97209	
<u>Architect:</u>	Mithūn, Architects Pier 56 1201 Alaskan Way Suite 200 Seattle, WA 98101-2913	
<u>Proposal :</u>	Application for limited property tax exemption for a newly constructed five story, 139 unit rental development containing 143 onsite parking spaces and 8,980 square feet of ground floor commercial space.	
<u>Location:</u>	Block bounded by NW 9 th , 10 th , Northrup, and Marshall Streets	
<u>Legal Description:</u>	Lots 9 and 10, Block 13, Hoyt Street Yards 1N1E34BB 2611 and 2612 (R499915 and R499916)	
<u>Quarter Section:</u>	2929	

Zone(s): EX, Central Employment
d, Design Review Overlay
Central City Plan District

Description of Proposal: The applicants request limited property tax exemption for a newly constructed five story, 139 unit rental project.

B. SITE INFORMATION

Description: The site is a subdivided portion of a larger lot (Tax Lot 2600) created by the approval of LUR 99-00542 SU, MS. The site is 40,000 square feet in area, slopes slightly to the west, and is vacant and cleared for construction. Formerly occupied by a railroad storage and switching yard, it is a part of the holdings of the Hoyt Street Properties, a major development company which is a key player in the transformation of this formerly industrial area into the River District mixed use neighborhood. See site history below.

History: There have been several land use cases involving this and the surrounding parcels during the transition of this neighborhood from a primarily warehouse-industrial district to a previously proposed office park development to the current master plan for the residential and mixed-use River District development (LUR 92-00798 and LUR 93-00279 and land division case LUR 95-00144 are the seminal cases with LUR 99-00542 SU MS representing the latest approved amendments to the master plan.). The most currently applicable policy documents which are relevant to this history of development review include the River District amendments to the Central City Plan District (Ordinance No. 168702), the Housing Implementation Strategy (Resolution No. 35350), and the Development Agreement with Hoyt Street Properties (Ordinance No. 171449). The site is also included in the adopted River District Urban Renewal Area.

C. VICINITY DATA

Surrounding Conditions: Full block mixed-use projects now characterize the major land uses within the immediate area. To the north lie vacant sites which will include the next phases of River District development. The site immediately to the south of this subject site contains the recently completed Lovejoy Station development. Across NW 9th to the east is the site of the former Horse Barn for the Mounted Police Patrol and south of that the recently opened Lovejoy ramp to the Broadway Bridge and the parking lot for the Main Post Office. To the southwest lies a site for proposed park space. The Central City Streetcar runs along the west (10th Avenue) frontage of the site. Portions of NW 9th and Marshall are now dedicated and paved along the subject site.

D. AGENCIES, NEIGHBORHOOD AND OTHER ASSOCIATIONS NOTIFIED

All appropriate agencies and associations have been notified in accordance with Title 33 regulations governing Design Review of this project. The property tax exemption program falls under Title 3, Administration, of the City Code. The public notices of the meeting dates of the Portland Development Commission, the Planning Commission, and the City Council which are printed in area newspapers fulfill the notification requirement of this review.

E. EXHIBITS

1. Zoning Map
2. Site Plan
3. North and South Elevations
4. Economic Summary and Pro Forma
5. Portland Development Commission Recommendation and Decision

F. LEGISLATIVE INTENT/STATUTORY AUTHORITY

1. Legislative Intent

Consideration for property tax exemption for a ten-year period is authorized by ORS 307.600 through 307.690 and by Title 3, Administration, Chapter 3.104 of the Code of the City of Portland, Oregon.

State law specifies the following intent for the tax exemption provision under ORS 307.600 (1) and (3), Legislative Findings:

"(1) The legislature finds that it is in the public interest to stimulate the construction of 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 full-time use of these areas as places where citizens of the community have an option to live as well as work...

"(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 multiple-unit housing in light rail station areas, in transit oriented areas or in city core areas by means of the local property tax exemption authorized under ORS 307.600 to 307.691..."

The Oregon legislature further specified that the 10-year property tax exemption apply only to the building improvements. The applicant would continue to be taxed on the land or any other improvements not a part of the multiple-unit housing or associated public benefit (ORS 307.630).

Planning Commission Comment: This statutory language was amended during the 1995 Legislative session by HB 3133 which broadens this program to include "transit oriented" for-sale as well as rental residential and mixed use development. In October 1996, the City adopted a separate program for transit oriented development. Although this project can be characterized as transit supportive, its location within the Central City Plan District requires review under the City's Property Tax Exemption for New, Multiple-Unit Housing (Chapter 3.104 of the City Code).

2. Statutory Authority/Planning Commission Review

Section 3.104.050 of the City Code requires that the Planning Commission review tax exemption applications and determine whether the applicant's proposed development is consistent with the City's Comprehensive Plan and shall recommend to the City Council that the application be approved subject to conditions which the Commission deems appropriate to achieve the purposes of Chapter 3.104.

In order for a limited property tax exemption to be approved, the following determinations must be made:

- a) that the proposed housing development is eligible for limited property tax exemption according to the requirements of City Code Chapter 3.104;
- b) that the proposed development is in conformance with adopted Comprehensive Plan and other adopted plans incorporated by the Comprehensive Plan, such as the Central City Plan; and
- c) that conditions specify the scope and nature of public benefit recommended for the proposed project.

II. ELIGIBILITY DETERMINATION

Section 3.104.010(3) of the City Code requires that property must meet one of two locational requirements in order to be eligible for tax exemption:

- (a). That it be located within the Central City Plan District boundary as shown on Map 510-1 Portland City Code Chapter 33.510; or
- (b). That it be within the boundaries of any urban renewal or redevelopment area formed pursuant to ORS 457.

Planning Commission Finding: The apartment project on Lots 9 and 10, Block 13, Hoyt Street Yards is located within the boundaries of the Central City Plan District as well as the River District Urban Renewal District and, therefore, meets the

locational criteria for eligibility. The Planning Commission recommendation to City Council depends on PDC approval of the requested property tax exemption based on a favorable recommendation of their staff.

The Portland Development Commission has reviewed this project and recommended approval of the property tax exemption at their May 8, 2002 meeting based on the finding that the "Project's cash on cash return is -2.28 percent during the 10 year period without the tax abatement. In this scenario, the Project would not likely be eligible for financing without a much greater developer equity contribution because of its inability to cover debt service. The financial performance of the Project in this scenario certainly does not achieve a market return; therefore, the Project is not financially feasible with the abatement."

PDC further notes "As shown in scenario 3, in order to achieve the 10.37 percent cash on cash return associated with the abatement, rents would need to average an additional \$286 per month, or 21 percent higher. These rent increases are not possible at the present time; therefore the Project is not financially feasible without the abatement." (see Exhibit 5).

III. DETERMINATION OF COMPLIANCE WITH ADOPTED PLAN POLICIES

A. COMPREHENSIVE PLAN CONSIDERATIONS

Chapter 197 of the Oregon Revised Statutes requires all cities and counties to develop a Comprehensive Plan for land use and development, in accordance with the requirements of the State Land Conservation and Development Commission (LCDC). Portland's Plan was acknowledged by LCDC on May 1, 1981. An update of the City's Housing Goal 4 was completed and adopted by Ordinance No. 172954 on December 16, 1998.

The Plan establishes a set of goals and policies to guide future development of the City. Housing is addressed under Goal No. 4 which states:

"Enhance Portland's vitality as a community at the center of the region's housing market by providing housing of different types, tenures, density, sizes, costs, and locations that accommodate the needs, preferences, and financial capabilities of current and future households."

The Block 13 development supports several of the policies of the Housing Goal including the following:

4.1: Housing Availability

Ensure that an adequate supply of housing is available to meet the needs, preferences, and financial capabilities of Portland's households now and in the future.

4.3: Sustainable Housing

Encourage housing that supports sustainable development patterns by promoting the efficient use of land, conservation of natural resources, easy access to public transit and other efficient modes of transportation, easy access to services and parks, resource efficient design and construction, and the use of renewable energy resources.

4.7: Balanced Communities

Strive for livable mixed-income neighborhoods throughout Portland that collectively reflect the diversity of housing types, tenures (rental and ownership) and income levels of the region.

4.8: Regional Housing Opportunities

Ensure opportunities for economic and racial integration throughout the region by advocating for the development of a range of housing options affordable to all income levels throughout the region.

4.10: Housing Diversity

Promote creation of a range of housing types, prices, and rents to 1) create culturally and economically diverse neighborhoods; and 2) allow those whose housing needs change to find housing that meets their needs within their existing community.

4.11: Housing Affordability

Promote the development and preservation of quality housing that is affordable across the full spectrum of household incomes.

4.14: Neighborhood Stability

Stabilize neighborhoods by promoting: 1) a variety of homeownership and rental housing options; 2) security of housing tenure; and 3) opportunities for community interaction.

Planning Commission Finding: This project complies with Comprehensive Plan policies related to housing by providing 139 units of varying sizes for moderate income and middle-income small households in a well located neighborhood with emerging cultural and service amenities. This project is one element of the broader River District Development Plan.

B. ZONING CONSIDERATIONS

1. The EXd Zone and Central City Plan District. As of March 24, 1988, the Central City Plan was adopted for the inner city along the west and east sides of the Willamette River. In the Downtown areas, the Z Zone Overlay was abolished. Public review of projects in the Central City Plan District is now regulated by Central City Plan District requirements which supersede some EX regulations.

The Zoning Code regulations which apply to the subject site include the following:

- Zone and Plan Designation: EX, Central Employment
- Permitted Uses: A full range of uses including light industrial, commercial and residential. Although residential uses are not intended to predominate under the base zone, this area is governed by a specific master plan and development agreement which requires residential development at prescribed minimum densities, unit sizes, and affordability levels.
- Conditional Uses: Commercial parking is governed by the Central City Transportation Management Plan. Since no independent commercial parking is included in this project, a conditional use is not required for the proposed parking spaces.
- Permitted Floor Area Ratio (FAR): 2:1, with bonuses allowed for residential use.
- Permitted Building Height: 100 feet

Planning Commission Finding: The project complies with the major development and use regulations of the base zone and Central City development standards except for any adjustments that may be considered as part of the Design Review process. Nothing in this consideration of the tax exemption request for this project modifies the decision of the Design Review Commission or overrides any other requirement of the land use and building permit review process.

