

Tom Kelly
Chair

Aneshka Dickson
Commissioner

Mark Edlen
Commissioner

John C. Mohlis
Commissioner

Charles A. Wilhoite
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

This document represents the official meeting record of the December 11, 2014, Portland Development Commission (PDC) Board of Commissioners (Board) Meeting held at 222 NW Fifth Ave., Portland, OR 97209. The full video recording of this meeting can be found at <https://www.youtube.com/watch?v=OZdCt3TiF2c>.

1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 3:05 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

Chair Tom Kelly	PRESENT
Commissioner Aneshka Dickson	ABSENT
Commissioner Mark Edlen	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Charles Wilhoite	PRESENT

Chair Kelly stated that Item 6 on the agenda is now an information item and the PDC Board will not be voting on the Urban Renewal Area (URA) amendments.

2. Commissioner Reports

Commissioner Mohlis

- On November 14, attended the Native American Youth & Family Center (NAYA) Gala.

Commissioner Wilhoite

- On November 14, attended the NAYA Gala.

Commissioner Edlen

- On October 28, attended the Portland Business Alliance Business Leadership Evening event.
- On November 6, attended the Rosemary Anderson High School Gala.
- On November 14, attended the NAYA Gala.
- In the last six weeks, attended several briefings with PDC staff.

Chair Kelly

- On October 31, along with Executive Director Patrick Quinton, had a meeting and tour at the University of Portland.
- In the last six weeks, attended several briefings with Mayor's office.
- On November 14, attended the PDC 2015-2020 Strategic Plan Steering Committee meeting.

3. Executive Director Quinton Report

- On November 17 – 21, travelled to Germany for the Brookings Institution Conference.
- On December 1, the Lents Town Center URA Request for Information (RFI) period closed; nine responses were received and the selection committee will have recommendations by mid-January 2015.

- On December 2, the RFI went out for a PDC-owned property in the Gateway Regional Center URA on the corner of NE 106th Avenue and Halsey Street; proposals are due by January 30, 2015. For more information go to: http://vmw.pdc.us/login/download_nologin.asp?i=1158.
- On December 8, attended the Portland premier of “Wild.”
- On December 3, attended the Athletic & Outdoor annual industry event in which the digital map of the industry was unveiled. For a look at the digital map go to: <http://ecosystem.aoportland.com/>.
- On November 6, the Rosewood Initiative and the Jade District received Spirit of Portland Awards; The Rosewood Initiative was honored with the Mayor’s Award, and the Jade District with the Commissioner’s Award.
- On November 14, the Oregon chapter of the American Society of Landscape Architects named Dawson Park People’s Choice Award winner.
- On November 13, through the Pop-Up Shops Program, three local businesses opened at 11 NW 5th Avenue in Old Town Chinatown for the holiday season: [Draplin Design Company](#), [North St. Bags](#), and Omiyage.
- A few months back, Assurety NW announced that they have been sold and have moved out of their building in the Lents Town Center URA; this is a success story for the URA.

4. Public Comment for Items Not on Agenda

No public testimony was presented.

CONSENT AGENDA

5. Action Item: Resolution 7080 – Authorizing the Executive Director to Increase Expenditures to No More Than \$850,000 for N/NE Enterprise Zone Fund Allocation to WorkSystems, Inc.

On November 3, 2008, PDC entered into a contract (Contract) with WorkSystems, Inc. (WSI), whereby PDC agreed to allocate a specified percentage of workforce training funds collected from companies in Portland taking advantage of the State of Oregon Enterprise Zone tax abatement program, in exchange for WSI’s agreement to provide specified workforce training services. Over the past six years, pursuant to the Contract, PDC has collected funds from participating companies and provided WSI with approximately \$490,000 in collected funds.

With this action, the PDC Board would authorize PDC to increase expenditures under the Contract to no more than \$850,000. This action is necessary since PDC Board approval is required when the cumulative total of contract expenditures exceeds the PDC Executive Director’s signature authority of \$500,000.

Chair Kelly called for a motion to approve Resolution 7080; Commissioner Wilhoite moved and Commissioner Edlen seconded the motion.

