



35782

City of Portland
Vera Katz
Mayor

April 14, 1999

REPORT TO COUNCIL

TO THE COUNCIL

Cold, Inc (Applicant) owns property located on NE Clackamas Street, between NE 103rd Avenue and NE 104th Avenue, and is in the process of constructing a transit-oriented development project known as Gateway Condominiums. The project will provide 24 for-sale condominium units. The Applicant has applied to the Portland Development Commission (PDC) for a ten-year property tax exemption. The staff at PDC has reviewed the application and recommends approval based on the attached report.

Mayor Vera Katz concurs with the PDC recommendation, and

RECOMMENDS

that the Council approve the application of Cold, Inc for a ten year property tax exemption for a transit-oriented development project which includes 24 for-sale condominium units, located on NE Clackamas Street, between NE 103rd Avenue and NE 104th Avenue, known as Gateway Condominiums.

Respectfully submitted,

Mayor Vera Katz



REPORT AND RECOMMENDATION TO CITY COUNCIL

Application of Cold, Inc for a 10-Year Property Tax Exemption for New Transit Supportive Residential Development (Chapter 3 103)

(Known as the Gateway Condominiums Project)

Martin Brantley
Chairman

James J Atkinson
Commissioner

Douglas C Blomgren
Commissioner

Carl B Talton
Commissioner

Noell Webb
Commissioner

Vera Katz
Mayor

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Executive Director

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I FACTS

A GENERAL INFORMATION

Effective Dates	Pre-Application Date	February 25, 1998
	Full Application Date	January 25, 1999
	PDC Hearing Date	February 25, 1999
Deedholder	Cold, Inc 11895 SE Kehrl Drive Milwaukie, OR 97222	
Applicant	Gordon C Jones Cold, Inc 11895 SE Kehrl Drive Milwaukie, OR 97222	
Architect	Craig Monaghan 13588 SW Marcia Drive Tigard, OR 97223	
Proposal	Application for a limited property tax exemption for a newly constructed transit-oriented development including 24 for-sale condominium units	
Location	The Project is located on NE Clackamas Street, between NE 103rd Avenue and NE 104th Avenue in the City of Portland	
Quarter Section	2941	
Zoning	CXd	
Description	The applicant requests limited property tax exemption for a newly constructed 24 unit condominium project	

B SITE INFORMATION

The Project is located on NE Clackamas Street, between NE 103rd Avenue and NE 104th Avenue in the City of Portland. The site is served by all utilities, and it is zoned

and permitted for residential use. The Project is comprised of 24 for-sale condominium units, each 541 sq ft. Construction is wood frame over slab on grade. The condominiums will be "stacked" three stories high over 75% of the site, with no off street parking. Because of the extremely efficient use the Project makes of its 7,500 sq ft lot, the resulting density of 139 units per acre is four times the minimum requirement for the purposes of the TOD abatement.

The Project is currently under construction, and 13 of the units have been sold. The Project is utilizing a construction loan from Bank of the Northwest and developer equity for construction - other than the proposed TOD abatement, no public subsidy has been requested.

C VICINITY DATA

The Project is located within four blocks of the Gateway light rail station, and within one block of a bus stop on NE 102nd Avenue served by five separate bus lines. The surrounding area is a mix of residential and commercial uses.

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 falls under Title 3, Administration, of the City Code. The public notices of the meeting dates of the Portland Development Commission and the City Council, which are printed in area newspapers fulfill the notification requirement of this review.

E EXHIBITS

Apartment Floor Plans
Quarter Section Zoning Map
Portland Development Commission Recommendation

F 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, of the Code of the City of Portland, Oregon.

State law specifies the following intent for the tax exemption provision under ORS 307 600, 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 to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work

(2) The legislature also finds that it is in the public interest to promote private investment in transit supportive multiple-unit housing in light rail station areas and transit oriented areas in order to maximize Oregon's transit investment to the fullest extent possible and that the cities and counties of this state should be enabled to establish and design programs to attract new development of multiple-unit housing, and commercial and retail property, in areas located within a light rail station area or transit oriented area

(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)

This statutory language was amended during the 1995 Legislative session by HB 3133, which broadens this program to include "transit-oriented" residential and mixed use development. The City adopted the Property Tax Exemption for New Transit Supportive Development under City Code Chapter 3 103 in October of 1996

G STATUTORY AUTHORITY/PORTLAND DEVELOPMENT COMMISSION REVIEW

Section 3 103 050 of the City Code requires that the Portland Development Commission review transit-supportive property tax exemption applications and determine whether the applicant's proposed development is consistent with the requirements of the City Code, and that PDC shall recommend to the City Council that the applicant be approved subject to conditions which the Commission deems appropriate to achieve the purposes of Chapter 3 103

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

- The proposed project contains one or more of the public benefits described in Section 3 103 040 and described in detail below,
- The proposed project containing these public benefits, affordable units, and/or transit oriented design features would not otherwise be financially feasible without the benefit provided by the property tax exemption,
- The construction project must, at the time of completion, conform with the applicable provisions or Titles 17, 24, 32,33, and 34,
- The applicant must comply with all other Sections of the Chapter

