



CITY OF
PORTLAND, OREGON

PORTLAND HOUSING BUREAU

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DATE: June 2, 2011

TO: Planning and Sustainability Commission

FROM: Portland Housing Bureau Investment Committee
Submitted by: Kim McCarty Portland Housing Bureau

SUBJECT: CONSENT ITEM RECONFIRMING 2008 PLANNING COMMISSION RECOMMENDATION TO APPROVE OF THE TAX EXEMPTION EXTENSION REQUESTED BY HAZELWOOD GROUP LLC FOR THE PORTION OF THE HAZELWOOD RETIREMENT COMMUNITY REQUIRED TO BE RESERVED FOR LOW INCOME HOUSEHOLDS FOR THE REMAINDER OF THE AFFORDABILITY CONTRACT.

The Hazelwood Request

The Hazelwood Group LLC is seeking approval of an eighteen year tax exemption extension for the 120 units of the multiple-unit housing development on 11933 NE Davis St known as the Hazelwood Retirement Community.

The Project

The Hazelwood Retirement Community is located at 11933 NE Davis St. near NE 122nd Avenue and Glisan Street. The project is the upper three stories of a 4-story structure over a 35,000 square foot rectangular site, which is part of a 17-acre a mixed-use shopping center with Safeway and Target as anchor department stores. It is three blocks from the 122nd Avenue and E Burnside MAX light rail station. It has 120 units of congregate housing for people 62 or older. The unit mix includes 28 studios, 68 one-bedrooms and 24 two bedroom apartments. It has two regulatory agreements to keep 96 units affordable to households below 80 percent of the median family income until 2029.

Current Unit Mix and Affordability

Unit Type	Rent restriction	Term of Required Affordability
Studio	28 @ 50% MFI	2028 by PHB Regulatory agreement
One BR	8 @ 50% MFI	
One BR	4 @ 60%MFI	
One BR	56 @ 75% MFI	
Two BR	24 Unrestricted	None
Total Units	120	
Studio or 1-bedrooms	24 @ 50% MFI	2029 by State of Oregon Regulatory agreement

Project's TOD History

1. Hazelwood was given a 10-year TOD tax exemption for all 120 units on Nov, 1997. This original exemption was set to expire on June 30th, 2008.
2. In May 2008, Hazelwood applied for an extension for another 21 years in order to fulfill its regulatory agreements tied to affordability.
3. On May 29, 2008, PDC Loan Committee recommended that all 120 units be granted extension of tax exemption to keep the regulatory agreements solvent.
4. The extension case came for the Planning Commission on June 3rd, 2008. The Commission unanimously recommended approval of the request to City Council for 80% of the project (96 units) at or below 75% MFI. These were all of the units under affordability agreements. The extension was recommended for a 21-year period- which was the length of the affordability contract.
5. City Council held a hearing on this case on June 25th 2008 and based on the thinking that a comprehensive review of the tax exemptions including policies for extension was required before making a final decision for Hazelwood gave the project a one-year extension (all units) till June 2009.
6. The above decision was further amended in June 2009 and Hazelwood was given an additional two year extension (June 30, 2011) while tax exemption policies continued to be examined.
7. As the three year extension period is drawing to a close, the owner has requested a final decision on the case.
8. The Portland Housing Bureau administers the tax exemption programs and recommends to City Council, to approve a tax exemption extension for the length of the affordability agreement for the units under an extended use agreement and below 80 percent of the median family income, which is reflective of the recommendation of the Planning Commission in 2008.
9. The Portland Housing Bureau will give a presentation in July regarding the work between the City and the County to update the Limited Tax Exemption programs known as the "Big Look."