C. DETERMINATION OF COMPLIANCE WITH THE CENTRAL CITY PLAN POLICIES

The Central City Plan was adopted by the City Council on March 24, 1988. Relevant district and functional policies to be considered are the following (as amended on April 12, 1995):

"Policy 3: HOUSING. Maintain the Central City's status as Oregon's principal high density housing area by keeping housing production in pace with new job creation.

FURTHER:

1. Promote the construction of at least 15,000 new housing units in the Central City by the year 2010.
2. Preserve and encourage rehabilitation of existing housing.
3. Encourage the development of housing to meet diverse needs by encouraging a range of housing types, prices, and rent levels. Avoid isolating higher, middle, moderate, low and very low income households.
4. Foster housing development as a key component of a viable urban environment. Encourage a mix of rental and owner-occupied housing that accommodates the variety of households and families attracted to a Central City lifestyle. Include affordable housing in this mix.
5. Secure greater regional participation in addressing the housing needs of the homeless, low-income and other special needs populations.
6. Where residential development is required, assure that when development of the housing is deferred to the future, the housing site is designated and zoned residential.
7. House at least 15 percent of PSU students in university housing. Locate university housing within the District or within walking or bicycling distance of the District, or at a location with a direct transit connection to the District
8. Facilitate housing ownership in order to foster a vested interest and 'stewardship' in the Central City by residents."

Planning Commission Finding: The proposal complies with the overall policy statement and particularly with the elaborations addressed by the above statements 1., 3., and 4.

"Policy 14: DOWNTOWN. Strengthen the Downtown as the heart of the region, maintain its role as the preeminent business location in the region, expand its role in retailing, housing, and tourism, and reinforce its cultural, educational, entertainment, governmental and ceremonial activities.

FURTHER:

1. Maintain and implement the Downtown Plan as a part of the Central City Plan.
2. Continue to actively foster the growth and attractiveness of the Downtown, enhancing its competitive position over other commercial areas in the region."

Planning Commission Finding: The site is outside the area of the original Downtown Plan so the adopted policies associated with that earlier plan do not apply. However, the proposed project contributes to the current Plan District policies by adding 139 units targeted to the moderate, middle, and upper range of the market to an area in transition from an inner-city industrial and warehouse district to an emerging residential and mixed use neighborhood.

D. DETERMINATION OF COMPLIANCE WITH THE RIVER DISTRICT DEVELOPMENT PLAN, THE HOUSING IMPLEMENTATION STRATEGY, AND THE AGREEMENT FOR DEVELOPMENT BETWEEN THE CITY OF PORTLAND AND HOYT STREET PROPERTIES

On May 11, 1994, the City Council adopted Resolution No. 35274 endorsing the River District Development Plan and assigning various City agencies responsibility for supporting, reviewing, and coordinating public and private development activity in cooperation with the major land owners in the area.

On December 21, 1994, the City Council adopted Resolution No. 35350 which, among other things, adopted the River District Housing Implementation Strategy. This Strategy established long range goals for housing development by allocating a percentage of development to the affordability needs of various income groups. The City also established an annual monitoring requirement to assess the performance of new residential projects in meeting these goals.

On July 30, 1997, the City Council passed Ordinance No. 171449 authorizing the Mayor and the Auditor to sign an Agreement for Development between the City and Hoyt Street Properties. This Agreement specifies the long term development plans for properties in the River District owned by HSP. Elements of this Agreement address residential densities and affordability commitments by the developer consistent with public improvement and financial commitments by the City.

Planning Commission Finding: The proposed project is consistent with the overall development goals of the above noted plans and agreements. The project is consistent with the development envisioned on this site by the River District Plan.

Although this specific project does not include rental units affordable to low income households (i.e., households earning less than 80 percent of area median income), the Housing Implementation Strategy does not require that each project include lower income units so long as the overall development within the River District meets the Housing Implementation Strategy goals.

According to the Annual Report prepared by the Portland Development Commission in Summer 2001, these districtwide goals are currently being met including the goal of housing units affordable to households earning less than 30 percent of the area median income. Future development will continue to take into account these goals which may require more in the way of subsidies in order to achieve deeper affordability.

The affordability goals of the Development Agreement that apply specifically to HSP are not formally reviewed until five years from the date of its adoption. However, this project exceeds the minimum density obligations and exceeds the goal for smaller 700 square foot units that were incorporated in the Development Agreement. The rental ranges proposed by Block 13 fall within the rents that are affordable to households earning from 97 percent of median family income to over 150 percent of MFI.

F. DETERMINATION OF COMPLIANCE WITH RELEVANT URBAN RENEWAL PLANS

The Portland City Council adopted the River District Urban Renewal District in October 1998 (Ordinance No. 172808). The following Housing Goal was adopted as part of the River District Urban Renewal Plan:

A. Housing

To stimulate the development of a substantial stock of housing accessible to households with a range of incomes which reflect the income distribution of the city as a whole.

- Objective 1. Achieve a Mix of Units by Household Income Categories
- Objective 2. Promote Development of Services and Amenities to Support Housing
- Objective 3. Promote Ownership Housing
- Objective 4. Implement City of Portland Shelter Reconfiguration Plan
- Objective 5. Preserve Access to Affordable Housing for Low Income Residents of the river District.

Planning Commission Finding: The project supports Objectives 1 and 2 by providing a broader range of rental options to middle and upper income households and providing ground floor space for commercial and retail services.

IV. ELIGIBILITY, PLAN, AND POLICY CONFORMANCE: CONCLUSIONS

- A. The proposed project is eligible for limited property tax exemption in accordance with City Code and statutory requirements referenced in Section II.

- B. According to statutory intent and applicable City Code, the proposed project is consistent with and supportive of the purposes for which this authority was created. The legislative intent strongly encourages the development of new multiple-unit rental housing in the State's largest urban core areas and recognizes the need to provide a financial incentive in areas where higher than average land and construction costs exist due to a number of factors.
- C. The foregoing references in Section III indicate that the proposed housing development is consistent with and supportive of adopted Comprehensive Plan policies and objectives including, specifically, the Central City Plan; the River District Plan; the River District Housing Implementation Strategy; the Development Agreement between the City and HSP; the Central City 2000 housing goals; the River District Urban Renewal Plan, and the governing development regulations of Title 33, particularly the EXd zone as modified by the Central City Plan District.
- D. The property tax exemption has been in existence since 1975 and it has assisted the residential construction activity within the targeted core area of the City. This activity in large part has been made possible by the incentives of the property tax exemption in conjunction with additional direct and indirect subsidies. This project is not receiving any other direct public subsidy and is a key element in the overall development goals of the River District.
- E. Currently, the site under consideration is vacant site formerly occupied by a rail yard and zoned primarily for commercial and mixed use. Therefore, public incentives, in the form of limited tax exemption, are justified in order to achieve the adopted plan goals for new residential development in this area of the Central City.

V. **DETERMINATION OF PUBLIC BENEFIT**

A. **Examples of Public Benefit**

Section 3.104.040, Public Benefits, specifies that the proposed project "must include a public benefit which may consist of, but is not limited to one or more of the following: (1) dwelling units at rental rates or sale prices which are accessible to a broad income range of the general public, (2) recreation facilities or space, (3) open spaces, (4) public meeting rooms, (5) day care facilities, (6) facilities supportive of the arts, (7) facilities for the handicapped, (8) service or commercial use which is permitted and needed at the project, but not available for economic reasons, (9) dedications for public use, (10) other public benefits approved by the Planning Commission and the City Council."

B. Proposal's Relationship to Public Benefits

The applicant notes in the project narrative the following public benefits offered by this project:

- "Housing which is affordable at a variety of income levels, reflecting the income diversity of the City as a whole.
- The building includes 8,978 square feet of street level retail, as encouraged in the River District Plan. The retail component fronts NW 10th Avenue across from a future public park block and a public Boardwalk intended to eventually run the length of the west side of 10th Avenue to the waterfront. Because of the Boardwalk, 10th Avenue will become a primary retail corridor through the neighborhood.
- The Development Agreement requires that, in rental projects, Hoyt Street Properties construct 15% of the units at 700 square feet or less, in order to achieve a mix of unit sizes and demographic variety. Twenty-five % of the units in the Project will be less than 700 square feet which exceeds the requirement.
- Under the housing density goals of the Development Agreement, Hoyt Street Properties is required to build 131 units per acre. The project exceeds this requirement, with 139 units.
- The Project is not receiving tax credits tax exempt bonds, or loans from any governmental agency, including PDC.
- The Project is transit supportive, located adjacent to the Portland Streetcar line.
- The Project meets or exceeds all the goals and objectives of the River District Plan and Central City Plan, especially the goal of high density housing in Portland's urban core.
- The Developer has agreed to contribute \$50,000 to the Pearl Arts Foundation for each developed block. The Pearl Arts Foundation intends to create an open-air museum in the Pearl District of Portland. In addition, Hoyt Street Properties intends to encourage the use of private and public open spaces for art exhibits, musical events and other street and neighborhood events."

Planning Commission Comment: In establishing the review authority for tax exemption, the Portland Development Commission is given primary authority to recommend to the Planning Commission approval, denial, or approval with conditions [Section 3.104.050 (2)]. PDC's recommendation is determined by a finding that the property tax exemption is necessary in order to make the development economically feasible at rental rates or purchase prices which serve the public purposes of the tax exemption program.

The Planning Commission's role is to "review the application to determine whether the proposed development is consistent with the City's Comprehensive Plan. A recommendation shall thereafter be forwarded to the City Council that the application be approved subject to those conditions necessary to achieve the

purposes of this Chapter. The Planning Commission shall specify in its recommendation to the Council the scope and nature of public benefit recommended for the proposed project.”.

The substance of the Planning Commission's hearing on this proposal is, therefore, a determination whether the suggested public benefits are sufficient to meet the purposed of the tax exemption program in the context of wider City policy.