II ELIGIBILITY DETERMINATION

Section 3 103 020, "Eligible Projects and Sites," requires that the property must be located in one of three areas to be eligible for tax abatement

- Light rail station areas within a one-quarter mile radius of an existing light rail station or a station under construction on or before January 1, 1999, and outside the boundaries of the Central City Plan District as shown on Map 510-1 of Chapter 33 510 of the Portland Zoning Code, or
- Transit-oriented areas within the Gateway Plan District as included on Map 526-1 of Title 33, Planning and Zoning as show on Maps 3 103-5, or
- Transit-oriented areas within the Lents Town Center as delineated on Map 11 of the adopted Outer Southeast Community Plan and shown on Map 3 103-6

Staff Finding

The Project is located within the Gateway Plan District Transit Oriented Area and therefore meets the location criteria for eligibility

In addition to the eligible areas noted above, the following criteria apply to individual projects

Projects located on sites zoned R5, R7, R10, R20, or RF Single Dwelling Zones, as defined by Title 33, Planning and Zoning, are not eligible

Staff Finding

The Project's zoning, CXd, is eligible under the Code

Multiple-unit projects which do not include ground floor commercial space must contain at least 35 housing units per net acre of site area to be eligible for the property tax exemption permitted by this Chapter

Staff Finding The Project does not contain ground floor commercial, but it does contain 139 units per net acre of site area and is thus eligible

Mixed-use projects containing ground floor commercial space must incorporate at least two times the amount of residential floor area to non-residential floor area and contain at least 20 housing units per net acre of site area

Staff Finding The Project is not mixed-use, and this criterion does not apply

All eligible projects must demonstrate that property tax exemption is necessary to achieve economic feasibility for residential use, taking into account the additional costs incurred by the design features, public benefits, or minimum densities required in return for the exemption

Staff Finding The property tax exemption is necessary for economic feasibility, according to Portland Development Staff's review of the economics of the project (see attached recommendation)

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) The City of Portland's Comprehensive Plan Housing Policy was adopted by City Council on December 16, 1998

Housing Policy 4.3, "Sustainable Housing," is most relevant to the proposed project

Policy 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 "

Policy 4.3 (C) "Encourage the development of housing at transit-supportive densities near transit streets, especially where parks or schools are present, to ensure that the benefits of the public's investment in those facilities are available to as many households as possible "

Staff Finding By its nature and location, the Project is intended to address both of these policy considerations

B ZONING CONSIDERATIONS

As presently conceived, the Project, a residential development adding needed housing within an established neighborhood, conforms to the development standards of Title 33, City of Portland Zoning Code, and the relevant policies of the Comprehensive Plan noted above

C DETERMINATION OF COMPLIANCE WITH THE GATEWAY PLAN DISTRICT

Section 33 526 010 of the City of Portland Zoning Code lays out the purpose for the Gateway plan district the district should provide for an intensive level of mixed-use development including retail, office, and housing to support light rail transit stations and the Regional Center at Gateway Section 33 526 100 of the Code describes use restrictions in the Gateway plan district which ensure that development does not conflict with the public's investment in transit or the role Gateway plays as a Regional Center

Staff Finding At 139 units per acre, the Project's density is very intensive for any housing project This density combined with the Project's location within four blocks of the Gateway light rail station and within one block of a bus stop certainly does not conflict with the public's investment in transit or transit's role in Gateway

Section 33 526 230 of the Code limits maximum height in the R1, RH, RX, IR, CM, CS, CX, and EX zones west of 127th Avenue to 120 feet

Staff Finding The base zoning of the site is CX, and the Project is located west of 127th Avenue It is therefore subject to this requirement With a maximum height of 35 feet, the Project complies with the requirement

Section 33 526 240 restricts Floor Area Ratio (FAR) for residential development west of 127th Avenue to 8 to 1, with a minimum FAR in the CM, CS, CX, EG, and EX zones of 0.5 to 1

Staff Finding With building square footage of 17,010 and a site size of 7,500 sq ft, the Project's FAR is 2.27 This complies with both the minimum and maximum proscribed by the Code

Section 33 526 290 sets out no minimum parking requirements and describes certain maximum parking configurations

Staff Finding With no off-street parking, the Project complies with this Code section

IV ELIGIBILITY, PLAN, AND POLICY CONFORMANCE CONCLUSIONS

The proposed Project is eligible for limited property tax exemption in accordance with City Code and statutory requirements referenced in Section II above

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 housing projects in the State's largest urban areas, and recognizes the need to provide a financial incentive for projects with higher than average costs due to a number of factors

The foregoing references in Section III indicate the proposed housing development is consistent with and supportive of adopted Comprehensive Plan policies and objectives, including the Gateway Plan, and the governing development regulations of Title 33

The property tax exemption has been in existence since 1975, and it has successfully encouraged residential construction activity within targeted core areas of the City. This activity has in large part been made possible by the incentives of the property tax exemption, in combination with additional direct and indirect subsidies. This incentive has only recently been applied in transit oriented areas such as the Gateway Plan District Transit Oriented Area. This Project is not receiving any additional financial assistance from the City. 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 City

