



**Bureau of Planning and Sustainability**  
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**M E M O**

To: Planning & Sustainability Commission  
From: Uma Krishnan, Management Analyst  
Cc: Dori Van Bockel, Portland Housing Bureau (PHB)  
Subject: **Staff Report on TOD Tax Exemption Request for the Glendoveer Woods Apartments**

Glendoveer Woods LLC, represented by Aaron Wigod requests a 10-year tax exemption under the City’s New Transit Supportive Residential or Mixed Use (TOD) program for the proposed Glendoveer Woods Apartments rental project. The TOD program is one of the City’s two multifamily tax exemption programs and is available in designated areas outside the Central City where the City has planned for transit-oriented development. This exemption applies to the improvement value including supportive commercial space and other public benefits. The role of the Planning and Sustainability Commission (PSC) is to evaluate the set of public benefits offered by the project against the TOD program’s goals.

**I. Project Description and Site and Land Use Review History**

**Project Description**

The project known as *Glendoveer Woods Apartments* is a proposed new construction that will be located on 146<sup>th</sup> Avenue between NE Glisan and East Burnside. The development will be a single four storey building, elevator served, 113 unit multifamily rental project. The site is located .23 miles from the E 148th and Burnside Max stop, and .12 miles from the Trimet 25 bus stop. An assembly of three different tax parcels, the proposed project is on a TOD eligible site. The following table summarizes the intended *unit mix* and *affordability mix* for the project:

Unit type	Count	Rent	MFI
<b>Studio</b>	<b>8</b>	<b>699</b>	<b>60%</b>
Studio	32	699	Market
<b>One Bedroom</b>	<b>12</b>	<b>799</b>	<b>60%</b>
One Bedroom	44	799	Market
<b>Two Bedroom</b>	<b>3</b>	<b>929</b>	<b>60%</b>
Two Bedroom	14	929	Market
	113		



In the above table, the shaded rows are intended to be affordable to households with income at or below 60% Median Family Income (MFI); eight (8) studios, twelve (12) one-bedrooms, and three (3) two-bedrooms, a total of 23 units at or below 60% MFI, including utilities. While the market rate units are offered at the same rent level, residents will be paying utilities separately.

The development will provide 115 parking stalls and 11 garages, a parking ratio of 1.12:1; and 124 outdoor bike parking spots, of which 6 are short term visitor type spots and half are covered bike parking. The development will include a community room, a self-service bike repair area on the ground floor and a community garden area on a half-acre parcel adjacent to the project site.

### **Housing Affordability**

The project will set-aside 20% of the total units as affordable units. This translates to 23 affordable units that mirrors the project's unit mix (see table on Page 1) and will be rented to households at or below 60% of MFI. Additionally, based on program requirements, the units will be rented in accordance with rent restrictions and will remain affordable for 15 years that includes the 10 years of tax abated period and for an additional 5 year period.

### **Proposed Public Benefits**

The project provides a number of public benefits. The housing units are located in close proximity to mass transit (bus and light rail line) and 23 units (20% of total units) will remain affordable to households earning 60% or less of the area Median Family Income (MFI). Also, the project brings density as desired by the zoning designation by bringing in 113 units on a under utilized site, in an important transit-oriented site with good connectivity.

The changes to the TOD program adopted in November 2006 require that three public benefits be provided by a project in addition to meeting the affordability requirement from a specified list. The Glendoveer Woods apartments will provide several public benefits elaborated in the program guidelines:

1. The Project will have a community room for residents & community organizations to utilize.
2. The Glendoveer Woods will have three dedicated car share parking spaces with proposal to allocate one space for Zip Car parking.
3. All 113 units of the Glendoveer Woods apartments and its surrounding vicinity are designed with accessibility and visitability features proposed by the Universal Design Principle. Consequently, all units will be accessible to people with disabilities via two elevators and will have many uncommon benefits for people with various disabilities. The building's site, common areas, and units have been designed with more than 90 different attributes that make the development more livable and comfortable for tenants and visitors with disabilities. All of these attributes are identified on the attached "Disability Design Attributes - Site Plan" and "Disability Design Attributes - Unit Plans" (see attachment).
4. Glendoveer Woods will have a self-service bike repair shop consisting of work benches and tools for the project's residents and community biking organizations to utilize.
5. Glendoveer Woods will have an area of its lobby dedicated to transportation coordination that will display and hold copies of maps, schedules, and other valuable information relating to mass transportation in the Portland metropolitan area.