VI. PLANNING COMMISSION RECOMMENDATION BASED ON ELIGIBILITY, PLAN, AND POLICY CONFORMANCE FINDINGS AND CONCLUSIONS

This project will add 139 rental units to a larger development plan for housing affordable to a broad range of the market and supportive street level retail space to the growing River District neighborhood. As part of a larger, long-term development project, it complies with relevant policies and agreements applicable to the River District and the HSP Development Agreement. The Planning Commission recommends approval subject to the conditions stated below.

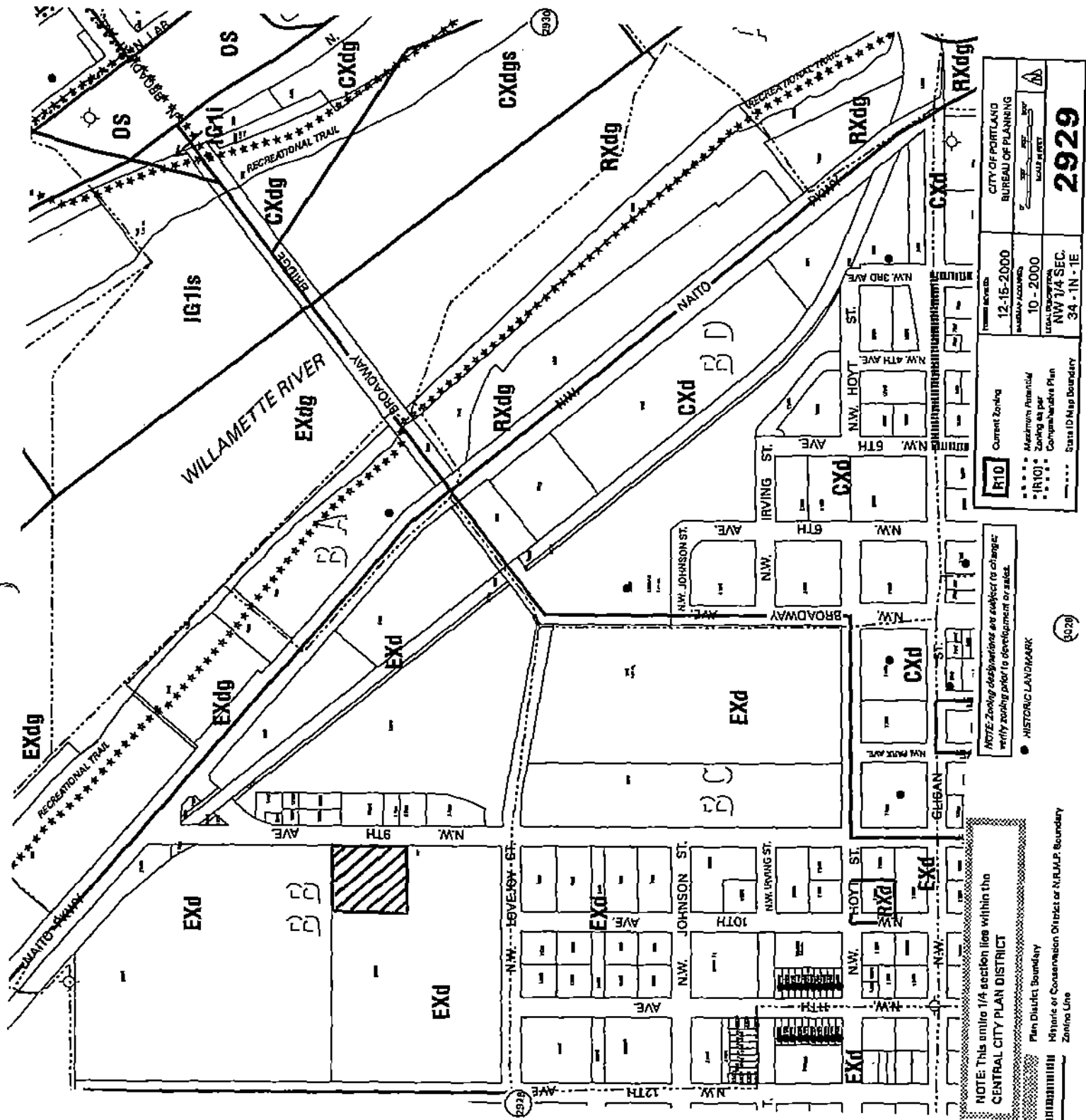
VII. PUBLIC BENEFIT RECOMMENDATION

The Planning Commission recommends that the City Council approve the limited property tax exemption for the HSP Block 13 rental development subject to the following conditions:

1. This project is viewed as part of a larger multi-phased development plan, the whole of which is subject to applicable master plan, conditional use, design review, and development agreements and conditions applied through other independent but relevant reviews and negotiations that have and will take place between the City and the applicant. This approval for limited property tax exemption for the Block 13 development does not nullify or otherwise modify the conditions of those reviews or agreements.
2. These and any other public benefits be provided in accordance with agreements reached or conditions imposed by the relevant review bodies and agencies, including but not limited to the Planning Bureau, the Portland Development Commission, and the Historic Landmarks Commission or Design Review Commission, as appropriate.
3. The project comply with all applicable standards of Title 33, Planning and Zoning, as well as all conditions of approval of any land use and design reviews.
4. Ground level, locally oriented retail and service businesses serving individuals and households in this building as well as visitors can qualify as a public benefit under the terms of this exemption. A determination by the Director of the Bureau of Planning shall

be made if there is a question regarding the neighborhood orientation of the proposed commercial and service uses.

Mike Saba:mps



File Number P.C. 39
 Quarter Section 2929
 Scale 1" = 200'
 Request Property Tax Exemption
 Exhibit 1

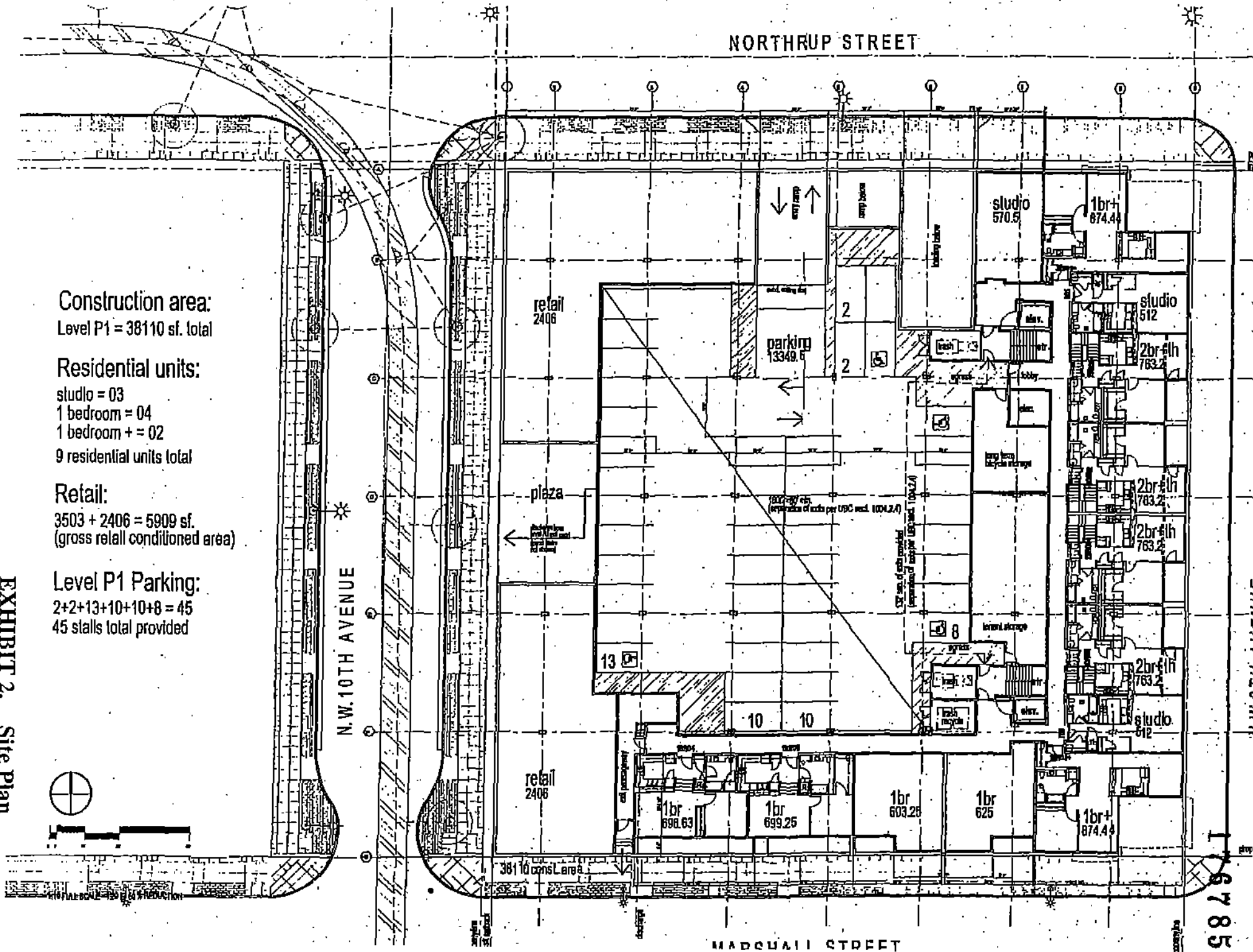
EXHIBIT 2. Site Plan

Construction area:
Level P1 = 38110 sf. total

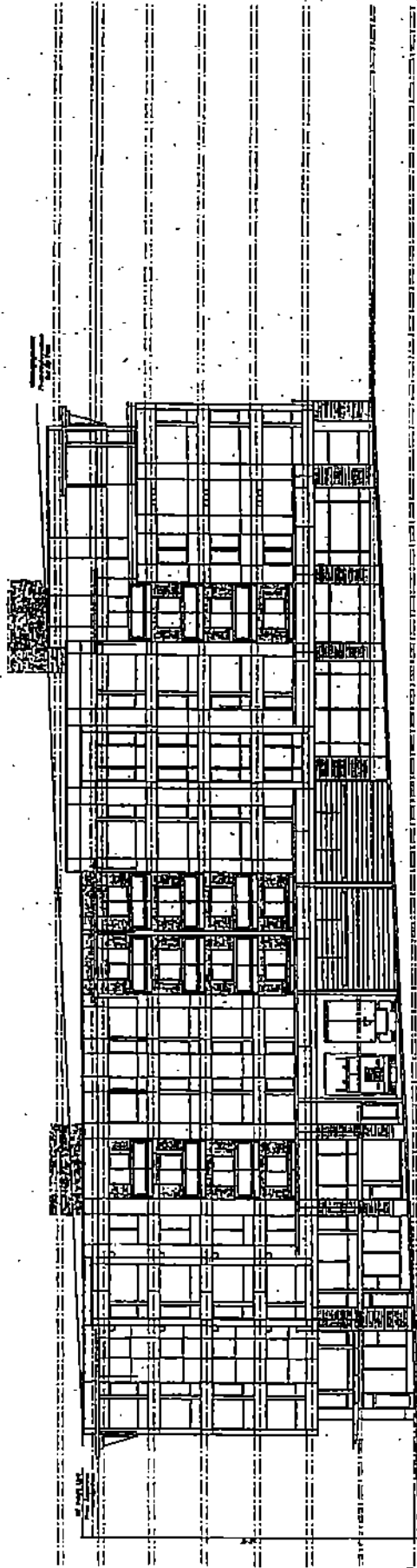
Residential units:
studio = 03
1 bedroom = 04
1 bedroom + = 02
9 residential units total