V DETERMINATION OF PUBLIC BENEFIT

Sales Price As a for-sale project, City Code Chapter 3 103 040 C mandates that the Project shall receive the property tax exemption only for those for-sale units which are available at an initial purchase price which does not exceed 95 percent of the median purchase price for a condominium unit in Multnomah County as established by the U S Department of Housing and Urban Development for the purpose of determining FHA loan qualification. The unit must be sold to a household earning no more than 100 percent of the area median income for a family of four as established by the U S Department of Housing and Urban Development, or its successor agency, during the year of sale in order to retain its tax exempt status

The index cited by City Code currently stands at \$170,362 95 percent of this amount is \$161,844 The schedule of actual and proposed sales prices for units in the Project is shown below, with all sales prices well within the requirements of the City Code Although the average per sq ft price of the condominiums is \$115, their small size allows the sales price with the TOD abatement to be affordable to homebuyers at 65% of Median Family Income At the time of purchase, the income test described above would be applied to the purchasers of the individual units, who would qualify (or not) for the abatement based on their household income

#	price	#	price	#	price	#	price
1	65,950	7	62,950	13	59,950	19	59,150
2	65,150	8	62,950	14	59,950	20	59,950
3	62,950	9	65,950	15	62,150	21	59,150
4	62,950	10	63,150	16	62,950	22	59,950
5	59,150	11	59,150	17	65,150	23	62,150
6	62,950	12	54,950	18	65,150	24	62,950

Subsequent sales

As a for-sale Project, City Code Chapter 3 103 040 C (1) further mandates that units in the Project *must be owner-occupied during the term of the exemption Should any unit become available for-sale during the term of the exemption, it must be sold to a household earning no more than 100 percent of the area median income for a family of four as established by the U S Department of Housing and Urban Development, or its successor agency, during the year of sale in order to retain its tax exempt status*

At the time of any subsequent sale of a unit in the Project, the income test described above would be applied to the purchasers of the unit, who would qualify (or not) for the remainder of the abatement terms based on their household income

Rental units

Although the Project has been designed and marketed as for-sale units, the developer anticipates that as much as 50% of the Project may be rented at any given time, either as a result of investors purchasing units as rentals, or unsold units which are rented by the developer If some units in the Project are rented, these units would qualify for the abatement simply by virtue of the Project's density, as stated in Code Chapter 3 103 040 D (5) *For sites with RX, CX, EX, or other zoning, this requires at least 139 units per net acre* If a rental unit is sold at any time during the abatement period, the sales price and income tests described above would be applied to determine the unit's continued eligibility for the abatement

The second threshold of public benefit, described in Section 3 103 040E and entirely separate from the provisions above, indicates the project must also provide one or more of the following

- Ground floor service or commercial use which is permitted and serves project residents, neighboring residents, and transit riders,
- Office space or meeting room for community organizations,
- Publicly accessible open space such as a landscaped plaza,
- Family oriented recreational facilities for the children of project residents, or
- Transit amenities and transit or pedestrian design elements such as benches, bus shelters, directional signs, or an off-site pedestrian connection from the project to the nearest transit service

Staff Finding

Because of the limited site area, the Project will satisfy this requirement by providing a pedestrian bench built into a raised planter bed in front of the Project, as well as a permanent sign directing pedestrians to a bus stop 400 feet to the west on NE 102nd Avenue served by five separate bus lines and to the Gateway light rail station 2,000 feet to the southwest

In addition to these specific and required public benefits, the Gateway Condominiums project will further serve public purposes by creating 24 units of ownership housing, providing high density housing with excellent transit access to the downtown employment center. High density housing is crucial in allowing the region to meet Metro 2040 Plan growth management goals. As such, the Project represents the City of Portland's commitment to fulfill state-wide and regional growth management goals and policies by locating high-density housing close to public transportation and the Central City and its urban services. The State has also adopted the Transportation Planning Rule that mandates reduced reliance on the automobile, through measures such as high density, transit-supportive development. With major transit corridors nearby, the Project supports transit in the Central City.

VI STAFF RECOMMENDATION BASED ON ELIGIBILITY, PLAN, AND POLICY CONFORMANCE FINDINGS AND CONCLUSIONS

The Project will add 24 ownership condominiums to a transit oriented area of the City. Its transit oriented design features and density both comply well with City density and Metro 2040 goals.