6. Glendoveer Woods will have a carwash parking space for the development's residents consisting of vacuum and high pressure water.
7. Glendoveer Woods will have a community garden for the development's residents. The garden will have increased accessibility for people with disabilities.

### Site and Zoning Information

Glendoveer Woods Apartments will be located on 146th Avenue between NE Glisan and East Burnside. The complete site, including a parcel that will be dedicated for the community garden consists of four tax lots: two half-acre lots (Lot 4300 & Lot 4400), and two one-acre lots (Lots 4500 & 4600). The two one-acre lots are vacant and the two half-acre lots each have one single-family unit that is old and in poor condition. The two units will be demolished and redeveloped into the 113 unit multi-family complex with 80,911 net rentable square feet. Glendoveer Woods will be slab on grade construction with a fire sprinkled wood frame type V-A structure. The building will be four stories with dual elevator access, brick and hardy plank exterior siding, and balconies for every unit. It will consist of 121,271 gross square feet with 31,604 square feet on the first floor, 30,627 square feet on the second floor, 29,520 square feet on the third floor, and 29,520 square feet on the fourth floor.

The entire site is zoned **R1dh**, a medium density multi-dwelling zone with "d" (design) and "h" (aircraft landing) overlays and is located in the East Corridor Plan district. The site is located in the Reynolds School District and in the Hazelwood neighborhood of the City. Glendoveer Woods Apartments' site plan, floor plans, and exterior of the building have been designed. The project has not yet been subject to the City's planning and design review process however. There are design features of the project that might change as the project progresses through the City's planning and design review processes. Any changes to the development's design will not affect the public benefits the development provides and will be consistent with the intent of the project to be a medium density multi-family transit oriented project.

## II. The TOD Tax Exemption Program Review Process and Public Benefit Requirements

### TOD Program Description

The TOD program provides a 10-year tax exemption on the improvement value of new multifamily and mixed-use projects located within a quarter mile of light stations or other public transit service. The program is authorized by the same state statutes that authorize the City's New Multiple-Unit Housing (NMUH) program available in the Central City and Urban Renewal Areas (ORS 307.600 - 307.65). The City Council adopted the TOD program in 1996 to provide support for the City's investment in the MAX light rail system and other investments in public transit outside the Central City by providing an incentive for high-density housing near transit facilities. As of November 2006, the TOD program has been applied to at least a quarter mile radius of all MAX light rail stations with appropriate zoning.

### Review Process

City Council adopted a new review process along with other TOD program changes in November 2006 that is summarized below.



## Portland Housing Bureau Review

Requests for TOD tax exemptions are now required to be reviewed by the Portland Housing Bureau (PHB) staff for financial necessity of the tax exemption to the economic feasibility of the project and conformance with the requirements of City Code Chapter 3.103.

PHB staff review has determined that the project meets all basic eligibility requirements. Further, the staff analysis finds that the tax exemption is critical for the financial feasibility of the project. The 10-year income projections derived from the pro formae show:

- Scenario 1 - the financial performance of the Project without the tax abatement, and
- Scenario 2 - the financial performance of the Project with the tax abatement, and
- Scenario 3 - the necessary increase in rents without the abatement in order to achieve the return achieved with the tax abatement.

In none of the scenarios does the return exceed the 10% threshold. The estimated Internal Rate of Return (IRR) is estimated to be 3.2% with the tax exemption; -1.3% without the tax exemption. These returns are well below the 10% threshold of the TOD program. In absence of the abatement, to get to the 3.2% return, all units will have to be rented at least at an additional \$89/month/unit, plus utilities and this scenario does not allow for any 60% MFI units in the structure.