AYES: Edlen, Kelly, Mohlis, Wilhoite
NAYS: None

REGULAR AGENDA

6. Information Item: Update on the Amendments to Six Urban Renewal Areas

PDC staff presenting this item:

Kimberly Branam, Deputy Director

Lisa Abuaf, Central City Manager

On May 7, 2014, Portland City Council (City Council), through Resolution No. 37072, directed PDC and City of Portland (City) staff to begin processing amendments to six URAs that, if approved, would:

- Reduce the impact of urban renewal on taxing jurisdictions;
- Provide resources to meet economic development, redevelopment, and affordable housing goals; and
- Support Portland State University (PSU).

This set of URA amendments is complemented by two related initiatives, the development agreements with Zidell Realty Company (ZRZ) and PSU.

The six URAs being recommended for amendments are:

1. Central Eastside
2. Education District
3. North Macadam
4. Willamette Industrial
5. Airport Way
6. River District

Once the PDC Board approves the proposed amendments in a future meeting, PDC staff will present the package of URA amendments to City Council for a public hearing; City Council is expected to take formal action through ordinances on each of the URA amendments and the ZRZ development agreement in January or February 2015. Such action would statutorily codify the amendments for fiscal year (FY) 2015-16. Should the PDC Board and City Council approve the amendments, the action is expected to result in releasing approximately \$122,000,000 in property taxes to taxing jurisdictions. In addition, the amendments will provide resources to PDC to invest in projects that will compel economic growth and real estate development in the North Macadam and Central Eastside URAs.

Commissioner Wilhoite asked the following questions:

- When will the PDC Board vote on these changes? Ms. Branam responded that staff will present to the PDC Board again at the January 2015 meeting.
- What is happening in the interim period? Ms. Branam responded that PDC staff will continue to have conversations with stakeholders, City Council, ZRZ, and other City bureau partners.
- There already has been significant public involvement; what is PDC's thinking in this regard? Ms. Branam responded that PDC staff will continue to have conversations with the public; they have brought up a lot of questions and the delay in moving forward is in part to those unanswered concerns.
- With regards to affordable housing, the resources that are being released back to the taxing jurisdictions, although PDC will not have a say in those dollars, what percentage of those

resources will be used for affordable housing? Ms. Branam responded that PDC staff will let City Council know that the PDC Board recommends that City Council hold discussions on how those resources might be used.

Commissioner Edlen asked/posed the following questions:

- The report indicates that at the public meeting PDC held, only 20 people showed up. Is that typical? And when PDC staff went to the neighborhood meetings, did more people attend those? Ms. Branam responded that urban renewal topics can be fairly specific and detailed topic and may not be of interest to many people. However, a super notice did go out to all property owners in the city and PDC staff has received enquiries. The neighborhood associations tend to draw the same approximate number of attendees.
- Posing as rhetorical questions, with regards to affordable housing, the boosts do not seem to happen for another five years. How can PDC get more money out and more quickly? How can PDC work with the Portland Housing Bureau (PHB) to make this happen? Are there opportunities to explore private/public partnerships where PDC has a mixed-use project with a commercial component that would entice developers who would not need as much subsidy, thus making money available for the housing component?

Commissioner Wilhoite stated that he would like PDC staff to address the question of properties and resources in Old Town/Chinatown. Ms. Branam responded that the URA Amendment Advisory Committee met to discuss the priorities of Old Town/Chinatown, and the feeling is that Block 33 has been really important and a long-held opportunity and given the resources within the River District URA, can PDC not make something happen. Unfortunately, the reality is that with the amendments being proposed, resources in the River District URA are generally already allocated to several major objectives: Centennial Mills, Union Station, the United States Post Office, and other commitments to investing significant resources in Old Town/Chinatown. Block 33 is currently in the Downtown Waterfront URA, and it does not have any projects identified but has \$12,000,000 that is available in that URA.

Commissioner Edlen asked the following questions:

- Have there been conversations with the property owner? Ms. Branam responded yes.
- Are they in consent? Ms. Branam responded that when David Gold attended the URA Amendment Advisory Committee, he seemed amenable to the idea that PDC would bring in amended boundaries at the point where there was an identified project.
- Is that something that can be done in a timely fashion? Ms. Branam responded that it would be a major amendment, but not a substantial one, so it will not require super notice and would be a faster process.

