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May 1st, 2011

Mayor Adams and Portland City Council
Portland City Hall
1121 SW 4th Avenue
Portland OR 97204

RE: Recommendation for Approval on Amended Request for Extension of Tax Exemption Granted to the Collins Circle Apartments

Dear Mayor Adams and Members of the Portland City Council:

On April 26, 2011, the Portland Planning and Sustainability Commission (PSC) held a public hearing on a requested 20-year extension of the tax exemption term for Collins Circle Apartments. City Council approved a ten-year tax exemption under the City's New Multiple-Unit Housing (NMHU) tax exemption program for this project on May 20th, 1998 by Ordinance No. 172274. The exemption is set to expire on June 30, 2011. In exchange for the extension, the owner will continue to maintain 52 units in this project affordable to low income households at or below 60 percent of Median Family Income (MFI). The project owner, RSGF Collins Circle LLC, requested the extension to preserve long-term affordability and meet the contractual obligation with PDC. The Collins Circle has a long-term use agreement (PDC Regulatory Agreement, dated 12/22/99) that restricts 52 units to be affordable for a period of 60 years.

Collins Circle Apartments is a 6-story, 124-unit apartment complex with ground level retail and 99 structured parking spaces located at 1701 SW Columbia Street, Portland Oregon, in the Goose Hollow neighborhood of Portland. The Project is a transit-oriented development, located one block from the MAX light rail station at SW 18th Ave. and SW Jefferson St.

The Commission deliberated the original request for a 20 year extension of the tax abatement for the affordable units and concluded that while granting the extension was supportive of the City's *Comprehensive Plan* Housing Policy of preserving affordability, promoting neighborhood stability, and maintaining balanced communities, the request was for a rather long period of time. Instead, the Commission proposed, voted and approved an amendment to the original request that extension for tax exemption be granted first for 10 years, with a 10 year renewal option. The first 10 years will provide the owners of the project an opportunity to substantiate the merits of providing an extension on the tax abatement by maintaining affordability in an otherwise expensive real estate market in downtown Portland. Once the owners have established credibility, further 10 year renewal option can certainly be considered.



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Recommendation: Approve amended request for extension of the tax exemption for 10 years under the New Multiple Unit Housing (NMUH) limited tax exemption (LTE) program for only the 52 affordable units and the pro-rated portion of parking associated with the affordable units in the Collins Circle Apartments with an additional 10 year renewal option at the end of the extension period.

Sincerely,



Andre Baugh, Chair
Portland Planning and Sustainability Commission