Retail:
3503 + 2406 = 5909 sf.
(gross retail conditioned area)

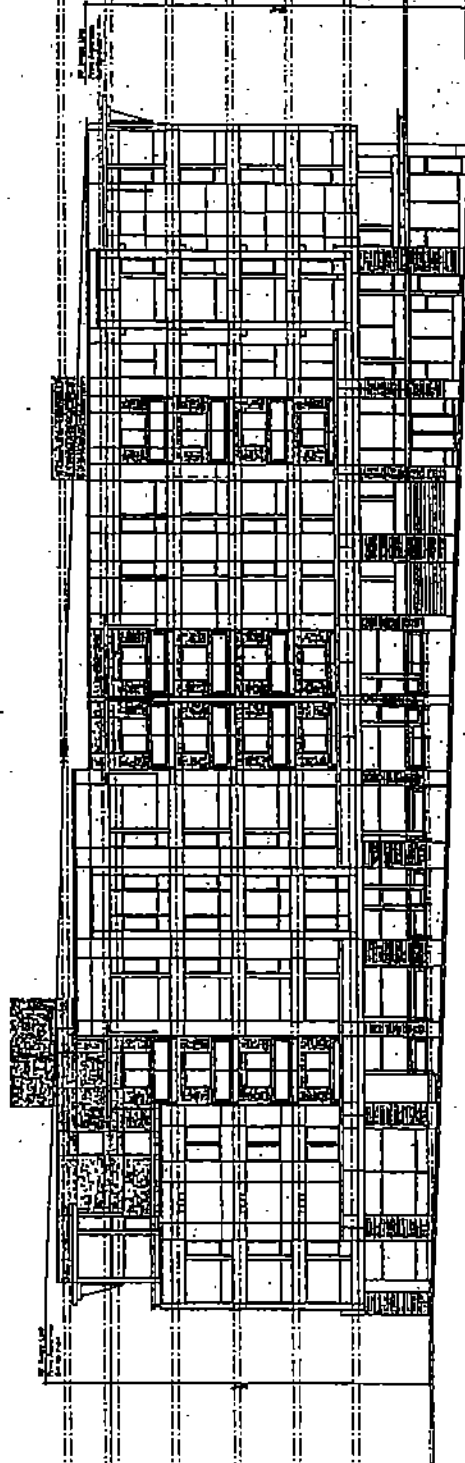
Level P1 Parking:
2+2+13+10+10+8 = 45
45 stalls total provided



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13. NORTH ELEVATION



25. SOUTH ELEVATION

EXHIBIT 3. North and South Elevations

Hoyt Street Yards BLOCK 13 APARTMENTS

ECONOMIC SUMMARY

Attached are exhibits that analyze the impact of a limited property tax exemption on the financial feasibility of this project. The exhibits are:

- ✓ Exhibit "A" — Proforma Assumptions
- ✓ Exhibit "B" — Development Sources and Uses
- ✓ Exhibit "C" — First Year Income with Tax Abatement
- ✓ Exhibit "D" — 15 Year Projected Income with Tax Abatement
- ✓ Exhibit "E" — First Year Income without Tax Abatement
- ✓ Exhibit "F" — 15 Year Projected Income without Tax Abatement
- ✓ Exhibit "G" — First Year Income based on Required Rate without Tax Abatement
- ✓ Exhibit "H" — 15 Year Projected Income based on Required Rate without Tax Abatement.

Exhibit "D" shows that with the tax exemption there is a projected rate of return on equity of 10.37% (over a ten-year period). This assumes an average rental rate of \$1.70 per square foot or an overall average of \$1,392.

Exhibit "F" shows that the projected rate of return without the tax abatement is only 1.26% (over a ten-year period). It is doubtful that the project would be eligible for long-term financing under this assumption, based on the fact that the debt service cannot be covered from operating cash flows.

Exhibits "G" and "H" show results based on rates necessary to generate an acceptable rate of return assuming that there is no tax abatement (9.06% over a ten-year period). The average rate per square foot under this assumption is \$2.00 or 17.65% higher than the rate needed if the tax abatement is granted.

The \$1.70 per square foot rate used in Exhibit "D" already assumes a 6.25% increase over the current rate currently being achieved at Kearney Plaza. Without the tax abatement the current rates would have to be increased by approximately 25% to achieve a rate high enough to make the project economically feasible.

It is our opinion that a 25% rate increase is not possible based on current and projected market conditions. Thus without the tax abatement, the Block 13 project is not economically feasible.

**EXHIBIT 4. Economic Summary
and Pro Forma**

Exhibit "A"

Block 13 Apartments Proforma Assumptions					
Square Footage			Units		
<u>Rentable Building Square Footage</u>			<u>Rentable Building Spaces</u>		
Residential	113,814 Sq FL	<u>Total Gross Bldg. Area</u>	Residential		139
Storage	1,860 Sq FL	200,666	Storage		139
Retail	8,978 Sq FL		Retail		6
Parking	38,808 Sq FL	<u>Site Area</u>	Parking - Single		117
	<u>163,460 Sq FL</u>	40,000	Parking Tandem		13
					<u>414</u>
		<u>Building Coverage</u>			
		38,908			
Average Apartment Sizes					
	<u>Sq Ft/Unit</u>	<u>No. Units</u>	<u>Total Sq Ft</u>		
Studio	570.50	1	.571		
	512.00	2	1,024		
	539.00	20	10,780		
	572.00	8	4,576		
Total		<u>31</u>	<u>16,951</u>		
Average Sq Ft			<u>547</u>		
One Bedroom	603.25	1	603		
	696.60	1	697		
	699.25	1	699		
	626.00	1	626		
	639.30	2	1,279		
Total	717.80	<u>38</u>	<u>27,269</u>		
Average Sq Ft			<u>31,172</u>		
			<u>708</u>		
One Bedroom +	758.27	6	4,538		
	783.20	16	12,211		
	874.44	2	1,749		
	798.60	2	1,597		
	885.45	2	1,971		
Total		<u>28</u>	<u>22,065</u>		
Average Sq Ft			<u>788</u>		
Two Bedroom	1,111.70	6	6,670		
	1,125.60	6	6,754		
	1,211.80	8	9,684		
Total		<u>20</u>	<u>23,118</u>		
Average Sq Ft			<u>1,168</u>		
Two Bedroom +	1,204.00	8	9,632		
		8	9,632		
Total			<u>1,204</u>		
Average Sq Ft					
Townhouse	1,453.80	4	5,815		
	1,141.18	2	2,282		
	1,389.20	2	2,778		
Total		<u>8</u>	<u>10,875</u>		
Average Sq Ft			<u>1,359</u>		
Grand Total		<u>139</u>	<u>113,814</u>		
Average Sq Ft			<u>819</u>		
Rents					
<u>Average Rents</u>	<u>Market Rate</u>	<u>Needed Rate</u>	<u>Operating Expenses</u>		
Studios	\$2,882	\$28,817 per month	Operating Expenses	\$4,727	per unit per year
One Bedrooms	\$9,050	\$90,505 per month	Land Only Property Taxes	\$215	per unit per year
Two Bedrooms	\$5,568	\$55,675 per month	Replacement Reserves	\$150	per unit per year
Townhomes	\$1,849	\$18,488 per month	Management Fee	3.50%	of gross rents
Average Rent per unit	\$139	\$1,392 per month	<u>Construction Costs</u>		
Average Rent per Sq Ft	\$0.17	\$1.70 per month	Development Cost/Unit	\$163,410	
Parking Income	\$0	\$0 per month	Development Financing	7.00%	
Storage Income	\$0	\$0 per month	<u>Financing</u>		
Other Income	\$0	\$0 per month	Debt Service Coverage	115%	
Vacancy Allowance	5.00%		Permanent Financing	7.75%	

**Block 13 Apartments
Development Sources and Uses**

Exhibit "B"

