

RESOLUTION NO. 35652

35735

Approve the Application of Hazelwood Group, LLC for a ten year property tax exemption for a Transit Oriented Development Project that includes 119-units of multi-family housing, located near NE Glisan Street and NE 122<sup>nd</sup> Avenue, known as the Hazelwood Apartments (Resolution)

**WHEREAS**, Chapter 3 103 of the City Code provides that ten year property tax exemptions are available to encourage the development of high density housing and mixed use projects affordable to a broad range of the general public on vacant or underutilized sites within walking distance of light rail stations

**WHEREAS**, Hazelwood Group, LLC (Applicant), 523 SE Stark Street, Portland, OR 97214, owns property located near NE Glisan Street and NE 122<sup>nd</sup> Avenue, legally described as

Part of Lots 8 and 10 and all of Lot 9 Block 1 of  
"ROGERS ADDITION" and a part of Lots 10, 11 and  
12 of Block 2 of "ROGERS ADDITION" Taxpayer  
Identification Number 931158763

**WHEREAS**, the Applicant proposes to construct a transit-oriented development project, that includes 119-units of multiple-unit housing, known as the Hazelwood Apartments (Project)

**WHEREAS**, the Applicant has applied to the Portland Development Commission for a ten-year property tax exemption provided by Chapter 3 103 of the City Code

**WHEREAS**, the Property is located within the Gateway Plan District Light Rail Station Area which is an area eligible for a transit-oriented property tax exemption as provided by Chapter 3 103 of the City Code

**WHEREAS**, the staff of the Portland Development Commission recommends approval of this application, based on findings found in the Portland Development Commission Report and Recommendations, attached as Exhibit A, that address the approval criteria required by City Code section 3 103 045

**WHEREAS**, the proposed Project conforms with the Comprehensive Plan, other relevant Council-adopted plans and policies, and the applicable regulations for the reasons contained in the Portland Development Commission Report and Recommendation. These plans, policies, and regulations include the Central City 2000 and the Livable City Housing Initiative

**WHEREAS**, the proposed Project contains public benefits as required by City Code section 3.103.040 necessary for approval of the ten year property tax exemption on the improvement value

WHEREAS, it is in the public interest that the limited property tax exemption for the proposed Project be adopted in order to meet the City's goals for housing as stated in the Central City Plan and the Livable City Housing Initiative and to meet the housing production goals of the Central City 2000 Plan

WHEREAS, on August 28, 1997, the Portland Development Commission reviewed the proposed development and recommended that the application be approved on a finding that the tax exemption is necessary to make the project feasible

WHEREAS, at the August 28, 1997 meeting the Portland Development Commission recommended that this application be approved subject to the public benefit conditions as set forth in the Portland Development Commission Report and Recommendation

WHEREAS, this resolution was made available to the applicant, the City Council, and any interested agencies or individuals at least 14 days prior to consideration of this resolution by the City Council as required by section 3 103 050 of the City Code

NOW, THEREFORE, BE IT RESOLVED that the application of Hazelwood Group, LLC for the ten year property tax exemption as provided by Chapter 3 103 of the City Code for a transit-oriented development project that includes 119 units of multiple-unit housing (Project) is hereby approved, based on the findings contained in the Portland Development Commission Report and Recommendation attached as Exhibit A, for the following described Property

Part of Lots 8 and 10 and all of Lot 9 Block 1 of "ROGERS ADDITION" and a part of Lots 10, 11 and 12 of Block 2 of "ROGERS ADDITION" Taxpayer Identification Number 931158763

BE IT FUTHER RESOLVED, that this application is approved subject to the following conditions

- 1 The individual apartment units must be maintained as rental housing and not be converted to condominiums or other ownership arrangements during the ten (10) year term of the exemption
- 2 At least 40 percent of the units continue to be affordable to lower income households earning 50 percent or less of area median income and 60 percent of the units continue to be affordable to lower income households earning 80% or less of area median income during the ten (10) year term of the exemption
- 3 These and any other public benefits be provided in accordance with agreements reached by the relevant review bodies and agencies, including but not limited to the Planning Bureau, the Portland Development Commission, or Design Review Commission, as appropriate