8. Action Item: Resolution 7088 – Authorizing the Executive Director to Enter Into a Disposition and Development Agreement with Portland State University for Redevelopment of Multiple Properties within the University District Area and University Place Site

PDC staff presenting this item:

Kimberly Branam, Deputy Director

Lisa Abuaf, Central City Manager

With this action the PDC Board will authorize the PDC Executive Director to enter into a Disposition and Development Agreement (DDA) with PSU, which includes multi-year real estate developments and/or

redevelopments that are mutually beneficial to the City, PDC, and PSU. If approved, PSU would commit to develop three properties within the University District, including the 3.8 acre University Place site, and expand and improve two additional buildings to include ground floor commercial activation. PDC's investment would span multiple fiscal years between 2016 and 2025, based on projected availability of tax increment financing (TIF) from a proposed amended North Macadam URA under consideration.

PSU and PDC agree that no part of the resources provided by PDC, either as funds or value of property, shall be used exclusively for educational purposes but rather will be incorporated into projects in conjunction with PSU funds and will be tax-generating, so as to be consistent with the limitations established in Article XI, Section 11b(1) of the Oregon Constitution.

Commissioner Wilhoite asked the following questions:

- With regards to the repurchase of the property, \$2,000,000 today is not \$2,000,000 in fair market value 10 years from now. Ms. Abuaf responded that in the purchase of the land, PDC would make available TIF for an appraised value at the time the purchase occurs, and there are resources set aside for this. One of the agreements states that should PSU choose not to put the money towards that site, then PDC's contribution would be capped at \$2,000,000 to be used at another mutually-agreed to project/site.
- Is that at PSU's choice? Ms. Abuaf responded that it would be a mutual agreement.
- What if the appraised value was higher, say \$4,000,000; does PDC have the resources to cover that? Executive Director Quinton responded yes, that is what PDC is committing to do.
- What about the pending litigation? Bob Betcone, Assistant General Counsel, responded that the matter is highlighted in the packet. PDC, the City, and PSU are being subject to a lawsuit where the plaintiffs claim that the proposed expenditures under this agreement should be characterized as educational expenditures, thus having accounting and taxing ramifications. This item is pending in the courts, and neither PSU nor PDC is obligated to move forward with the terms of this agreement until the lawsuit is settled. If ultimately it were decided by the court that these expenditures do need to be characterized as educational expenditures, then this agreement is void and PDC and PSU agree to renegotiate a new agreement that does not violate the constitutional provisions.

Commissioner Edlen asked if there is an expected timing for the resolution of this lawsuit, and if it is appealable. Mr. Betcone responded that the timing is uncertain, it falls under the jurisdiction of the Oregon Tax Court, and it is estimated that it is possible that the matter will be heard within a year, but motions could delay the ultimate hearing. It is appealable to the Oregon Supreme Court and that could take 12 to 18 months.

Commissioner Wilhoite asked if this is a similar claim to that of the URA amendments affecting David Douglas School District several few years ago. Ms. Branam responded that this is a little different. The David Douglas issue was considered a URA issue and went to the Land Use Board of Appeals. This issue is not suggesting that they are illegal expenditures, but rather that they should be charged towards education instead of general governance.

Commissioner Edlen asked the following questions:

- Would this action potentially take resources away from the North Macadam URA? Ms. Branam responded no.

- Does PSU anticipate any potential faculty and staff housing? Ms. Abuaf responded that the program on University Place is certainly interested in student or PSU-related housing, which is combined with market rate housing, but the request for proposal is open to ideas.
- Would that have both City and PSU functions? Ms. Abuaf responded yes, as well as the ground floor commercial, etc.
- Would it be jointly owned? Ms. Abuaf responded that this is yet to be determined; the current agreement leaves this open to various possibilities.
- And the \$13,000,000 for the University Place site, what will it be used for? Ms. Abuaf responded that this is still being thought of, but the PDC Board will have the opportunity to review the intergovernmental agreement (IGA) when there is a clearer vision.