VII PUBLIC BENEFIT RECOMMENDATION

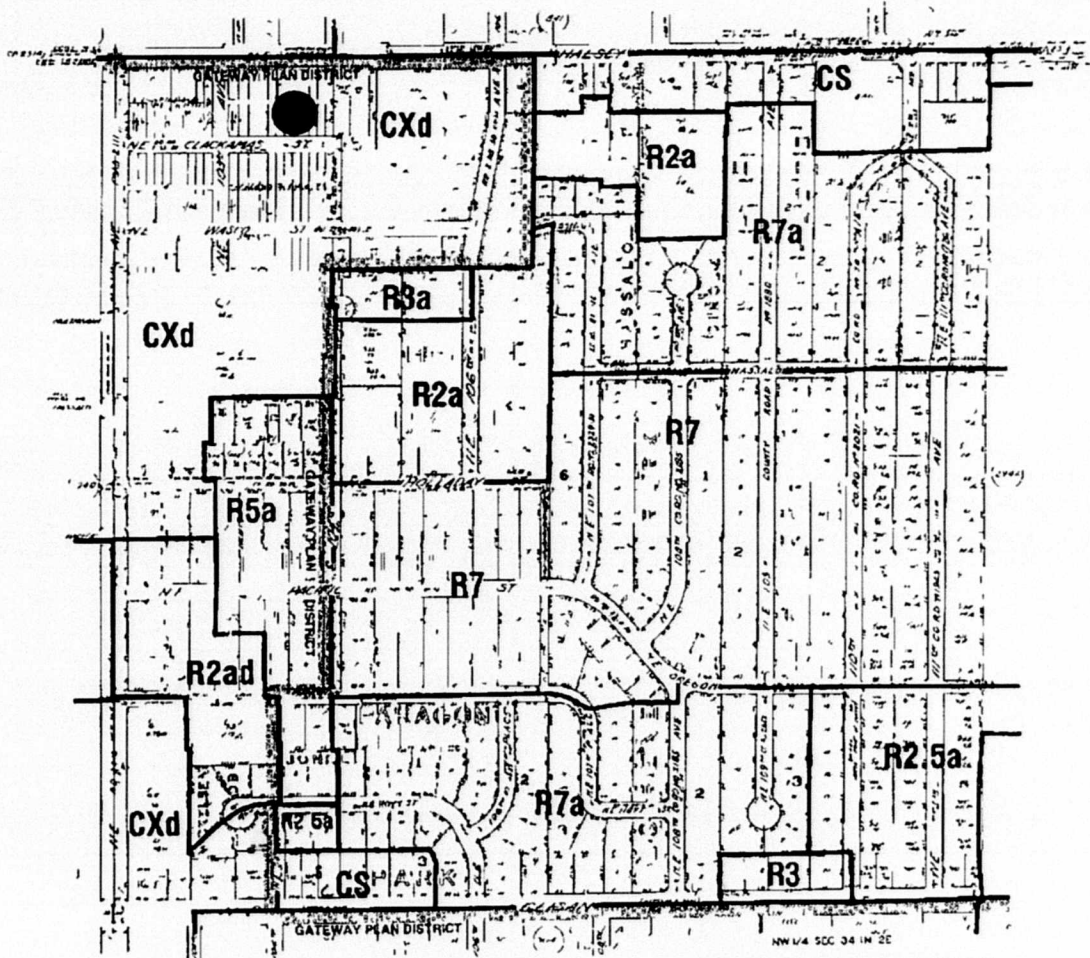
Staff recommends that City Council approve the limited property tax exemption for the Gateway Condominiums project subject to the following conditions

- 1 Purchasers of individual units will qualify for the tax abatement based on two criteria
 - A The purchase price may not exceed 95 percent of the median purchase price for a condominium unit in Multnomah County as established by the U S Department of Housing and Urban Development for the purpose of determining FHA loan qualification For 1999, this index currently stands at \$170,362 95 percent of this amount is \$161,844
 - B The unit must be sold to a household earning no more than 100 percent of the area median income for a family of four as established by the U S Department of Housing and Urban Development, or its successor agency, during the year of sale in order to retain its tax exempt status For 1999, this index stands at \$52,400
- 2 No more than 50% of the Project (14 units) may be rented at any given time, either as a result of investors purchasing units as rentals, or unsold units which are rented by the developer
- 3 Any rental units in the Project qualify for the tax abatement simply by virtue of the Project's density
- 4 Should any rental or for-sale unit become available for-sale during the term of the exemption, it must be sold to a household earning no more than 100 percent of the area median income for a family of four as established by the U S Department of Housing and Urban Development, or its successor agency, during the year of sale in order to retain its tax exempt status If the buyers of the unit meet this qualification, the unit would remain eligible for the remainder of the abatement term If a rental unit is sold at any time during the abatement period, the sales price and income tests described above would be applied to determine the unit's continued eligibility for the tax abatement
- 5 Should any of the units which have been initially sold to owner-occupants, thereby qualifying under the terms of Section 3 103 040 C of the City Code, convert to renter occupancy during the ten year

term of the tax exemption, those units shall lose their tax exemption status

- 6 The Project shall comply with all applicable standards of Titles 17, 24, 32, 33, and 34 of the City Code, as well as all conditions of approval of any land use and design reviews

David B Frank



NOTE: Zoning designations are subject to change without notice prior to development or sale.