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- 4 The project must comply with all applicable standards of Title 33, Planning and Zoning, as well as all conditions of approval of any land use and design review

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**BE IT FURTHER RESOLVED** that the Portland Development Commission staff shall file with the Assessor a copy of this resolution approving the application, as provided in Section 3 103 050(E) of the City Code

Mayor Katz  
November 12, 1997

Adopted by the Council: **NOV 12 1997**

**BARBARA CLARK**  
Auditor of the City of Portland

E:

*Britta Olson*

Deputy

## EXHIBIT B

## REPORT AND RECOMMENDATION TO CITY COUNCIL

**Modification of conditions for the ten-year Transit Oriented Development property tax exemption for the Hazelwood Apartments**

On November 12, 1997, the Portland City Council approved Resolution No 35652, titled "Approve the Application of Hazelwood Group, LLC for a ten year property tax exemption for a Transit Oriented Development Project that includes 119 units of multi-family housing, located near NE Glisan Street and NE 122nd Avenue, known as the Hazelwood Apartments" (Original Resolution)

The Portland Development Commission Report and Recommendation attached to the Original Resolution recommended approval of the Transit Oriented Development (TOD) Tax Abatement for the Hazelwood Apartments (the Project) based on findings of financial necessity, redundant threshold eligibility (each of which was individually sufficient to qualify the Project for the TOD Tax Abatement)

- Low-income affordability,
- Special needs housing,
- High density,

and the provision of additional public benefits that included

- Ground floor commercial, and
- Transit design elements

Project construction was completed in July 1998. Construction cost increases and reductions in lease-up period cash flow created a funding shortfall that the owner, The Hazelwood Group, LLC, (Owner) has covered with a substantial increase in its cash equity investment in the Project. This increased equity investment has reduced the Owner's return on equity.

The Owner has requested a modification of the affordability restrictions for the Project to allow a rent increase that will partially offset its reduced return on equity. The following table illustrates that the proposed project affordability will continue to substantially exceed the rent affordability criteria for the TOD Tax Abatement program.

**Project Affordability**

<b>TOD Tax Abatement Affordability Threshold</b>				
Percent of Project Units	20 0%			
Rent Restriction (% Area Median Income)	60 0%			
<b>Original Approval</b>		and		
Percent of Project Units	40 0%	60 0%		
Rent Restriction (% Area Median Income)	60 0%	80 0%		
<b>Requested Modification</b>		and	and	and
Percent of Project Units	30 0%	3 3%	46 7%	20 0%
Rent Restriction (% Area Median Income)	50 0%	60 0%	75 0%	100 0% *

\* OHCS Elderly/Disabled bond program affordability requirements



Staff finds that the Project, with the proposed change in affordability, continues to meet the approval criteria and to provide the public benefits required to qualify for a TOD Tax Abatement Specifically

- The Project continues to exceed the rent affordability criteria for the TOD Tax Abatement program
- The Project continues to meet the threshold eligibility requirements and provide all public benefits in addition to rent affordability that were conditions of the original TOD Tax Abatement approval
- The property tax abatement continues to be necessary for project financial feasibility The currently projected 9 24% return on equity is 1 26% below the 10 5% return on equity projected at the original TOD Tax Abatement approval

Staff recommends approval of an amendment of the Original Resolution for the Project to modify affordability restrictions for the Project

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Approve the amendment of ~~Resolution No 35652~~ titled "Approve the Application of Hazelwood Group LLC, for a ten year property tax exemption for a Transit Oriented Development Project that includes 119 units of multi-family housing located near NE Glisan Street and NE 122<sup>nd</sup> Avenue, known as the Hazelwood Apartments" (Resolution)