The total development budget for this project is approximately \$13.3 million. The estimated ten-year value of the exempted tax revenue is approximately \$977,227 in today's dollars with City's share of forgone revenue being \$322,485 over this ten year period.

The PHB Investment Committee concurred with the staff findings during their case review meeting on Thursday, January 12<sup>th</sup>, 2012 and recommended approval of 10-year tax abatement to the Glendoveer Woods Apartments project.

(See PHB Investment Committee Report attached to this memo for financial feasibility analysis, project costs and recommendation)

## Planning and Sustainability Commission Review

The PSC is required to review tax exemption requests for consistency with the public benefit review requirements of Chapter 3.103 within 60 days of receipt of a recommendation for approval of a tax exemption request from PHB staff. The Commission is not required to review TOD tax exemption requests for consistency with City plans and policies as they are for tax exemption requests under the NMUH program. The reason is that the more prescriptive requirements related to residential density and location near public transit in Chapter 3.103 ensure consistency with city plans and policies are met by this program.

After their review of the public benefit requirements at a public hearing, the Commission shall make a recommendation to deny or approve the application subject to conditions and instruct staff to forward a recommendation letter to the City Council for use during the Council hearing process.



## City Council Review

City Council is required to review the application and approve or deny by ordinance within 30 days of receiving the application.

**Affordability Requirement for Rental Units:** The affordability requirement for rental projects is that the applicant provides at least 20 percent of the units or 20 percent of building square footage dedicated to units, affordable to and reserved for households at or below 60 percent MFI. As an alternative, the applicant can provide at least 10 percent of the units or 10 percent of building square footage dedicated to units, affordable to and reserved for households at or below 30 percent MFI.

### **Public Benefit Requirements**

City Council approved changes to the TOD program in November 2006 that included changes to the public benefit requirements. Projects for which a tax exemption is requested are required to meet the aforementioned affordability requirement and provide three other benefits. The requirements are summarized below. More detailed language is included in City Code Section 3.103.040, Public Benefits.

**Public Benefit Options:** Provide three additional public benefits from the following list:

1. 20 percent of units dedicated to persons with special needs and are designed for full accessibility.
2. 10 percent of rental units include 3 or more bedrooms.
3. Provide childcare on-site or support child care facility.
4. Provide residential unit-per-acre density equivalent to at least 80 percent of maximum density.
5. Permitted ground floor service or commercial use.
6. Office space or meeting room for community.
7. Permanent dedications for public use including open space, community gardens, or pedestrian and bicycle connections to public trails and adjoining neighborhood areas.
8. Family oriented recreational facilities.
9. A dedicated car-share space(s).
10. Structured parking.
11. LEED Silver certification from the US Green Building Council.
12. Twice the percentage of affordable units, or percentage of residential building square footage for affordable units, than is required by the affordability requirement.
13. Other benefits as proposed by the developer and approved by the Planning Commission.



14. Transportation improvements above those required by development standards approved by the Portland Office of Transportation and the Planning Commission.
15. An agreement to sell off-street parking spaces separate from condominium units so that a unit can be purchased without a parking space.

### III. Proposal’s Conformance with Public Benefit Requirements & Staff Recommendation

Planning and Sustainability Bureau staff has reviewed the PHB staff’s Report to their Investment Committee and finds that the application is consistent with the program’s public benefit requirements.

#### Affordability Requirement

The affordability requirement is met since 20% of the units will be set-aside for households making at or below 60% MFI. The unit-mix for the affordable units will match the project mix:

Affordable Units	% MFI	# of Units	Rent
Studio	60%	8	\$699
One Bedroom	60%	12	\$799
Two Bedroom	60%	3	\$929
<b>Total Units</b>		<b>23</b>	
Market Units		# of Units	Rent
Studio	Market	32	\$699 + Utilities
One Bedroom	Market	44	\$799 + Utilities
Two bedroom	Market	14	\$929 + Utilities
<b>Total</b>		<b>113</b>	

#### Staff Discussion on Need for Affordable Units

The project site is located in Census Tract 93.02 and the population and housing characteristics of this small census geography can serve as a proxy indicator for housing conditions and needs of the area in which this project is slated for construction. Currently, the housing situation in this sub geography of Portland is similar to prevalent trends in the market: a very tight rental housing market with very low vacancy rates and steep increases in rents. The following table provides the highlights:



**Housing Counts in Proposed Site's Vicinity**

<b>Census Tract 93.02 (Project Location), Portland, Oregon</b>	
<b>Total Housing Units</b>	<b>1,719</b>
Occupied	1,655
Vacant	64
<b>Vacancy rate</b>	<b>3.7%</b>
Owner occupied	909 (Homeownership: 55%)
Renter occupied	746 (Rentership: 45%)

Source: ACS 2006-2010

The vacancy rate of 3.7% indicates a need for housing units in this specific area and so utilization of underutilized land area to add 113 multi-family is certainly a public benefit. Additionally, there is a need for affordable rental units as demonstrated by the following table on housing cost burden experienced by households in Census Tract 93.02:

**Housing Cost Burden of Renter-Occupied Units in Proposed Site's Vicinity**

<b>Census Tract 93.02 (Project Location), Portland, Oregon</b>	
<b>Total:</b>	<b>746</b>
Less than 10.0 percent	0
10.0 to 14.9 percent	49
15.0 to 19.9 percent	37
20.0 to 24.9 percent	104
25.0 to 29.9 percent	56
<b>30.0 to 34.9 percent</b>	<b>81</b>
<b>35.0 to 39.9 percent</b>	<b>40</b>
<b>40.0 to 49.9 percent</b>	<b>76</b>
<b>50.0 percent or more</b>	<b>282</b>
Not computed	21

Source: ACS 2006-2010

Households that pay more than 30% of their income towards housing costs are considered cost burdened and it is clear from the above table that just over 64% of the households in the vicinity of the proposed Project are cost burdened. Consequently, the addition of 113 units, 23 of which will be set-aside for households making 60% MFI (or less) will certainly be a desirable public benefit. Also, due to the proximity of the Project to light rail and bus service, the combined expenditure on housing and transportation costs for residents will be considerably decreased.



## Public Benefit Options

The applicant has stated that they will include several of the public benefit options detailed in the TOD program guidelines: **#1, #5, #6, #7, #9 and #13**

### Staff Discussion on Proposed Public Benefits

The TOD program guideline requires that in addition to affordability set-aside and transit-oriented location, the development offer three other benefits from the prescribed list. The Glendoveer Woods is offering six additional benefits from that list (see page 2 of this report). All benefits are self-explanatory, but the benefit of getting 113 units (100% of the units) to be accessible warrants discussion. While reliable data on how many accessible units are needed in the City is not available, the following count provided by the Census Bureau, does give an idea on the magnitude of requirement:

	Portland city, Oregon		
	Total	With a disability	Percent with a disability
	Estimate	Estimate	Estimate
<b>Total civilian noninstitutionalized population</b>	<b>578,286</b>	<b>64,711</b>	<b>11.20%</b>
<b>Population under 5 years</b>	<b>37,590</b>	<b>0</b>	<b>0.00%</b>
With a hearing difficulty	(X)	0	0.00%
With a vision difficulty	(X)	0	0.00%
<b>Population 5 to 17 years</b>	<b>76,766</b>	<b>4,310</b>	<b>5.60%</b>
With a hearing difficulty	(X)	860	1.10%
With a vision difficulty	(X)	483	0.60%
With a cognitive difficulty	(X)	3,078	4.00%
With an ambulatory difficulty	(X)	288	0.40%
With a self-care difficulty	(X)	581	0.80%
<b>Population 18 to 64 years</b>	<b>405,307</b>	<b>36,453</b>	<b>9.00%</b>
With a hearing difficulty	(X)	8,294	2.00%
With a vision difficulty	(X)	7,224	1.80%
With a cognitive difficulty	(X)	17,848	4.40%
With an ambulatory difficulty	(X)	16,572	4.10%
With a self-care difficulty	(X)	6,613	1.60%
With an independent living difficulty	(X)	12,322	3.00%
<b>Population 65 years and over</b>	<b>58,623</b>	<b>23,948</b>	<b>40.90%</b>
With a hearing difficulty	(X)	9,288	15.80%
With a vision difficulty	(X)	5,732	9.80%
With a cognitive difficulty	(X)	7,065	12.10%
With an ambulatory difficulty	(X)	14,765	25.20%
With a self-care difficulty	(X)	7,025	12.00%
With an independent living difficulty	(X)	12,131	20.70%

