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February 28th, 2012

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

RE: Recommendation for Approval of a 10-Year Tax Exemption for The Hollywood Apartments

Dear Mayor Adams and Members of the Portland City Council:

On February 28th, 2012, the Portland Planning and Sustainability Commission (PSC) held a public hearing on a request for a 10-year tax exemption for *Hollywood Apartments* under the City's New Multiple-Unit Housing (NMUH) program. The regulations for this program are found in City Code Chapter 3.104. The applicant, The Hollywood Apartments LLC, represented by David Mullens requested this exemption. The development intends new construction of a five (5) story, 47 units multifamily over commercial mixed use project at 4105 NE Broadway between Sandy and Broadway, southwest of the Hollywood theater.

For the TOD program, the PSC's role is to review the consistency of public benefits with program requirements. Besides locational eligibility and affordability set-aside, TOD projects need to provide at least three public benefits from a specified list. The Commission finds that the project will set-aside 10 units (21% of the total 47) to be affordable to households with income at or below 60% Median Family Income (MFI): two (2) studios and eight (8) one-bedrooms, for a total of 10 units. The unit mix of affordable units will match the overall project mix. The Commission deems the addition of affordable units in a transit rich location as very beneficial, particularly in light of the current tight rental market conditions. Further, the Commission finds that the proposal to include three additional public benefits is consistent with the program requirements.

Subsequent to the hearing, the PSC unanimously voted in favor of recommending approval of this request to City Council subject to the applicant providing all proposed public benefits:

1. **Residential Density:** The Hollywood proposal is for a development that will be built at just over 275% of applicable maximum density as measured by units/acre for this site. This exceeds the program requirement of 80% threshold. In terms of units per acre for a CS site, TOD program calls for at least 68 units per net acre. This proposal is for 47 units in a 0.25 acre site leading to a development density of 188 units/acre.
2. **Ground floor service or commercial use:** The project proposal is for 3,915 SF of first floor commercial space that will serve the project and neighborhood.
3. **Transportation improvement above PBOT requirement:** Adjacent to the new building, the developer is creating a new Public Pedestrian Plaza on what is currently a one way parking lot known as NE 41st. This new space provides a stopping and gathering



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point for pedestrians and cyclist moving through the area. An improved space of 4,500 SF, the Plaza can host a variety of outdoor neighborhood events along the Sandy corridor. The developers will also be maintaining this Plaza. The development team worked extensively with neighborhood population and businesses to envision this Plaza. This offer has strong support from PBOT particularly since the developer was responsible only for developing half of this informal parking site.

At conclusion of the hearing the Commission noted that this a valuable, mixed-use, mixed-income project in an area that is becoming increasingly desirable and expensive and hence the affordability set-aside provides potential opportunity for 10 households to live in this highly sustainable location.

Recommendation: Approve the request for the 10-year TOD property tax abatement for the residential component of the Hollywood project with the condition that all proposed public benefits be provided.

Sincerely,



Andre Baugh, Chair
Portland Planning and Sustainability Commission