**WHEREAS**, On November 12, 1997, the Portland City Council approved Resolution No 35652, titled "Approve the Application of Hazelwood Group, LLC for a ten year property tax exemption for a Transit Oriented Development Project that includes 119 units of multi-family housing, located near NE Glisan Street and NE 122<sup>nd</sup> Avenue, known as the Hazelwood Apartments (Resolution)" (Original Resolution) which is attached as Exhibit A

**WHEREAS**, the staff of the Portland Development Commission recommends approval of an amendment to the Original Resolution, based on findings found in the Portland Development Commission Report and Recommendations, attached as Exhibit B, that address the approval criteria of the Original Resolution and the changes to the project which necessitate the amendment

**WHEREAS**, the proposed Project contains public benefits as required by City Code section 3 103 040 necessary for approval of the 10 year property tax exemption on the improvement value

**WHEREAS**, this resolution was made available to the applicant, the City Council, and any interested agencies or individuals at least 14 days prior to consideration of this resolution by the City Council as required by section 3 103 050 of the City Code

**NOW, THEREFORE, BE IT RESOLVED** that Resolution No 35652 is amended by replacing paragraph 2 of the section titled "BE IT FURTHER RESOLVED, that this application is approved subject to the following conditions " with the following

- 2 At least 30 percent of the total number of units ( 28 studio units and 8 one bedroom units) shall be affordable to lower income households earning 50 percent or less of area median An additional 33 percent of the total number of units (4 one bedroom units) shall be affordable to lower income households earning 60 percent or less of area median income An additional 46 67 percent of the total number of units (56 one bedroom units, which includes one manager's unit) shall be affordable to lower income households earning 75 percent or less of area median income These affordability requirements shall remain in effect for the ten (10) year term of the exemption

**BE IT FURTHER RESOLVED**, that the remaining provisions of Resolution No 35652 shall remain in full force and effect

**BE IT FURTHER RESOLVED** that the Portland Development Commission staff shall file with the Assessor a copy of this resolution approving the amendment, as provided in Section 3 103 050(E) of the City Code

Adopted by the Council    **OCT 21 1998**  
Mayor Vera Katz  
John Warner Terry Simmons  
October 15, 1998

BARBARA CLARK  
Auditor of the City of Portland

By *Britta Olson*  
Deputy

**RESOLUTION NO.**

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Title

Approve the amendment of \_\_\_\_\_ titled "Approve the Application of Hazelwood Group LLC, for a ten year property tax exemption for a Transit Oriented Development Project that includes 119-units of multi-family housing, located near NE Glisan Street and NE 122<sup>nd</sup> Avenue, known as the Hazelwood Apartments (Resolution amend Resolution No 35652)

<p align="center"><b>INTRODUCED BY</b></p> <p>Mayor Katz</p>	<p align="center"><b>DATE FILED</b>      <b>OCT 16 1998</b></p> <p align="center">Barbara Clark Auditor of the City of Portland</p> <p>By <u>Clay Kershner</u> Deputy</p> <p>For Meeting of _____</p>
<p align="center"><b>NOTED BY COMMISSIONER</b></p> <p>Affairs</p> <p>Finance and Administration <i>[Signature]</i></p> <p>Safety</p> <p>Utilities</p> <p>Works</p>	<p><b>ACTION TAKEN</b></p>
<p align="center"><b>BUREAU APPROVAL</b></p> <p>Bureau Portland Development Commission</p>	
<p>Prepared by      Date John Warner      October 15 1998</p>	
<p>Budget Impact Review</p> <p>Completed      Not Required</p>	
<p>Bureau Head Felicia L. Trader <i>[Signature]</i></p>	

AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS		
				YEAS	NAYS
Consent <input checked="" type="checkbox"/>	Regular	Francesconi	Francesconi	}	
NOTED BY		Hales	Hales		
City Attorney		Kafoury	Kafoury		
City Auditor		Sten	Sten		
City Engineer		Katz	Katz		