7. Information Item: Update on the Development Agreement with ZRZ Realty Company

PDC staff presenting this item:

Kimberly Branam, Deputy Director

Lisa Abuaf, Central City Manager

The purpose of this report is to provide an update to the PDC Board on the status of the South Waterfront North District Project Development Agreement (DA) with ZRZ. If ultimately approved, the DA would anticipate ZRZ developing 1,500,000 square feet of mixed-use, employment-oriented commercial and residential development over three phases and PDC making investments spanning a 10-year period.

PDC's investment is estimated at \$27,400,000 based on projected availability of TIF from a proposed amended North Macadam URA Plan under consideration by the PDC Board and City Council as well as the final scale of private development. TIF investment is contemplated for PDC participation in economic development, transportation, infrastructure, greenway, and open space improvements and PHB investments in affordable housing within the URA. Implementation of significant components of the DA is anticipated to occur via subsequent IGAs between PDC and partner bureaus.

Staff anticipates bringing an action item requesting approval of the DA to the PDC Board at their January 21, 2015, meeting.

Commissioner Wilhoite asked the following questions:

- How much of the \$27,400,000 will be committed to infrastructure activity and/or investment? Ms. Abuaf responded approximately \$20,000,000, if not more is committed; \$8,500,000 for bonds, about \$12,000,000 for the greenway, and the remainder is for the economic development pool being made available for recruiting tenants.
- Has PDC done anything comparable in the past, or is this a bit unusual? Ms. Abuaf responded that is a little of both, but it could be comparable to the development agreement with Hoyt Street Properties both in size of the geography and development potential.

Commissioner Edlen asked the following questions:

- Could someone talk more about parking as a potential investment? Ms. Abuaf responded that one of the things PDC staff has talked about with ZRZ, as to where those economic development resources could be invested in is parking. Just as PDC staff has talked about shared parking for Old Town/Chinatown, they are looking at shared parking in the South Waterfront.

- Is that a structure that PDC would potentially own? Ms. Abuaf responded yes.
- Has there been any investigation into other distributed infrastructure items such as sewage, water, and energy? Ms. Abuaf responded that a district energy system is also being contemplated as a potential partnership under this DA.
- What is the probability of district energy happening? Ms. Abuaf responded that in many ways it is tied to the schedule of growth, one of the challenges is how quickly Portland grows. There are complementary uses and load between Oregon Health & Science University (OHSU) and ZRZ to make it work, but it is a question as to how quickly do you make it pencil. OHSU has built the Collaborative Life Sciences building to be district energy ready should a centralized plan come online.
- In page two, under the infrastructure phase there is a clawback if the building should get started and fail. What is the timing of that clawback? Ms. Abuaf responded that they will look into that and report back to the PDC Board.

The PHB memorandum dated December 11, 2014, included in these minutes as Attachment 1, was handed out to the PDC Board and Ms. Branam gave an overview.

Chair Kelly accepted correspondence received from Tasha Harmon and Sarah Stevenson which are included in these minutes as attachments two and three, respectively, and called forward guests to testify. The PDC Board also received copies of a draft letter from the Portland Planning and Sustainability Commission (PSC) dated December 11, 2014; included in these minutes as Attachment 4.

André Baugh, Chair of the [PSC](#). Mr. Baugh gave an overview of the contents of the letter.

Commissioner Edlen asked if there were any recommendations for different ways to do business. Mr. Baugh responded that once the projects lined up in the budget are funded, and the URA reaches the 70 percent allocated to infrastructure, if the URA continues to do well, rather than continuing with the 70/30 infrastructure/housing split, make the new funds be more 30/70 infrastructure/housing split. There is also a set of tools being worked on about how to get private development as a partner in that 60/80 split where funding is not available.

Debbie Kitchin, President of the [Central Eastside Industrial Council](#) (CEIC). Ms. Kitchin gave an overview of the contents of the CEIC letter included in these minutes as Attachment 5.

Dan Zalkow, Executive Director for Planning, Construction, and Real Estate at [PSU](#). Mr. Zalkow expressed support of the North Macadam URA amendments, the elimination of the Education District URA, and the DDA between PDC and PSU. He was concerned with the conditions placed on University Place; PSU will continue to work with PDC and PHB on how to meet the various demands and conditions and move forward with the work.