176785

	predevelopment	construction	total	% of total cost	per unit 139	per square foot 202,462	
Project Uses							
Land and Site Costs							
Land Costs		2,800,000	2,800,000	12.08%	20,144	13.83	
Site Development Costs		0	0	0.00%	0	0.00	
Other Financing Fees		0	0	0.00%	0	0.00	
Value Write-Down		0	0	0.00%	0	0.00	
Total Land/Site Costs	0	2,800,000	2,800,000	12.08%	20,144	13.83	
Hard Costs							
Site Work		200,000	200,000	0.86%	1,439	0.99	
Off-Site Work		0	0	0.00%	0	0.00	
Building construction		15,500,000	15,500,000	66.88%	111,511	76.56	
Parking construction		0	0	0.00%	0	0.00	
Construction Contingency	2.16%	250,000	250,000	1.08%	1,799	1.23	
Contractors' Overhead & Profit		0	0	0.00%	0	0.00	
Systems development		0	0	0.00%	0	0.00	
FF&E		0	0	0.00%	0	0.00	
Tenant Improvements		179,650	179,650	0.78%	1,292	0.89	
Storefront		0	0	0.00%	0	0.00	
Other - Appliances and Trash Compactor		250,000	250,000	1.08%	1,799	1.23	
Total Hard Costs	0	16,379,650	16,379,650	70.67%	117,839	80.90	
Soft Costs							
Architectural services		650,000	650,000	2.80%	4,676	3.21	
Engineering services		22,500	22,500	0.10%	162	0.11	
Soils Engineering		55,000	55,000	0.24%	396	0.27	
Environmental review		27,500	27,500	0.12%	198	0.14	
Site survey		0	0	0.00%	0	0.00	
Relocation expenses		0	0	0.00%	0	0.00	
Appraisal/Market study		0	0	0.00%	0	0.00	
Permits and fees		434,100	434,100	1.87%	3,123	2.14	
Systems development		0	0	0.00%	0	0.00	
Plan review/site inspect.		0	0	0.00%	0	0.00	
Construction bond		0	0	0.00%	0	0.00	
Construction loan fees		50,000	50,000	0.22%	360	0.25	
Construction period interest		1,237,403	1,237,403	5.34%	8,902	6.11	
Predevelopment loan interest		0	0	0.00%	0	0.00	
PDC Loan Fee		0	0	0.00%	0	0.00	
PDC interest during construction		0	0	0.00%	0	0.00	
Bridge loan fee		0	0	0.00%	0	0.00	
Bridge loan interest		0	0	0.00%	0	0.00	
Tax credit fees		0	0	0.00%	0	0.00	
Bond issuance costs		0	0	0.00%	0	0.00	
Permanent Loan Fees		175,000	175,000	0.76%	1,259	0.86	
Legal/Organizational		0	0	0.00%	0	0.00	
Accounting fees		0	0	0.00%	0	0.00	
Taxes		10,000	10,000	0.04%	72	0.05	
Insurance		25,000	25,000	0.11%	180	0.12	
Closing costs		0	0	0.00%	0	0.00	
Furniture, fixtures, equip.		5,000	5,000	0.02%	36	0.02	
Lease-up reserves		0	0	0.00%	0	0.00	
Operating reserves		0	0	0.00%	0	0.00	
Marketing costs		200,000	200,000	0.86%	1,439	0.99	
Soft cost contingency		250,000	250,000	1.08%	1,799	1.23	
Other		105,000	105,000	0.45%	755	0.52	
Total Soft Costs	0	3,246,503	3,246,503	14.01%	23,356	16.04	
Development Costs							
Developer's Fees	3.34%	750,000	750,000	3.24%	5,396	3.70	
Developer's Overhead		0	0	0.00%	0	0.00	
Consultants' Fees	0.00%	0	0	0.00%	0	0.00	
Total Development Costs	0	750,000	750,000	3.24%	5,396	3.70	
Total Project Cost	0	23,176,153	23,176,153	100.00%	166,735	114.47	
Project Sources							
Permanent Loan	7.75%	30	19,069,608	19,069,608	82.28%	137,191	94.19
Developer equity			4,106,545	4,106,545	17.72%	29,543	20.28
Deferred Developer Fee			0	0	0.00%	0	0.00
Remaining Sources to be Identified			0	0	0.00%	0	0.00
Total Project Sources	0	23,176,153	23,176,153	100.00%	166,735	114.47	

Income		Block 13 Apartments First Year/Income Monthly/Unit With Tax Abatement			% of EGI	
Residential						
studio	0	0%	0	31	930	
1 bedroom	1	0%	0	72	1,257	
2 bedroom	2	0%	0	28	1,988	
Townhouse	3	0%	0	8	2,311	
			0	139	193,484	
Gross Residential Rent			2,321,806	16,704	12.00	92%
Parking Income			170,000	1,223	0.88	7%
Storage Income			0	0	0.00	0%
Laundry Income			0	0	0.00	0%
Deposits on Turnover			0	0	0.00	0%
Less Vacancy at	5.00%		-124,590	-896	-0.64	-5%
Net Residential Rent			2,367,215	17,030	12.23	94%
Commercial						
Gross Commercial Rent			179,560	44,890	20.00	7%
Parking Income			0	0	0.00	0%
Commercial Expense Reimbursements			0	0	0.00	0%
Storage Income			0	0	0.00	0%
Less Vacancy at	15.00%		-26,934	-6,734	-3.00	-1%
Net Commercial Rent			152,626	38,157	17.00	6%
Effective Gross Income			2,519,841	18,128	13.02	100%
Expenses						
Residential						
Administration			0	0	0.00	0%
Advertising			0	0	0.00	0%
Repairs And Maintenance			534,394	3,846	2.76	21%
Professional Fees			0	0	0.00	0%
Turnover			0	0	0.00	0%
Utilities			0	0	0.00	0%
Property Taxes			0	0	0.00	0%
Insurance			0	0	0.00	0%
Management Fee			52,852	596	0.43	3%
Total Residential Expenses			617,447	4,442	3.19	25%
Replacement Reserves			20,850	150	0.11	1%
Commercial						
Administration			0	0	0.00	0%
Advertising			0	0	0.00	0%
Repairs And Maintenance			12,973	3,243	1.45	1%
Professional Fees			0	0	0.00	0%
Turnover			0	0	0.00	0%
Utilities			0	0	0.00	0%
Property Taxes			29,092	7,273	3.24	1%
Insurance			0	0	0.00	0%
Management Fee			5,342	1,325	0.60	0%
Total Commercial Expenses			47,407	11,852	5.28	2%
Replacement Reserves			0	0	0.00	0%
Total Expenses			685,704	4,933	3.54	27%
Net Operating Income			1,834,138	13,195	9.48	73%
Debt Service						
Permanent Loan			1,639,404	11,794	8.47	65%
Total Debt Service	1.12		1,639,404	11,794	8.47	65%
Deferred Developer Fee			0	0	0.00	0%
Net Cash Flow			194,734	1,401	1.01	8%

Block 13 Apartments
15 Year Projected Income
With Tax Abatement

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Income															
Residential															
Gross Residential Rent	2,321,806	2,391,460	2,463,204	2,537,100	2,612,213	2,691,609	2,772,357	2,855,328	2,941,194	3,029,430	3,120,313	3,213,922	3,310,340	3,409,850	3,511,939
Parking Income	170,000	175,100	180,353	185,764	191,336	197,072	202,989	209,079	215,351	221,811	228,466	235,320	242,379	249,651	257,140
Storage Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Laundry Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits at Turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leas Vacancy at 5%	-124,590	-128,338	-132,128	-135,963	-140,221	-144,938	-149,167	-153,230	-157,822	-162,862	-167,432	-172,662	-177,636	-182,365	-188,454
Net Residential Rent	2,367,215	2,438,232	2,511,379	2,586,720	2,664,323	2,744,251	2,826,579	2,911,376	2,998,718	3,088,679	3,181,339	3,276,780	3,375,083	3,476,316	3,580,626
Commercial															
Gross Commercial Rent	179,560	184,947	190,495	196,210	202,096	208,139	214,404	220,836	227,461	234,285	241,314	248,553	256,010	263,690	271,601
Parking Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Expense Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Storage Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leas Vacancy at 15%	-26,934	-27,764	-28,574	-29,372	-30,164	-31,224	-32,161	-33,125	-34,119	-35,143	-36,197	-37,281	-38,401	-39,553	-40,740
Net Commercial Rent	152,626	157,205	161,921	166,779	171,782	176,935	182,243	187,711	193,342	199,142	205,117	211,270	217,608	224,136	230,861
Effective Gross Income Expenses	2,519,841	2,595,437	2,673,300	2,753,489	2,836,104	2,921,187	3,008,822	3,099,087	3,192,060	3,287,821	3,386,456	3,488,050	3,592,691	3,700,472	3,811,486
Regulatory															
Administration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs And Maintenance	334,394	555,978	578,217	601,346	625,399	650,415	676,432	703,489	731,629	760,894	791,230	822,983	855,992	890,138	925,744
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	92,852	86,162	80,613	75,188	70,924	66,803	62,835	59,008	55,382	51,925	48,612	45,438	42,399	39,486	36,684
Total Residential Expenses	617,447	642,144	667,830	694,543	722,325	751,218	781,267	812,518	845,018	878,819	913,972	950,531	988,552	1,028,094	1,069,218
Commercial															
Administration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs And Maintenance	12,973	13,492	14,032	14,593	15,177	15,784	16,415	17,072	17,755	18,465	19,204	19,972	20,771	21,601	22,465
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	29,082	30,256	31,466	32,725	34,034	35,395	36,811	38,283	39,814	41,407	43,063	44,786	46,577	48,440	50,378
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	3,342	3,556	3,778	4,002	4,249	4,492	4,739	4,980	5,211	5,437	5,657	5,872	6,083	6,289	6,491
Total Commercial Expenses	47,407	49,303	51,276	53,377	55,460	57,678	59,985	62,385	64,880	67,475	70,174	72,981	75,900	78,936	82,094
Replacement Reserves	20,850	21,684	22,551	23,453	24,392	25,367	26,382	27,437	28,535	29,676	30,863	32,098	33,382	34,717	36,105
Total Expenses	685,704	713,133	741,657	771,323	801,176	834,263	867,634	902,339	939,433	979,570	1,015,009	1,055,609	1,097,634	1,141,747	1,187,417
Net Operating Income	1,834,138	1,881,305	1,931,643	1,984,175	2,039,923	2,104,923	2,144,188	2,196,748	2,253,627	2,311,851	2,371,447	2,432,440	2,494,858	2,558,725	2,624,069
Debt Service	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404
Permanent Loan	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404
Total Debt Service	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developer Fee Note Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow	194,734	242,901	292,238	342,771	394,523	447,519	501,784	557,344	614,223	672,447	732,043	793,036	854,453	919,321	984,665
Cash Available for Split	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PDC Cash Flow Split	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash to Borrower	194,734	242,901	292,238	342,771	394,523	447,519	501,784	557,344	614,223	672,447	732,043	793,036	854,453	919,321	984,665
	4.10%	4.74%	5.91%	7.12%	8.35%	9.61%	10.90%	12.22%	13.57%	14.96%	17.81%	19.31%	20.83%	22.39%	23.98%