2010 American Community Survey 1-Year Estimates





As can be noted from the above table, over 11% of our population have various kinds of disabilities and units that are built with Universal Design and Barrier Free principles certainly offer a highly desirable public benefit. All 113 units of the Glendoveer Woods Apartments and its surrounding vicinity are designed with accessibility and visitability features proposed by the Universal Design Principle. Consequently, all units will be accessible to people with disabilities via two elevators and will have many uncommon benefits for people with various disabilities. The building's site, common areas, and units have been designed with more than 90 different attributes that make the development more livable and comfortable for tenants and visitors with disabilities. Following are details on accessibility features:

## GLENDOVEER WOODS APARTMENTS DISABILITY DESIGN ATTRIBUTES BEYOND ADA & FHA REQUIREMENTS

### SITE CONSIDERATIONS

- Always illuminated bollard lighting along walkway and exterior lighting
- Community garden beds raised to 24" to allow for use by a wide range of users
- Keyless entry system and security system
- Bench for packages, keys and other items
- Address numbers are reflective for easy night visibility
- Pre-wired for future installation of power assist doors
- Garages on flat grade level with power operated overhead doors and 8 feet of clearance

### GENERAL BUILDING CONSIDERATIONS

- All units elevator accessible
- Anti-slip strips on the front edge of steps
- Covered entries to protect against weather
- Mail slots conveniently located and available from side reach
- Bike repair shop on accessible route from public sidewalk and parking

### UNIT CONSIDERATIONS

#### General:

- No hallways for easier maneuverability
- 20% of units have wood laminate flooring
- Lever handle hardware on all doors
- No more than 5 pounds force needed to open or close doors
- Main viewing window sills no higher than 26 inches from the floor
- Stove controls are easy, reach, read, and operate
- Closet rods and shelves can be adjusted to different heights
- Varied light sources and types, with reduced glare
- Dimmer light switches for adjustable lighting in living room
- Rocker style light switches mounted 40 inches above the floor at entrance of each room
- Thermostat has a large backlit digital display mounted 40 inches above the floor
- Smoke and carbon monoxide alarms with visual and audible alarms
- Electrical, data and telephone outlets raised to 18 inches
- Electrical, data and telephone outlets near the bed for medical or other equipment
- Security wide angle peep hole

#### Bathroom:

- Circulation routes at least 40 inches wide to get to the bathroom
- Supported easy reach grab bars (upon request)
- Toilets 18 inches from the floor and elongated (upon request)
- Combination tub/shower unit with non-slip bottom
- Single lever shower control mounted near the shower entry and 43 inches from the floor
- Fixed showerhead and detachable showerhead with a 6 foot flexible hose (upon request)
- Full length mirror
- Lever type controls located to minimize stooping, bending, and reaching



- Wall mounted hooks and hoops utilized for storage, mounted no higher than 48"
- Water heater set at 120° max
- Single-lever faucet
- Countertop sink with bowl placed close to the front edge
- High volume, inline exhaust fan that is quiet and automatically on with light switch

**Kitchen:**

- All counters and controls accessible from side reach
- Saturated fluorescent and task lighting from varied sources with adjustable controls
- Single-lever faucet
- Countertop sink with bowl placed close to the front edge
- Countertop on both sides of cooktop and on one side of fridge
- Products and finishes are low maintenance and easy to clean

The specific design details are helpful as the City undertakes an effort to built new units that follow Universal Design principles.

**Staff Recommendation**

*Approve the request for the 10-year TOD property tax abatement for the residential component, including parking with the condition that all proposed public benefits be provided.*

**Attachments**

- Zoning and Site Map
- PHB Investment Committee Report
- Disability Design Attributes (Site & Unit)