CITY OF PORTLAND BUREAU OF PLANNING	
R5 Current Zoning	APPROVED BY BOARD 9 96
(R5) Maximum Potential Zoning as per Comprehensive Plan	2941

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

Date February 24, 1999
To Loan Committee
From David Frank
Subject **Recommend Approval of Transit Oriented Development Property Tax Abatement Application to City Council for the Gateway Condominiums Project located at 10345 NE Clackamas Street**

Background

On February 4, 1999, Cold, Inc applied for a Transit Oriented Development property tax abatement ("TOD") for the Gateway Condominiums Project ("the Project") located at 10345 NE Clackamas Street in the Gateway Plan District Transit Oriented Area in NE Portland, pursuant to Portland City Code Chapter 3 103 The Code specifies that the Portland Development Commission shall review the application and determine first whether the Project meets the requirements for a Transit Oriented Development property tax abatement, and secondly whether the tax abatement is necessary in order to achieve financial feasibility The Commission's recommendation is then forwarded to City Council for final approval

The limited property tax abatement, if approved by the City, enables the value of the Project's improvements to be exempt from taxation for a period of ten years During this time period, the property owner (or owners) continues to be liable for property taxes on the value of the land

Project Description

The Project is located on NE Clackamas Street, between NE 103rd Avenue and NE 104th Avenue in the City of Portland The site is served by all utilities, and it is zoned and permitted for residential use The Project is comprised of 24 for sale condominium units, each 541 sq ft Construction is wood frame over slab on grade The condominiums will be "stacked" three stories high over 75% of the site, with no off street parking Because of the extremely efficient use the Project makes of its 7,500 sq ft lot, the resulting density of 139 units per acre is four times the minimum requirement for the purposes of the TOD abatement The Project is located within four blocks of the Gateway light rail station, and within one block of a bus stop on NE 102nd Avenue served by five separate bus lines

The Project is currently under construction, and 13 of the units have been sold The Project is utilizing a construction loan from Bank of the Northwest and developer equity for construction - other than the proposed TOD abatement, no public subsidy has been requested

City Code Eligibility

The Gateway Condominiums project is eligible under City Code for the following reasons

- A The Project contains eight or more units,
- B The Project are designed and will be used as permanent housing,
- C The Project provides one or more public benefits (see below),
- D The Project provides for a continuous pedestrian connection to a light rail station and a mass transit system,
- E The Project contains housing units affordable to a broad income range of the general public, and it provides alternative public benefits and design features (see below),
- F The Project, with 139 units per acre, satisfies the minimum density requirements, which are 35 units per acre, and
- G The Project is located within the Gateway Plan District Transit Oriented Area

Public Benefits, As Defined by City Code

Sales Price As a for sale Project, City Code Chapter 3 103 040 C mandates that the Project shall receive the property tax exemption only for those for sale units which are available at an initial purchase price which does not exceed 95 percent of the median purchase price for a condominium unit in Multnomah County as established by the U S Department of Housing and Urban Development for the purpose of determining FHA loan qualification The unit must be sold to a household earning no more than 100 percent of the area median income for a family of four as established by the U S Department of Housing and Urban Development, or its successor agency, during the year of sale in order to retain its tax exempt status

The index cited by City Code currently stands at \$170,362 95 percent of this amount is \$161,844 The schedule of actual and proposed sales prices for units in the Project is shown below, with all sales prices well within the requirements of the City Code Although the average per sq ft price of the condominiums is \$115, their small size allows the sales price with the TOD abatement to be affordable to homebuyers at 65% of Median Family Income At the time of purchase, the income test described above would be applied to the purchasers of the individual units, who would qualify (or not) for the abatement based on their household income

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6	62,950	12	54,950	18	65,150	24	62,950

Subsequent sales As a for sale Project, City Code Chapter 3 103 040 C (1) further mandates that units in the Project *must be owner-occupied during the term of the exemption* Should any unit become available for sale during the term of the exemption, it must be sold to a household earning no more than 100 percent of the area median income for a family of four as established by the U S Department of Housing and Urban Development, or its successor agency, during the year of sale in order to retain its tax exempt status

At the time of any subsequent sale of a unit in the Project, the income test described above would be applied to the purchasers of the unit, who would qualify (or not) for the remainder of the abatement terms based on their household income

Rental units Although the Project has been designed and marketed as for sale units, the developer anticipates that as much as 50% of the Project may be rented at any given time, either as a result of investors purchasing units as rentals, or unsold units which are rented by the developer If some units in the Project are rented, these units would qualify for the abatement simply by virtue of the Project's density, as stated in Code Chapter 3 103 040 D (5) *For sites with RX, CX, EX, or other zoning, this requires at least 139 units per net acre* If a rental unit is sold at any time during the abatement period, the sales price and income tests described above would be applied to determine the unit's continued eligibility for the abatement

Alternative public benefits and design features To be eligible for the TOD abatement, the Project must also provide alternative public benefits and design features, as defined in the City Code The Project will satisfy this requirement by providing a pedestrian bench built into a raised planter bed in front of the Project, as well as a permanent sign directing pedestrians to a bus stop 400 feet to the west on NE 102nd Avenue served by five separate bus lines and to the Gateway light rail station 2,000 feet to the southwest