Dennis Allen, Director of Development at ZRZ. Mr. Allen expressed disappointment that the DA was not being voted on today, and is hopeful that the parties will be able to work this out in a timely manner and begin development on the project.

Michael Harrison, Associate Director of Government Relations at [OHSU](#). Mr. Harrison stated that OHSU's mission is to improve the health and wellbeing of Oregonians; while not an economic development strategy, OHSU does produce an extensive number of well-paying jobs in the pursuit of its

mission. He expressed support for the infrastructure investment in South Waterfront and stated what the impact in jobs and clinical services will be for the area.

Ruth Adkins, Policy Director at [Oregon Opportunity Network](#) (OON). Ms. Adkins stated that the City's actions in the North Macadam URA must be consistent with the Comprehensive Plan Housing Policy so that there are livable, mixed-income neighborhoods throughout Portland. She urged that the PDC Board not adopt changes to the North Macadam and Central Eastside URAs, or approve contracts with PSU, ZRZ, OHSU, and any other landowners before identifying and incorporating specific additional affordable housing strategies and requirements, and clearly identifying and securing three to six significant sites for affordable housing. A letter from the OON is included in these minutes as Attachment 6.

Susan Emmons, Executive Director at [Northwest Pilot Project](#). Ms. Emmons implored the PDC Board to address the low income housing needs for the city, especially in the North Macadam URA.

Leah Greenwood, Housing Project Manager at [REACH Community Development](#). Ms. Greenwood stated that affordable housing cannot be developed in the North Macadam URA without having land identified for it, and that the affordable housing goals there have been small and constraining. She expressed support for the affordable housing component called out at the Clinton Triangle in the Central Eastside URA.

Commissioner Wilhoite asked if staff had a comment on some of the public testimony. Ms. Abuaf responded that there was an agreement signed between PDC and PSU when the property was purchased approximately 10 years ago that had an affordable housing component, but that portion has expired. Additionally, the DDA had anticipated different phasing of development that never occurred either. Executive Director Quinton added that the provisions in this DDA are meant to replace that.

Chair Kelly called for a motion to approve Resolution 7088; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

AYES: Edlen, Kelly, Mohlis, Wilhoite
NAYS: None

At approximately 5:00 p.m. Chair Kelly adjourned the PDC Board meeting and convened the Local Contract Review Board (LCRB).

9. Action Item: Adopting Findings in Support of Emergency Status and Approving an Expedited Alternative Contracting Process for the Selective Demolition of Centennial Mills

PDC staff and others presenting this item:
Bruce Wood, Real Estate & Construction Manager
Will Thier, Sr. Project/Program Coordinator
Nathan Ingraffea, Principal, KPFF Consulting Engineers
Andrew Jansky, Principal, Flowing Solutions, LLC

With this action the PDC Board, serving in its capacity as PDC's LCRB, will adopt a resolution that makes an emergency declaration relating to the current condition of Centennial Mills (the Project). If approved, the resolution will exempt the Project from the competitive low-bid solicitation requirements

in accordance with Oregon Revised Statutes Chapter 279C. The exemption will enable PDC to expedite an alternative contracting process to promptly solicit a contractor to commence selective demolition work. The accelerated deterioration over the past six months of many of the structures at the Project has necessitated this request for an emergency declaration. If this action is approved, PDC can consider various factors in the contractor selection process beyond low bid, such as past performance, capabilities and capacity, business equity, safety, and a salvage plan. This proposed exemption enables PDC to effect action quickly, while still supporting a competitive process. If approved, staff will return to the PDC Board in early 2015 to request approval of the terms and amount of the final proposed demolition contract.

Concurrent to this effort, staff will continue to negotiate a DDA with Harsch Investment Properties (Harsch) and seek additional PDC Board guidance concerning the scope and budget for the Project.

Commissioner Wilhoite asked the following questions:

- Are there any graphics showing what might be demolished and what will remain? Mr. Thier responded that yes, there are graphics that will be shown shortly. A video, taken by PDC staff on December 10, was shown depicting the water pouring inside of the building.
- What is the annual cost of maintenance? Mr. Wood responded that the City's Office of Management and Finance manages it on behalf of PDC, coming to approximately \$100,000. They perform regular inspections, and deal with security issues.
- If someone does go into the buildings and something happens, this is a PDC issue? Mr. Wood responded yes.