**Block 13 Apartments
First Year Income
Without Tax Abatement**

Income				# Units	Monthly/Unit	% of EGI
Residential						
	studio	0	0%	0	31	930
	1 bedroom	1	0%	0	72	1,257
	2 bedroom	2	0%	0	28	1,988
	Townhouse	3	0%	0	8	2,311
				0	139	193,484
Gross Residential Rent		2,321,806		16,704	12.00	92%
Parking Income		170,000		1,223	0.88	7%
Storage Income		0		0	0.00	0%
Laundry Income		0		0	0.00	0%
Deposits on Turnover		0		0	0.00	0%
Less Vacancy at	5.00%	<u>-124,590</u>		<u>-896</u>	<u>-0.64</u>	<u>-5%</u>
Net Residential Rent		2,367,215		17,030	12.23	94%
Commercial						
Gross Commercial Rent		179,560		44,890	20.00	7%
Parking Income		0		0	0.00	0%
Commercial Expense Reimbursements		0		0	0.00	0%
Storage Income		0		0	0.00	0%
Less Vacancy at	15.00%	<u>-26,934</u>		<u>-6,734</u>	<u>-3.00</u>	<u>-1%</u>
Net Commercial Rent		152,626		38,157	17.00	6%
Effective Gross Income		2,519,841		18,128	13.02	100%
Expenses						
Residential						
Administration		0		0	0.00	0%
Advertising		0		0	0.00	0%
Repairs And Maintenance		534,594		3,846	2.76	21%
Professional Fees		0		0	0.00	0%
Turnover		0		0	0.00	0%
Utilities		0		0	0.00	0%
Property Taxes		433,000		3,115	2.24	17%
Insurance		0		0	0.00	0%
Management Fee		<u>82,853</u>		<u>596</u>	<u>0.43</u>	<u>3%</u>
Total Residential Expenses		1,050,447		7,557	5.43	42%
Replacement Reserves		20,850		150	0.11	1%
Commercial						
Administration		0		0	0.00	0%
Advertising		0		0	0.00	0%
Repairs And Maintenance		12,973		3,243	1.45	1%
Professional Fees		0		0	0.00	0%
Turnover		0		0	0.00	0%
Utilities		0		0	0.00	0%
Property Taxes		29,092		7,273	3.24	1%
Insurance		0		0	0.00	0%
Management Fee		<u>5,342</u>		<u>1,335</u>	<u>0.60</u>	<u>0%</u>
Total Commercial Expenses		47,407		11,852	5.28	2%
Replacement Reserves		0		0	0.00	0%
Total Expenses		1,118,704		8,048	5.78	44%
Net Operating Income		1,401,138		10,080	7.24	56%
Debt Service						
Permanent Loan		<u>1,639,404</u>		<u>11,794</u>	<u>8.47</u>	<u>65%</u>
Total Debt Service	0.85	1,639,404		11,794	8.47	65%
Deferred Developer Fee		0		0	0.00	0%
Net Cash Flow		-238,266		-1,714	-1.23	-9%

Exhibit F

Block 13 Apartments
15 Year Income
Without Tax Abatement

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Income															
Residential															
Gross Residential Rent	2,321,806	2,391,460	2,463,204	2,537,100	2,613,213	2,691,609	2,772,357	2,855,528	2,941,194	3,029,430	3,120,313	3,213,922	3,310,346	3,409,656	3,511,939
Parking Income	170,000	175,100	180,353	185,764	191,336	197,077	202,989	209,079	215,351	221,811	228,466	235,320	242,379	249,651	257,140
Storage Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Laundry Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits at Turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leas Vacancy at 5%	-124,590	-128,328	-132,128	-136,143	-140,227	-144,434	-148,762	-153,238	-157,872	-162,562	-167,432	-172,462	-177,636	-182,963	-188,454
Net Residential Rent	2,367,215	2,438,232	2,511,379	2,586,720	2,664,322	2,744,231	2,826,379	2,911,378	2,998,718	3,088,679	3,181,339	3,276,780	3,375,083	3,476,316	3,580,626
Commercial															
Gross Commercial Rent	179,560	184,947	190,495	196,210	202,096	208,159	214,404	220,816	227,461	234,285	241,314	248,553	256,010	263,690	271,601
Parking Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Expense Reimbursements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Storage Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Leas Vacancy at 15%	-26,934	-27,742	-28,574	-29,432	-30,314	-31,224	-32,161	-33,123	-34,112	-35,143	-36,212	-37,323	-38,469	-39,653	-40,880
Net Commercial Rent	152,626	157,205	161,921	166,779	171,782	176,935	182,243	187,711	193,342	199,142	205,142	211,270	217,608	224,136	230,861
Effective Gross Income	2,519,841	2,595,437	2,673,300	2,753,499	2,836,104	2,921,167	3,008,622	3,099,087	3,192,060	3,287,821	3,386,486	3,488,050	3,592,691	3,700,472	3,811,486
Expenses															
Residential															
Administration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs And Maintenance	534,594	553,978	574,217	601,346	625,399	650,415	676,432	703,489	731,629	760,894	791,330	822,093	853,902	890,138	923,744
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	433,000	450,320	468,333	487,066	506,549	526,811	547,893	569,798	592,590	616,294	640,946	666,584	693,247	720,977	749,816
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	82,853	86,167	89,613	93,128	96,726	100,403	104,183	108,028	111,932	115,925	120,042	124,348	128,899	133,650	138,556
Total Residential Expenses	1,040,447	1,092,464	1,145,163	1,181,609	1,228,874	1,278,029	1,329,150	1,382,316	1,437,609	1,495,113	1,554,917	1,617,114	1,681,799	1,749,971	1,819,034
Commercial															
Administration	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs And Maintenance	12,973	13,492	14,032	14,593	15,177	15,784	16,415	17,072	17,755	18,465	19,204	19,972	20,771	21,601	22,465
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Turnover	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	29,092	30,256	31,466	32,725	34,034	35,395	36,811	38,283	39,814	41,407	43,063	44,786	46,577	48,440	50,378
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	5,342	5,556	5,778	6,009	6,249	6,498	6,759	7,030	7,311	7,603	7,907	8,224	8,553	8,895	9,250
Total Commercial Expenses	47,407	49,303	51,276	53,327	55,460	57,678	59,985	62,385	64,880	67,475	70,174	72,981	75,900	78,936	82,094
Replacement Reserves	20,850	21,684	22,551	23,453	24,392	25,367	26,382	27,437	28,533	29,676	30,863	32,098	33,380	34,717	36,105
Total Expenses	1,118,704	1,163,452	1,209,990	1,258,289	1,308,719	1,361,074	1,415,517	1,472,138	1,531,023	1,591,364	1,653,955	1,717,973	1,791,081	1,862,724	1,937,233
Net Operating Income	1,401,138	1,431,985	1,463,310	1,495,109	1,527,379	1,560,113	1,593,205	1,626,949	1,661,036	1,695,557	1,730,501	1,765,857	1,801,611	1,837,748	1,874,253
Debt Service	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404
Permanent Loan	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404
Total Debt Service	0	238,266	403,556	674,417	869,293	1,046,515	1,204,295	1,440,716	1,453,725	1,541,122	1,600,553	1,629,497	1,629,497	1,584,944	1,505,471
Deferred Developer Fee	0	17,870	34,767	50,581	65,197	78,489	90,322	100,554	109,029	115,584	120,041	122,212	121,894	118,871	112,910
Interest	238,266	202,412	176,094	144,293	114,026	79,282	46,092	12,332	21,632	38,153	91,092	126,633	162,202	198,344	224,809
Ending Balance	238,266	403,556	674,417	869,293	1,046,515	1,204,295	1,340,716	1,453,725	1,541,122	1,600,553	1,629,497	1,629,497	1,584,944	1,505,471	1,383,532
Net Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Available for Split	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PDC Cash Flow Split	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash to Borrower	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4,106,545	0.00%	17,870	34,767	50,581	65,197	78,489	90,322	100,554	109,029	115,584	120,041	122,212	121,894	118,871	112,910
1.36%		0.41%	0.76%	1.06%	1.31%	1.52%	1.70%	1.83%	1.96%	2.05%	2.10%	2.13%	2.13%	2.09%	2.01%

Block 13 Apartments
First Year Income
Required Rental Rate Without Tax Abatement

Income			# Units	Monthly/Unit	% of EGI
Residential					
	studio	0%	0	31	1,094
	1 bedroom	0%	0	72	1,479
	2 bedroom	0%	0	28	2,339
	Townhouse	0%	0	8	2,719
			0	139	227,628
Gross Residential Rent			2,731,536	19,651	12.00
Parking Income			170,000	1,223	0.75
Storage Income			0	0	0.00
Laundry Income			0	0	0.00
Deposits on Turnover			0	0	0.00
Less Vacancy at	5.00%		-145,077	-1,044	-0.64
Net Residential Rent			2,756,459	19,831	12.11
					94%
Commercial					
Gross Commercial Rent			224,450	56,113	25.00
Parking Income			0	0	0.00
Commercial Expense Reimbursements			0	0	0.00
Storage Income			0	0	0.00
Less Vacancy at	15.00%		-33,668	-8,417	-3.75
Net Commercial Rent			190,783	47,696	21.25
					6%
Effective Gross Income			2,947,242	21,203	12.95
					100%
Expenses					
Residential					
Administration			0	0	0.00
Advertising			0	0	0.00
Repairs And Maintenance			534,594	3,846	2.35
Professional Fees			0	0	0.00
Turnover			0	0	0.00
Utilities			0	0	0.00
Property Taxes			435,000	3,129	1.91
Insurance			0	0	0.00
Management Fee			96,476	694	0.42
Total Residential Expenses			1,066,070	7,670	4.68
					36%
Replacement Reserves			20,850	150	0.09
					1%
Commercial					
Administration			0	0	0.00
Advertising			0	0	0.00
Repairs And Maintenance			16,217	4,054	1.81
Professional Fees			0	0	0.00
Turnover			0	0	0.00
Utilities			0	0	0.00
Property Taxes			29,092	7,273	3.24
Insurance			0	0	0.00
Management Fee			6,677	1,669	0.74
Total Commercial Expenses			51,986	12,996	5.79
					2%
Replacement Reserves			0	0	0.00
					0%
Total Expenses			1,138,906	8,194	5.00
					39%
Net Operating Income			1,808,336	13,010	7.94
					61%
Debt Service					
Permanent Loan			1,639,404	11,794	7.20
Total Debt Service	1.10		1,639,404	11,794	7.20
					56%
Deferred Developer Fee			0	0	0.00
					0%
Net Cash Flow			168,932	1,215	0.74
					6%