Other Public Benefits

The Project will further serve public purposes by creating 24 units of ownership housing, providing high density housing with excellent transit access to the downtown employment center High density housing is crucial in allowing the region to meet Metro 2040 Plan growth management goals As such, the Project represents the City of Portland's commitment to fulfill state-wide and regional growth management goals and policies by locating high-density housing close to public transportation and the Central City and its urban services The State has also adopted the Transportation Planning Rule that mandates reduced reliance on the automobile, through measures such as high density, transit-supportive development With major transit corridors nearby, the Project supports transit in the Central City

Financial Evaluation

With the TOD abatement, Gateway Condominiums will provide ownership opportunities to homebuyers at 65% of Median Family Income, bringing ownership within the reach of households which could not otherwise afford to buy a home This kind of ownership affordability would typically require significant direct public investment in order to be financially feasible

Sources and Uses

The following chart outlines the Project costs and uses of funding

		per unit	per person	per sq ft
USES				
Acquisition Costs	145,000	6,042	4,028	11
Construction Costs	889,511	37,063	24,709	69
Development Costs	385,555	16,065	10,710	30
Developer and Consulting Fees	10,000	417	278	1
Total Uses:	1,430,066	59,586	39,724	110
CONSTRUCTION SOURCES				
Construction Loan	960,000	40,000	26,667	74
Developer equity	470,066	19,586	13,057	36
Total Construction Sources:	1,430,066	59,586	39,724	110
PERMANENT SOURCES				
Sales Proceeds	1,465,374	61,057	40,705	113
Less Profit	-35,308	-1,471	-981	-3
Total Permanent Sources:	1,430,066	59,586	39,724	110

Recommendation

Based on the information submitted, staff has concluded that the TOD tax abatement is necessary for the Project to provide the proposed public benefits. Staff recommends PDC approval of the Gateway Condominiums Transit Oriented Development property tax abatement application, and its recommendation to City Council.

