



CITY OF
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 PORTLAND HOUSING BUREAU

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DATE: November 9, 2012

TO: Portland Housing Bureau (PHB) Housing Investment Committee with expanded representation from the Planning and Sustainability Commission and Multnomah County

FROM: Dory Van Bockel, PHB Housing Program Coordinator

SUBJECT: Recommend Approval of a Ten Year Multiple-Unit Limited Tax Exemption for **Boulevard Square**, Located at 6431-6445 NE Martin Luther King Jr. Blvd.

Project Description:

Piedmont Community Developers, LLC proposes to build a twenty-four unit home ownership development consisting of platted row houses on currently vacant land owned by the City of Portland at 6431-6445 NE Martin Luther King Jr. Boulevard between NE Rosa Parks Boulevard and NE Highland Street in the Piedmont neighborhood. Boulevard Square (Project) is being developed for the benefit of Proud Ground and sold through the community land trust model.

The Project will have sixteen traditional 3-story 4-plex row homes featuring ground floor garages accessed from rear alleyways made up of twelve 3-bedroom homes at 1600 square feet each and four 4-bedroom homes at 1800 square feet each. The rest of the Project will be eight 2-bedroom townhomes with lofts designed to accommodate "live-work" possibilities which will be 1200 square feet each. The total site is .79 of an acre with 19,113 square feet of open space as a common area and the building totaling 45,888 square feet with a structural footprint of 15,040 square feet. The three and four-bedroom homes will sell for around \$147,500, and the 2-bedroom homes will sell for around \$135,000.

Pedestrian access will be provided by perimeter sidewalks, a central shared court and a dedicated pedestrian tract connecting the Project to Martin Luther King Jr. Boulevard. There are two bus stops on corners adjoining the Project. The Project will provide thirty off street parking spaces, twenty-three of which will be reserved for the residents and seven for visitors and future potential commercial use. The sixteen row homes will have garages, and the other fourteen parking spaces will be in surface lots. Bicycle racks around the Project provide multiple areas for bicycle parking.

The Project will meet healthy and resource efficient environmental building standards by building, registering, and certifying per LEED standards, with a goal of reaching LEED Platinum designation.

The Project will be developed by Albina Construction LLC which is partially owned by Tom D. Walsh and Serena Cruz Walsh who own Cityhouse Partners LLC, the sole entity of Piedmont Community Developers, LLC.

Proposed Unit Mix and Affordability:

Unit type	Count	Sq Footage	Sale Price	MFI
Two Bedroom	8	1200	135,000	80%
Three Bedroom	12	1600	147,500	80%
Four Bedroom	4	1800	147,500	80%
	24			

Scoring of Public Benefits:

Staff has reviewed the Project's application and determined it meets the minimum program threshold guidelines. Staff scored the public benefits the Project will provide based on the application. **A proposed project must receive a minimum score of 50 out of 140 possible points, available in seven different categories.**

Affordability – 100% of the twenty-four units in the Project will be affordable to households earning 80% or less of the area median family income, below the program limit of 100% area median family income for for-sale projects. The Project will also provide affordability in perpetuity through the relationship with Proud Ground who requires as part of the land lease arrangement that homes be sold to future homebuyers who also meet the 80% area median income requirements and will owner occupy the homes. By providing for sale units well below market rates to homebuyers below the program income cap beyond the tax exemption period, the Project earned **40 out of 50 possible points.**

Equity – The applicant presents clear plans for marketing and MWESB contracting and expresses deep commitment to PHB's Strategic Plan and Equity goals. The application describes efforts to address residential displacement in the neighborhood by meeting repeatedly with neighbors, seeking to provide innovative design allowing multi-generational and "live/work" housing appropriate to the area, and partnering with Proud Ground to provide home ownership opportunities to first-time homebuyer families from communities of color. The application describes Proud Ground's success reaching communities of color and how they will help market the Project at culturally specific home buying fairs, and through neighborhood schools, employers, and culturally-specific organizations. Proud Ground also advertises in community media, and provides home buyer information sessions and one-on-one counseling to prepare homebuyers for homeownership. According to the application, the Project's general contractor is a certified MWESB firm with women in leadership roles and a permanent workforce primarily comprised of people of color. Also, the application claims that the related entities have a consistent history of exceeding MWESB subcontracting goals and working with professionals who are either women and/or people of color, including the Project's civil engineering firm. The Project goal for solicitation of MWESB subcontractor bids is 30%. By pursuing equity goals for the Project well beyond the minimum submission requirements, the project earned **25 out of 30 possible points.**

Accessibility – The application did not outline any specific design features of the Project that would increase accessibility for seniors or people with disabilities so the Project earned **no points out of 20 possible points.**

Family Housing/Location – The proposed Project is not located in an area defined as having a high lack of family sized units so even though the project does have family-sized units, **no points were awarded out of 10 possible points.**

Access to Amenities – The Project summary in the application describes the Project’s proximity to schools, childcare, parks, and grocery stores and the property is within an area with a 20-minute neighborhood score of 71 so the Project earned **7 out of 10 possible points.**

Gathering Space – The Project’s shared court with a play area, benches, and informal seating areas in the center of the site and the pedestrian connection will be accessible to both the residents and the public through a deeded right-of-way which earned the Project **4 out of 10 possible points.**

Special Needs Populations – No units will be reserved specifically for “at-risk” or “special needs” populations so **no points were awarded out of 10 possible points.**

The Project earned a total score of 76 out of 140 points, well above the minimum score of 50. There were not sufficient applications received to compete for the annual cap of \$1 million estimated foregone revenue so the Project does not need to be compared to other Projects’ scores.

Public Benefit	Points Earned	Possible Points
Affordability	40	50
Equity	25	30
Accessibility	0	20
Family Housing/Location	0	10
Access to Amenities	7	10
Gathering Space	4	10
Special Needs Populations	0	10
Total	76	140

Financial Need:

The Project’s financial need for the tax exemption is demonstrated in the Project’s projected sale prices and restricted homebuyer income levels at 80% area median family income. The benefit of the tax exemption for the homebuyers will allow the homes to be sold at significantly lower prices than market rates and well below the program cap, which is currently \$274,800, to homebuyers well below the income cap of 100% MFI, which is currently \$73,000 for a household of four.

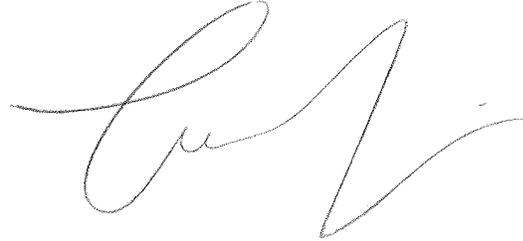
The estimated ten-year value of exempted tax revenue is approximately \$620,160 in today’s dollars based on the applicant’s calculation of average sale price plus portion of land value in trust (143,000 + 9,000) multiplied by the 24 units, and then multiplied by a 20/100 tax rate to determine the first year’s exemption.

Conditions:

The Project will have a Notice recorded on title to the property outlining the requirements to sell each home ownership unit for less than the maximum sale price to an initial homebuyer who income qualifies at less than 100% area median family income for a family of four and will occupy the residence during the tax exemption period, according to the terms of City Code 3.103.040(C)(2) and 3.103.080 (A).

Recommendation:

Staff recommends the approval of a ten-year property tax exemption for all twenty-four homeownership units and the common areas, including parking reserved for residential use, of Boulevard Square to be built by Piedmont Community Developers, LLC (or affiliated entity) to the Portland City Council because the Project meets the minimum threshold and public benefits requirements set forth in Section 3.103 of Portland's City Code.

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