Commissioner Edlen made comments and asked the following questions:

- The cost of demolition versus the cost to prepare the property for development is comparable; is that correct? Mr. Wood responded that given the condition of some of the buildings, they would need to be torn down anyway, so the cost to prepare the buildings could be more.
- As more information becomes available, would like to see what PDC is getting into before it gets into the contracting phase.
- When the property is being redeveloped, some of the pilings will be deconstructed during the second phase? Mr. Thier responded that the pilings that are beyond the seawall will be removed.
- Will that happen with the work being discussed today? Mr. Wood responded that it is in the original scope, but it is part of a different permitting process that will be approved by summer 2015.
- Will PDC release request for proposals (RFP) for both phases now? Mr. Wood responded yes.
- Expressed concern over the potential liability for change orders and unforeseen conditions, and asked that PDC staff be cautious as it moves forward with the RFP.

Commissioner Mohlis asked the following questions:

- Could someone provide more detail on the bid criteria? Mr. Thier responded that the typical contracting process at PDC is based on low cost, but due to the complexity of the Project, in order to successfully complete this work, PDC staff needs to evaluate prospective contractors on multiple different parameters like experience in general, experience with in-water work, safety plan and record, and means and methods.
- Will PDC's Equity Policy apply? Mr. Thier responded yes, that will be one of the criteria that will be evaluated.

Commissioner Edlen asked if the demolition can be done without losing the two buildings PDC is trying to keep. Mr. Ingraffea responded the feed and flour mills have a structure of reinforced concrete and are not structurally connected to the surrounding buildings, which are mainly made of wood, and there is a low risk of the mills being damaged through the selective demolition.

Chair Kelly stated that he hopes that working on this will not delay the efforts to have an agreement in place with Harsch, and requested that PDC staff present to the PDC Board at its next meeting a draft agreement that the PDC Board can provide input to. Mr. Wood responded that they will work on this.

Chair Kelly called forward guests to testify.

Patricia Gardner, Chair of Planning & Transportation Committee at [Pearl District Neighborhood Association](#) (PDNA). Ms. Gardner expressed concern on the lack of public process with regards to the demolition of 80 percent of the Project, and on the Project as a whole. She stated that they have not seen a plan for the site and therefore cannot know what effect the demolition would have on the vision for the site. Ms. Gardner gave an overview of the points brought up in the letter from PDNA, included in these minutes as Attachment 7.

Richard Graham, a member of PDNA. Mr. Graham stated that it does not make sense to not have a development plan or concept before demolition takes place, and asked what is holding the process up for going about this project in an orderly way. He has some ideas on how the development could progress once a development plan is in place.

John Kirby, Board member of PDNA. Mr. Kirby expressed dismay at the intentional neglect that was allowed to happen over the past 10 years.

Commissioner Edlen asked the following questions:

- Would like an answer to a question raised by Ms. Gardner regarding dollars spent, and will PDC be doubling down on what it will be spending. Mr. Wood responded no, the estimate PDC has for this phase is not based on any specific drawings. The estimate is \$4,200,000 and supports the plan of moving forward, and is something that still needs to be done regardless of what will be done on the site.
- Is it safe to say that the money spent on this is included in the total PDC cost? Mr. Wood responded yes.

Commissioner Wilhoite responded to the comment of intentional neglect, stating that he has being with PDC for a long time and everyone has been trying to get something done on the site, but 10 years later all of the various parties cannot agree on what needs to happen, the public process continues, and in the meantime nature is taking its course on these buildings. Mr. Wood added that the framework plan of 2006 identified the two mill buildings as the iconic elements and this Project is trying to preserve them. There are other items within the other buildings that people want to preserve, and as part of the Project, an inventory will be made and consideration made to preserve these items.

The PDC Board asked that Jordan Schnitzer, President of Harsch, come up to the microphone.

Commissioner Edlen asked the following questions:

- Is Harsch supportive of this work? Mr. Schnitzer responded that it is appropriate work with the deterioration that the buildings are in now. Harsch has had a recommended plan ready since

spring 2014 for public input, but cannot move forward with that until there is an agreement in place. The cost of the project is a fluid piece that cannot be resolved until the public weighs in on what they would and would not like of the plan.