Sources and Uses

Gateway Condos

35782

Project Uses

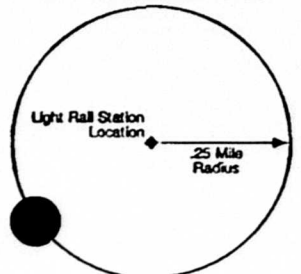
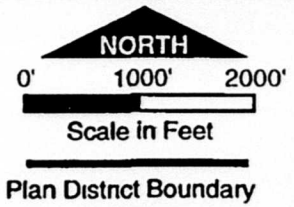
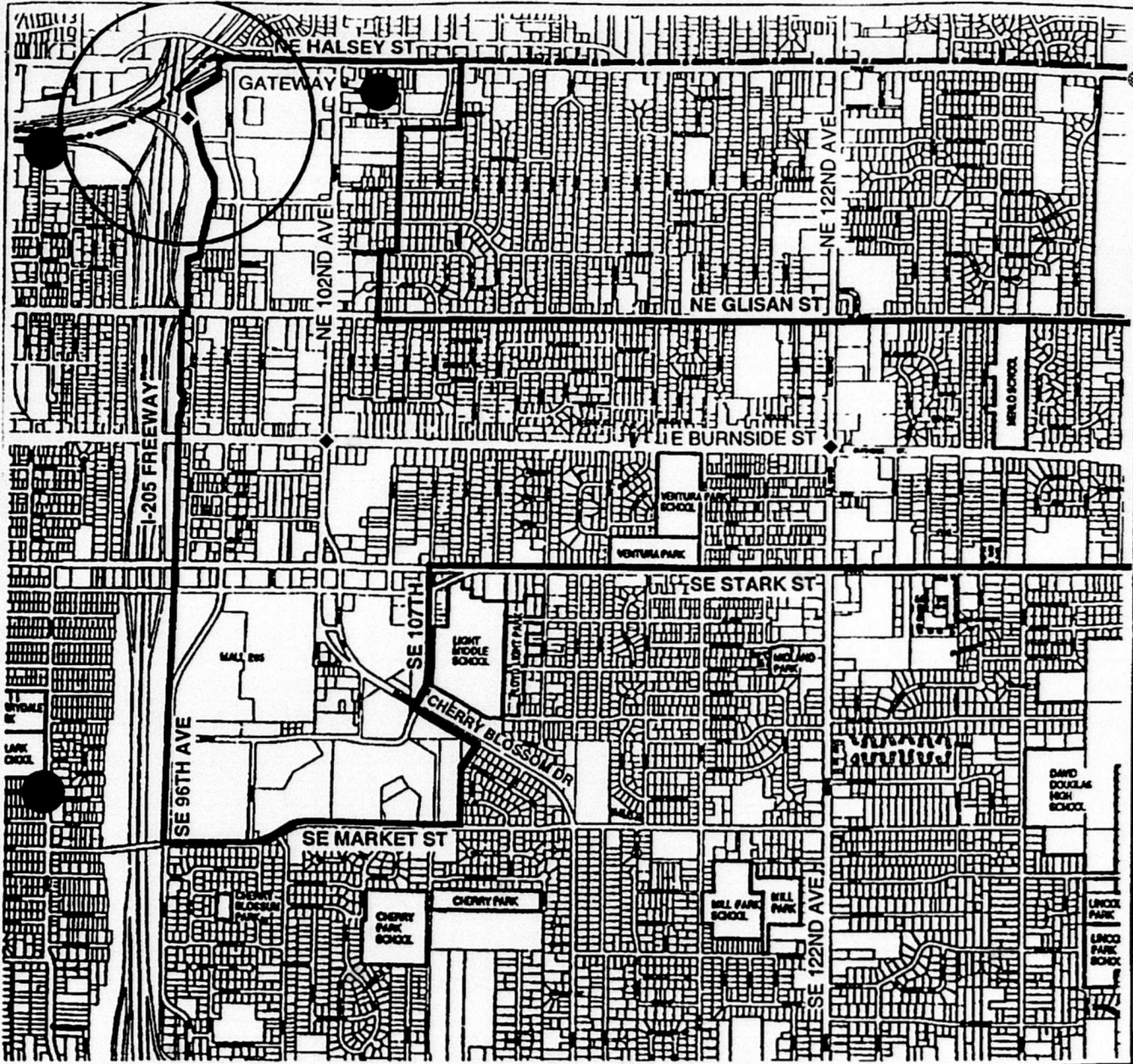
	predevelopment	construction	total	% of total cost	per unit 24	per square foot 12,984
Land and Site Costs						
Land Costs		145,000	145,000	10.14%	6,042	11.17
Site Development Costs		0	0	0.00%	0	0.00
Other Financing Fees		0	0	0.00%	0	0.00
Value Write Down		0	0	0.00%	0	0.00
Total Land/Site Costs	0	145,000	145,000	10.14%	6,042	11.17
Hard Costs						
Site Work		0	0	0.00%	0	0.00
Off Site Work		0	0	0.00%	0	0.00
Building construction		706,607	706,607	49.41%	29,442	54.42
Parking construction		0	0	0.00%	0	0.00
Construction Contingency	4.72%	67,476	67,476	4.72%	2,812	5.20
Contractors Overhead & Profit		62,309	62,309	4.36%	2,596	4.80
Systems development		0	0	0.00%	0	0.00
FF&E		53,119	53,119	3.71%	2,213	4.09
Tenant Improvements		0	0	0.00%	0	0.00
Storefront		0	0	0.00%	0	0.00
Other		0	0	0.00%	0	0.00
Total Hard Costs	0	889,511	889,511	62.20%	37,063	68.51
Soft Costs						
Architectural services		31,123	31,123	2.18%	1,297	2.40
Engineering services		0	0	0.00%	0	0.00
Soils Engineering		0	0	0.00%	0	0.00
Environmental review		950	950	0.07%	40	0.07
Site survey		7,900	7,900	0.55%	329	0.61
Relocation expenses		0	0	0.00%	0	0.00
Appraisal/Market study		3,500	3,500	0.24%	146	0.27
Permits and fees		65,015	65,015	4.55%	2,709	5.01
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		27,000	27,000	1.89%	1,125	2.08
Construction period interest		74,567	74,567	5.21%	3,107	5.74
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		0	0	0.00%	0	0.00
Legal/organizational		22,000	22,000	1.54%	917	1.69
Accounting fees		0	0	0.00%	0	0.00
Taxes and abatement fees		7,000	7,000	0.49%	292	0.54
Insurance		1,800	1,800	0.13%	75	0.14
Closing costs		2,025	2,025	0.14%	84	0.16
Furniture fixtures equip		0	0	0.00%	0	0.00
Lease-up reserves		0	0	0.00%	0	0.00
Operating reserves		0	0	0.00%	0	0.00
Marketing costs		24,000	24,000	1.68%	1,000	1.85
Soft cost contingency		0	0	0.00%	0	0.00
Cost of Sales	8.10%	118,675	118,675	8.30%	4,945	9.24
Total Soft Costs	0	385,555	385,555	26.96%	16,065	29.69
Development Costs						
Developer's Fees	0.70%	10,000	10,000	0.70%	417	0.77
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	10,000	10,000	0.70%	417	0.77
Total Project Cost	0	1,430,066	1,430,066	100.00%	59,586	110.14

Construction Sources						
PDC predevelopment	0	0	0	0.00%	0	0.00
Construction Loan		960,000	960,000	67.13%	40,000	73.94
Developer equity		470,066	470,066	32.87%	19,586	36.20
Remaining Sources to be Identified	0	0	0	0.00%	0	0.00
Total Construction Sources	0	1,430,066	1,430,066	100.00%	59,586	110.14

Permanent Sources						
Sales Proceeds		1,465,374	1,465,374	102.47%	61,057	112.86
Less Profit		35,308	35,308	2.47%	1,471	2.72
Remaining Sources to be Identified	0	0	0	0.00%	0	0.00
Total Permanent Sources	0	1,430,066	1,430,066	100.00%	59,586	110.14

from borrower 2/4	0	1,430,066	1,430,066		sales proceeds	
predevelopment budget	0	0	0	1 bedroom	24	61,057
variance	0	0	0		24	1,465,374
				without abatement		73%
				with abatement		65%

85782



GTS/Graphics 10-15-96

Map 3.103-5

Property Tax Exemption for New Transit Supportive Residential or Mixed Use Development