**Block 13 Apartments
15 Year Income
Rate Required Without Tax Abatement**

Exhibit "H"

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Income																
Residential																
Gross Residential Rent	3.00%	2,731,536	2,813,482	2,897,887	2,984,823	3,074,368	3,166,599	3,261,597	3,359,445	3,460,228	3,564,035	3,670,956	3,781,085	3,894,517	4,011,553	4,131,693
Parking Income	3.00%	170,000	175,100	180,353	185,764	191,336	197,077	202,989	209,079	215,351	221,811	228,466	235,320	242,379	249,651	257,140
Storage Income	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Laundry Income	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deposits at Turnover	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Vacancy at 3%		-145,077	-149,429	-153,912	-158,529	-163,285	-168,184	-173,222	-178,426	-183,772	-189,262	-194,971	-200,829	-206,845	-213,029	-219,442
Net Residential Rent		2,756,459	2,839,153	2,924,328	3,012,057	3,102,419	3,195,492	3,291,356	3,390,097	3,491,800	3,596,554	3,704,451	3,815,584	3,930,032	4,047,953	4,169,392
Commercial																
Gross Commercial Rent	3.00%	224,450	231,184	238,119	245,263	252,620	260,199	268,005	276,045	284,327	292,856	301,642	310,691	320,012	329,612	339,501
Parking Income	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial Expense Reimbursements	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Storage Income	3.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Vacancy at 15%		-33,668	-34,678	-35,718	-36,789	-37,891	-39,029	-40,201	-41,407	-42,642	-43,928	-45,246	-46,604	-48,002	-49,442	-50,925
Net Commercial Rent		190,782	196,506	202,401	208,473	214,727	221,169	227,804	234,638	241,678	248,928	256,396	264,088	272,010	280,171	288,576
Effective Gross Income		2,947,241	3,035,659	3,126,729	3,220,531	3,317,146	3,416,661	3,519,161	3,624,736	3,733,478	3,845,482	3,960,846	4,079,672	4,202,062	4,328,124	4,457,968
Expenses																
Residential																
Administration	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs And Maintenance	4.00%	534,594	555,978	578,217	601,346	625,399	650,415	676,432	703,489	731,629	760,894	791,330	822,983	855,902	890,138	925,744
Professional Fees	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Turnover	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	4.00%	435,000	452,400	470,496	489,316	508,888	529,244	550,414	572,430	595,328	619,141	643,906	669,663	696,449	724,307	753,279
Insurance	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	4.00%	96,476	100,325	104,349	108,572	112,963	117,578	122,073	126,956	132,024	137,316	142,808	148,529	154,461	160,640	167,063
Total Residential Expenses		1,066,070	1,108,713	1,153,061	1,199,184	1,247,151	1,297,037	1,348,919	1,402,875	1,458,991	1,517,350	1,578,044	1,641,166	1,706,813	1,775,085	1,846,088
Commercial																
Administration	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Advertising	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs And Maintenance	4.00%	16,217	16,865	17,540	18,241	18,971	19,730	20,519	21,340	22,193	23,081	24,004	24,965	25,963	27,002	28,082
Professional Fees	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Turnover	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property Taxes	4.00%	29,092	30,256	31,466	32,725	34,034	35,395	36,811	38,283	39,814	41,407	43,063	44,786	46,577	48,440	50,378
Insurance	4.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Management Fee	4.00%	6,677	6,944	7,222	7,511	7,812	8,124	8,449	8,782	9,138	9,504	9,884	10,280	10,691	11,118	11,563
Total Commercial Expenses		51,986	54,065	56,228	58,477	60,816	63,249	65,779	68,419	71,146	73,992	76,952	80,030	83,231	86,560	90,023
Replacement Reserves	4.00%	20,850	21,684	22,531	23,453	24,392	25,367	26,382	27,437	28,535	29,676	30,863	32,098	33,382	34,717	36,105
Total Expenses		1,138,906	1,184,462	1,231,841	1,281,114	1,332,359	1,385,653	1,441,079	1,498,723	1,558,671	1,621,018	1,685,859	1,753,193	1,823,415	1,896,362	1,972,217
Net Operating Income		1,808,336	1,851,197	1,894,888	1,939,416	1,984,788	2,031,008	2,078,081	2,126,013	2,174,806	2,224,464	2,274,987	2,326,378	2,378,637	2,431,762	2,485,751
Debt Service																
Permanent Loan		1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404
Total Debt Service		1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404	1,639,404
Deferred Developer Fee																
Developer Fee Note		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	7.50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayments		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow		168,932	211,793	255,484	300,012	345,384	391,604	438,677	486,609	535,402	585,060	635,583	686,974	739,233	792,358	846,347
Cash Available for Split		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PDC Cash Flow Split	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash to Borrower		168,932	211,793	255,484	300,012	345,384	391,604	438,677	486,609	535,402	585,060	635,583	686,974	739,233	792,358	846,347
	4.10%	168,932	211,793	255,484	300,012	345,384	391,604	438,677	486,609	535,402	585,060	635,583	686,974	739,233	792,358	846,347
	9.06%	4.11%	5.16%	6.22%	7.31%	8.41%	9.54%	10.68%	11.85%	13.04%	14.25%	15.48%	16.73%	18.00%	19.29%	20.61%

176785

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

DATE: May 8, 2002

TO: The Commissioners

FROM: Donald F. Mazziotti

REPORT NO: 02-30

SUBJECT: **Recommend Approval of Property Tax Abatement
Application to the City of Portland Planning Commission and
City Council for the Block 13 Project in the River District
Urban Renewal District.**

BACKGROUND

Hoyt Street Properties, LLC (HSP) has applied for a property tax abatement for a new rental housing project known as Block 13 Apartments (Project) at NW Ninth Avenue and NW Marshall Street in the Pearl District. According to Chapter 3.104 of the City Code, the Portland Development Commission shall review the application and make a recommendation on the request to the Planning Commission and City Council.

The property tax abatement, if approved by the City, exempts the value of the project's residential improvements from taxation for a period of ten years. During this period, the property owner continues to be liable for property taxes on the value of the land.

PROJECT DESCRIPTION

Scheduled for construction in late 2002, the redevelopment of this full block includes 139 market rate rental apartments on five floors, 8,978 square feet of ground floor commercial space, and 143 parking spaces, primarily below grade. The base of the building will have a light masonry brick color with aluminum storefront window systems. The body of the building will have varying projecting and recessed bays made of metal panel, varying in color from light gray to light green, and varying in texture from smooth to box-ribbed corrugated (building plans are attached).

PUBLIC BENEFITS

The Project meets many of the City's housing goals as specified in the Comprehensive Plan:

- *The Project will redevelop a vacant full block parcel in the Pearl District, which is called for in Section 4.1 (E): "Encourage the efficient use of infrastructure by focusing well-designed new and redeveloped housing on vacant, infill, or under-developed land;"*
- *The Project will front on the Central City Streetcar, which is called for in Section 4.3 (A): "Place new residential developments at locations that increase potential ridership on the regional transit system and support the Central City as the region's employment and cultural center;" and*
- *The Project will provide rental opportunities in the Pearl District, which has been developed primarily as condominiums, which is called for in Section 4.10 (E): "Support opportunities for renter households by providing a range of housing types, sizes, and rent levels throughout the city."*

The Project satisfies one of the housing objectives called for in the Pearl District Development Plan:

- *The Project will provide rental opportunities in the Pearl District, which has been developed primarily as condominiums, which is called for in Housing Objective 1: "Support and promote the development of a wide range of housing types for all income levels as outlined in the adopted River District Housing Implementation Strategy of 1999."*

Several of the terms of the Amended And Restated Agreement for Development between the City of Portland and Hoyt Street Properties LLC are relevant to this Project:

- Smaller Units. The Project compares favorably with HSP's goal to build smaller units, set in Section V(G). Hoyt Street's goal for rental housing is that 15% of the units built will be no larger than 700 square feet, while the Project has 22% under 700 square feet.
- Density. As of the commencement of construction for Jamison Square, Hoyt Street's density obligations north of Lovejoy Street increased to 131 units per acre. This Project has 139 units on a 200 x 200 parcel, or 151 units per acre, in excess of the requirement.

Finally, the Project will provide the following additional public benefits, as required by the City Code (Chapter 3.104.040):

- Housing which is affordable at a variety of income levels, reflecting the income diversity of the City as a whole.

- The building includes 8,978 square feet of street level retail, as encouraged in the River District Plan. The retail component fronts NW 10th Avenue across from a future public park block and a public boardwalk intended to eventually run the length of the west side of 10th Avenue to the waterfront. Because of the boardwalk, 10th Avenue will become a primary retail corridor through the neighborhood.
- The Project is not receiving tax credits, tax exempt bonds, or loans from any governmental agency, including PDC.
- The Project is transit supportive, located adjacent to the Portland Streetcar line.
- The Project meets or exceeds all the goals and objectives of the River District Plan and Central City Plan, especially the goal of high density housing in Portland's urban core.
- The Developer has agreed to contribute \$50,000 to the Pearl Arts Foundation for each developed block. The Pearl Arts Foundation intends to create an open-air museum in the Pearl District of Portland. In addition, Hoyt Street Properties intends to encourage the use of private and public open spaces for art exhibits, musical events and other street and neighborhood events.

FINANCIAL EVALUATION

The total development budget for the Project is \$23.2 million. Project financing will be provided by a private loan and developer equity. HSP has submitted three detailed proformas, showing (1) the financial performance of the Project with the tax abatement, (2) the financial performance of the Project without the tax abatement, and (3) the financial performance of the Project with the rents necessary to achieve feasibility without the tax abatement. All three scenarios are attached.