- Is Harsch supportive of this work and it is not an impediment to their development? Mr. Schnitzer responded that is correct, the plan they have submitted shows that the two mill buildings will be preserved. There are pieces from the buildings being demolished that could be incorporated into the new development which would honor the past and be a wonderful architectural and aesthetic addition to the site.

Mr. Schnitzer asked that a placeholder be put in place so that the process can move forward. Chair Kelly responded that he understands, but PDC cannot possibly put placeholders on every possible project.

Chair Kelly called for a motion to approve Resolution 7089; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

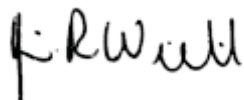
AYES: Edlen, Kelly, Mohlis, Wilhoite

NAYS: None

10. Adjourn

There being no further business, Chair Kelly adjourned the meeting at approximately 5:49 p.m.

Approved by the Portland Development Commission on April 8, 2015



Gina Wiedrick, Recording Secretary



CITY OF
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PORTLAND HOUSING BUREAU

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MEMORANDUM

DATE: December 11, 2014

TO: Commissioner Dan Saltzman

FROM: Traci Manning, Director

RE: Recommendations for Affordable Housing Goals in the North Macadam Urban
Renewal Area

Recently, as a part of the Portland Development Commission's review of urban renewal area boundaries and plans, the Portland Housing Bureau proposed amending affordable housing targets as outlined in the North Macadam Urban Renewal Area (NMAC) Housing Development Strategy. The intent of the recommendation was to update 2003 estimates of the number of affordable housing units the City could finance to reflect the proposed revision to the North Macadam URA boundaries and timeline, the resulting change in the Tax Increment Financing (TIF) resources available for the affordable housing Set Aside (Set Aside) and, updated cost estimates of the subsidy required per affordable housing unit.

Based upon community feedback coupled with increased the revenue projections for the Set Aside which have increased by \$9.6 million, substantially increasing PHB's ability to meet targets. **PHB recommends maintaining the affordable housing development targets as adopted by Council in 2003.**

In order to provide updated information to City Council and the public, this memo includes additional information regarding:

- how the affordability targets relate to the income profile of the City as a whole;
- what the projected tax increment financing Set Aside funds will finance if there is no change to the North Macadam URA boundaries;
- what the projected Set Aside will finance if Council amends the North Macadam URA boundaries as proposed by the Mayor and PDC;
- additional investment needed to meet the targets.

The following table is from the 2003 North Macadam Urban Renewal Area Housing Development Strategy. It illustrates the city-wide population distribution by income range, and the application of that distribution to the NMAC housing production target of 3,000 total units. (2010 census figures show that the City-wide distribution of incomes has not changed substantially from 1999.) The stated goal was for housing production in new redevelopment areas to match the City-wide income profile. The table then outlines the 1999 development targets, labeled the Constrained Funding Model, and developed based on TIF revenue and housing development cost projections in the NMAC at the time.

Summary of Income Distribution of Proposed Build-out Scenarios as compared to Citywide

MFI Ranges	Citywide Profile	City Policy Profile	Constrained Funding Model		
			% by Income	Total Units	Affordable
0-30%	13.50%	405	6%	166	166
31-50%	17.20%	516	7%	211	211
51-80%	16.70%	501	7%	205	205
81-100%	14.10%	423	6%	172	172
101-120%	11.10%	330	20%	608	34
121-150%	21.70%	651	43%	1292	
151-+%	5.80%	174	12%	346	
Totals		3000		3000	788

The affordable housing targets from the original Housing Development Strategy are listed below, as well as the number of units that are currently affordable at each income level. The units produced at 0-60% are all at Gray's Landing and carry a Regulatory Agreement restricting their affordability for at least 60 years.

In October 2014, PHB identified 337 units with rents affordable to a household making under 101-120% MFI. With utility costs, these units would not be considered affordable at 120% MFI. These are market-rate units. There is no restrictive covenant on those units that will require them to stay affordable for any period of time. The NMAC Housing Development Strategy was silent on a term of affordability.