Gateway Plan District Light Rail Station Areas and Transit Oriented Areas

Map 1 of 2

RESOLUTION NO

35782

Approve the application of Cold, Inc for a ten year property tax exemption for a Transit Oriented Development project, located on NE Clackamas Street between NE 103rd Avenue and NE 104th Avenue, which includes 24 for-sale condominium units, known as the Gateway Condominiums project

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 and within transit oriented areas defined in the Code

WHEREAS, Cold, Inc (Applicant), 11895 SE Kehrl Drive, Milwaukie, OR 97222, owns property on NE Clackamas Street between NE 103rd Avenue and NE 104th Avenue, legally described as

Lots 17, 18, 19, and 20, Block 2, according to the duly filed plat of POWERS ADDITION TO PORTLAND, in the City of Portland, filed January 4, 1943, in Plat Book 163, Page 48, Records of the County of Multnomah and State of Oregon

Tax Accounts R67390-0420, R67390-0430, and R67390-0440

WHEREAS, the Applicant proposes to construct a transit-oriented development project, which includes 24 for-sale condominium units, known as the Gateway Condominiums project (Project)

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

WHEREAS, the Property is located within the Gateway Plan District Transit Oriented 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 Recommendation, attached as Exhibit A, which address the approval criteria required by City Code section 3 103 045

WHEREAS, the 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 Recommendation These plans, policies, and regulations include the Central City 2000 and the Livable City Housing Initiative

WHEREAS, the 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 February 25, 1999, 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, on February 25, 1999, the Portland Development Commission recommended that this application be approved subject to the public benefit conditions as set forth in the Portland Development Commission 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 Cold, Inc for the ten year property tax exemption as provided by Chapter 3 103 of the City Code for a transit-oriented development project which includes 24 for-sale condominium units (Project) is hereby approved, based on the findings contained in the Portland Development Commission Recommendation, attached as Exhibit A, for the following described Property

Lots 17, 18, 19, and 20, Block 2, according to the duly filed plat of POWERS ADDITION TO PORTLAND, in the City of Portland, filed January 4, 1943, in Plat Book 163, Page 48, Records of the County of Multnomah and State of Oregon

Tax Accounts R67390-0420, R67390-0430, and R67390-0440

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

- 1 Purchasers of individual units will qualify for the tax abatement based on two criteria
 - A The purchase price may not exceed 95 percent of the median purchase price for a condominium unit in Multnomah County as established by the U S Department of Housing and Urban Development for the purpose of determining FHA loan

qualification For 1999, this index currently stands at \$170,362 95 percent of this amount is \$161,844

- B The unit must be sold to a household earning no more than 100 percent of the area median income for a family of four as established by the U S Department of Housing and Urban Development, or its successor agency, during the year of sale in order to retain its tax exempt status For 1999, this index stands at \$52,400
- 2 No more than 50% of the Project (14 units) may be rented at any given time, either as a result of investors purchasing units as rentals, or unsold units which are rented by the developer
 - 3 Any rental units in the Project qualify for the tax abatement simply by virtue of the Project's density
 - 4 Should any rental or for-sale unit become available for sale during the term of the exemption, it must be sold to a household earning no more than 100 percent of the area median income for a family of four as established by the U S Department of Housing and Urban Development, or its successor agency, during the year of sale in order to retain its tax exempt status If the buyers of the unit meet this qualification, the unit will remain eligible for the remainder of the abatement term If a rental unit is sold at any time during the abatement period, the sales price and income tests described above would be applied to determine the unit's continued eligibility for the tax abatement
 - 5 Should any of the units which have been initially sold to owner-occupants, thereby qualifying under the terms of Section 3 103 040 C of the City Code, convert to renter occupancy during the ten year term of the tax exemption, those units will lose their tax exemption status
 - 6 The Project will comply with all applicable standards of Titles 17, 24, 32, 33, and 34 of the City Code, as well as all conditions of approval of any land use and design reviews

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

Adopted by the Council **APR 14 1999**

Mayor Vera Katz
David B Frank
April 14, 1999

Gary Blackmer
Auditor of the City of Portland
By Britta Olson
Deputy

Approve the application of Cold, Inc for a ten year property tax exemption for a Transit Oriented Development project, located on NE Clackamas Street between NE 103rd Avenue and NE 104th Avenue, which includes 24 for-sale condominium units, known as the Gateway Condominiums project (Resolution)

INTRODUCED BY	Filed APR 09 1999
Mayor Vera Katz	Gary Blackmer Auditor of the City of Portland
NOTED BY COMMISSIONER	
Affairs	
Finance and Administration <i>U/K</i>	By <u><i>Gary Kershner</i></u> Deputy
Safety	
Utilities	For Meeting of _____
Works	
BUREAU APPROVAL	
Bureau Portland Development Commission	ACTION TAKEN
Prepared for Felicia L. Trader By David B. Frank Dated April 7, 1999	
Budget Impact Review _x_ Completed ___ Not Required	
Bureau Head Felicia L. Trader <i>Felicia Trader</i>	

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