As shown in scenario 1, the Project's cash on cash return is 10.37% during the 10 year period of the abatement. This is within the 10% threshold typically applied with the program.

As shown in scenario 2, the Project's cash on cash return is -2.28% during the 10 year period without the tax abatement. In this scenario, the Project would not likely be eligible for financing without a much greater developer equity contribution because of its inability to cover debt service. The financial performance of the Project in this scenario certainly does not achieve a market return; therefore, the Project is not financially feasible without the abatement.

As shown in scenario 3, in order to achieve the 10.37% cash on cash return associated with the abatement, rents would need to average an additional \$286 per month, or 21% higher. These rent increases are not possible at the present time; therefore the Project is not financially feasible without the abatement.

Based on this analysis, the property tax abatement is required to achieve economic feasibility for the Project, as described in Section 3.104.010(D) of the City Code.

RECOMMENDATION

Approve the Resolution recommending the approval of a property tax abatement for the Block 13 project to the Planning Commission and City Council.

Donald F. Mazziotti, Executive Director

ACTION



CITY OF PORTLAND, OREGON PLANNING COMMISSION

176785

c/o BUREAU OF PLANNING
1900 S.W. FOURTH AVENUE,
PORTLAND, OREGON 97201-
TELEPHONE: (503) 823-7708
FAX: (503) 823-7800

June 19, 2002

Portland City Hall
1221 SW 4th Avenue
Portland, OR 97204

Dear Mayor Katz and Members of the Portland City Council:

The Portland City Code, Chapter 3.104, permits the granting of a limited ten year property tax exemption for newly constructed multiple dwelling projects within the Central City Plan District or in designated urban renewal areas. This exemption applies to the improvement value only. The land value remains subject to taxation.

The Portland Development Commission is responsible for initially reviewing the application based on a finding that the tax exemption is necessary for financial feasibility of the project. The Development Commission recommended approval at their May 8, 2002 meeting. See Exhibit 5 of the Report.

Proposed is a newly constructed 139-unit market rate apartment project to be built on the block between NW 9th, 10th, Marshall, and Northrup. The site is one of several properties owned by Hoyt Street Properties and is part of the larger River District Plan subject to the amended Central City development regulations and the Development Agreement between the City and Hoyt Street Properties.

The notable public benefits include the introduction of 139 newly constructed rental units and 8,980 square feet of street level retail in the expanding River District. The project includes the smaller 700 square foot units required under the Development Agreement and exceeds the unit density that is required under the Agreement at this stage. This project is not receiving any other public subsidy from the City.

Planning Commission Recommendation: Approval of the limited ten year property tax exemption for the Hoyt Street Properties Apartments on Block 13 based on the findings in the attached report and subject to the conditions listed on page 13 of the Planning Commission Report.

Sincerely,

Rick Michaelson, President

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO.

RESOLUTION RECOMMENDING TO THE PLANNING COMMISSION AND CITY COUNCIL APPROVAL OF PROPERTY TAX ABATEMENT FOR BLOCK 13 APARTMENTS LOCATED AT NW NINTH AVENUE AND NW MARSHALL STREET IN THE RIVER DISTRICT URBAN RENEWAL DISTRICT.

WHEREAS, Chapter 3.104 of the City Code specifies the process for reviewing and approving applications for property tax abatements for new, multiple-unit housing; and

WHEREAS, after the application is submitted to the Bureau of Planning, the first step is review by the Portland Development Commission to analyze the financial feasibility of the project with and without the abatement and to forward to the Planning Commission a recommendation which indicates whether or not the abatement is necessary to achieve a feasible project; and

WHEREAS, the Planning Commission reviews the application for conformance with public benefits and forwards its recommendation to City Council for final approval; and

WHEREAS, Hoyt Street Properties, LLC has applied for property tax abatement with the Bureau of Planning for a proposed 139 unit rental housing project; and

WHEREAS, the project represents the type of new development encouraged by Portland's adopted Comprehensive Plan Housing Policy and the Pearl District Development Plan; and

WHEREAS, the Commission has reviewed the proposed project construction costs, revenues, and expenses and determines that the property tax abatement is a necessary element to achieve a financially feasible project; now, therefore be it

RESOLVED that the Commission directs the Executive Director to forward a recommendation to the Planning Commission indicating that the property tax abatement for the Block 13 project be approved based on a financial review of the project; and be it

FURTHER RESOLVED that this resolution shall become effective immediately upon its adoption.

ADOPTED by the Commission May 8, 2002.

Martin Brantley, Chair

Douglas C. Blomgren, Secretary

ORDINANCE No. 176785

Grant a ten-year property tax exemption to Hoyt Street Properties, LLC for new multiple-unit housing on the block bounded by NW 9th, 10th, Northrup, and Marshall Streets. (Ordinance)

The City of Portland ordains:

Section 1. The Council finds that:

1. Hoyt Street Properties, LLC has applied for a ten year property tax exemption for property located at Lots 9 and 10, Block 13, Hoyt street Yards (State ID Number 1N1E34BB-02611 and -02612) on the block bounded by NW 9th, 10th, Northrup, and Marshall Streets. The property ID Numbers are R499915 and R499916.
2. The applicant proposes to construct a 139-unit moderate and middle-income rental project with ground floor commercial space currently known as Block 13 Apartments.
3. The subject property is located in an eligible area (within the Central City Plan District and the River District Urban Renewal Area) as required by Chapter 3.104 of the City Code.
4. The proposed development conforms with the Comprehensive Plan, other relevant Council-adopted plans and policies, and the applicable regulations for the reasons contained in the Planning Commission Report and Recommendation. These plans, policies, and regulations include the Central City Plan; the EX, Central Employment Zone and Plan designation; the River District Urban Renewal Plan; and the HSP/City of Portland Development Agreement.
5. The proposed development contains public benefits necessary for approval of the ten year property tax exemption on the improvement value of the structure.
6. On May 8, 2002, the Portland Development Commission reviewed the proposed development and recommended to the Planning Commission that the application be approved on a finding that the tax exemption is necessary to make the project feasible at rental rates affordable to a wider range of household incomes than would otherwise be possible without the tax exemption.
7. On May 28, 2002, the Planning Commission held a public hearing and found that the project complies with the eligibility requirements of Section 3.104.010 of the Municipal Code and contributes public benefits sufficient to carry out the purposes of this property tax exemption program.
8. At their meeting, the Portland City Planning Commission voted that this application be approved subject to the public benefit conditions set forth in the Planning Commission Report and Recommendation and contained in this ordinance.

9. It is in the public interest that the limited property tax exemption for the proposed development be adopted in order to meet the City's goals for housing as stated in the Central City Plan, the Housing Goal of the Comprehensive Plan, and the housing production goals of the Central City 2000 Plan.

NOW, THEREFORE, the Council directs:

- a. The application of Hoyt Street Properties, LLC for the ten year property tax exemption provided by Chapter 3.104 of the Municipal Code of the City of Portland, Oregon, and ORS 307.600-691 is hereby approved for the following property:

Lots 9 and 10, Block 13, Hoyt Street Yards; Property ID Numbers R499915 and R499916.
- b. The application described in paragraph "a" above is approved subject to the following conditions:
 1. This project is viewed as part of a larger multi-phased development plan, the whole of which is subject to applicable master plan, conditional use, design review, and development agreements and conditions applied through other independent but relevant reviews and negotiations that have and will take place between the City and the applicant. This approval for limited property tax exemption for the Block 13 development does not nullify or otherwise modify the conditions of those reviews or agreements.
 2. These and any other public benefits be provided in accordance with agreements reached or conditions imposed by the relevant review bodies and agencies, including but not limited to the Planning Bureau, the Portland Development Commission, and the Historic Landmarks Commission or Design Review Commission, as appropriate.
 3. The project comply with all applicable standards of Title 33, Planning and Zoning, as well as all conditions of approval of any land use and design reviews.
 4. Ground level, locally oriented retail and service businesses serving individuals and households in this building as well as visitors can qualify as a public benefit under the terms of this exemption. A determination by the Director of the Bureau of Planning shall be made if there is a question regarding the neighborhood orientation of the proposed commercial and service uses.

- c. The Bureau of Planning provide copies of this Ordinance to the applicant and the Multnomah County Tax Assessor as prescribed by Section 3.104.050(1)(d) of the Code of the City of Portland.

W&A 2 1

Passed by the Council, AUG 07 2002
Mayor Vera Katz
Michael P. Saba:mps
June 19, 2002

GARY BLACKMER
Auditor of the City of Portland
By *Susan Parsons*
Deputy

ORDINANCE NO. 176785

Title

Grant a ten-year property tax exemption to Hoyt Street Properties, LLC for new multiple-unit housing on the block bounded by NW 9th, 10th, Northrup, and Marshall Streets. (Ordinance)

<p>INTRODUCED BY</p> <p>Mayor Vern Katz</p> <p>NOTED BY COMMISSIONER</p> <p>Affairs</p> <p>Finance and Administration <i>Vern Katz / 106</i></p> <p>Safety</p> <p>Utilities</p> <p>Works</p> <p>BUREAU APPROVAL</p> <p>Bureau: <i>Planning</i></p> <p>Prepared by Michael Saba Date June 19, 2002</p> <p>Budget Impact Review: <input checked="" type="checkbox"/> Completed <input type="checkbox"/> Not Required</p> <p>Include in PPD: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Filename: HSP BIK 13 Exp1 Ordinance.doc</p> <p>Bureau Head: <i>[Signature]</i></p>	<p>DATE FILED: JUL 26 2002</p> <p style="text-align: right;">Gary Blackmer Auditor of the City of Portland</p> <p>By: <i>[Signature]</i> Deputy</p> <p>For Meeting of: July 17, 2002</p> <p>ACTION TAKEN:</p> <p>JUL 31 2002 PASSED TO SECOND READING AUG 07 2002 9:30 A.M.</p>
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AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
				YEAS	NAYS
Consent <input checked="" type="checkbox"/>	Regular	Francesconi	Francesconi	—	
NOTED BY					
City Attorney <i>KS Beaumont</i>		Saltzman	Saltzman	✓	
City Auditor		Sten	Sten	✓	
City Engineer		Katz	Katz	✓	