Adopted Affordable Housing Development Targets and Targets Achieved to Date

	Housing Development Strategy Target	Achieved to Date	+/- Target
0-30% MFI	166	42	-124
31-60% MFI	313	167	-146
61-80% MFI	103	0	-103
81-100% MFI	172	0	-172
101-120% MFI	34	0	-34

If the North Macadam URA boundaries remain unchanged there will be approximately \$7 million in Set Aside for affordable housing. In the table below, the column entitled “Potential Additional Units” shows approximately how many units could be produced at 0%-30% MFI and 31%-60% MFI. The allocation of funding between 0-30% and 31-60% units are typical in a mixed affordable housing building of the proportions required without operating support. The Set Aside limits investment of TIF to rental units at or below 60% MFI.

Potential Additional Units – No Change to North Macadam URA

	Housing Development Strategy Target	Achieved to Date	Potential Additional Units	+/- Target
0-30% MFI	166	42	10	-114
31-60% MFI	313	167	63	-83

With the proposed changes to the urban renewal area, the most recent projections show there will be approximately \$40 million (inclusive of the \$7 million already projected) in Set Aside available for affordable housing. The anticipated additional resources are due to the proposed 5-year extension of the district to 2025 and the 45 acre expansion of the North Macadam URA boundaries. In the table below, the column entitled “Potential Additional Units” shows approximately how many units could be produced at 0%-30% MFI and 31%-60% MFI through capital investment. The allocation of funding between 0-30% and 31-60% units are typical in a mixed affordable housing building of the proportions required without operating support. The Set Aside limits investment of TIF to rental units at or below 60% MFI.

Potential Additional Units – Proposed Changes to North Macadam URA

	Housing Development Strategy target	Achieved to Date	Potential Additional Units	+/- Target
0-30% MFI	166	42	40	-84
31-60%MFI	313	167	260	+114
61-80% MFI	103	0	0	-103

Meeting Affordability Targets

While proposed North Macadam amendments substantially improve the PHB’s ability to use TIF to achieve the North Macadam housing targets, challenges still exist.

Operating/Rent Subsidy – 0-30% units

Even if capital costs are fully subsidized, housing serving households at 0-30%¹ MFI targets requires additional operating or rent subsidies. TIF urban renewal funds can only be used to fund capital costs and cannot be used to fund these operational subsidies.

¹ A single person making \$14,600 or a family of four with a household income of \$20,800 has an income of 30% of median family income.

Typically, these subsidies have come in the form of a federal rent subsidy from Section 8, VASH vouchers for veterans, or other HUD programs. Some of these subsidies are available locally and we have submitted a competitive application to HUD for new subsidy with nonprofit partners that may be made available. Additional sources would need to be identified, primarily in the later years of the district.

Land/Building

The Portland Development Commission has identified a site, known as Parcel 3, and has committed to collaborate with the Portland Housing Bureau on a mixed use development to include affordable housing. That project can start if substantial Set Aside funds can be bridged so that they are available for a large project. In addition, an agreement with a major landowner, ZRZ, is currently being negotiated that would give the Portland Housing Bureau the right to purchase affordability if housing is developed on their site.

Units affordable at 61-120%² and Homeownership units

Due to the substantial need for units affordable at 60% median income and below, Council has restricted the use of Set Aside funds for rental units affordable at 0-60%. Most other affordable housing development resources that are leveraged with Set Aside are also only available to subsidize units at 60% MFI and below. The Bureau has limited ability to offer property tax exemptions for units affordable up to 80% in high rent areas that are also high opportunity for up to 10 years. PHB is studying the feasibility of an Incentive Zoning program to create additional affordability options, although the rent level has not been determined. The Bureau estimates that an additional \$41 million in subsidy may be required to meet the targets at these higher income levels. The City's cost for these units may actually be more than for lower income units because there are fewer state and federal resources that would leverage the City's investment.

Given the difficulty of mixing rental and homeownership units in one development, the amount of subsidy required, and the limits of land availability, the Bureau's ability to subsidize affordable homeownership is highly curtailed in this area.

Conclusion

PHB's goal was and is to clearly communicate to both City Council and the public an estimate of potential housing production based on the projected availability of Tax Increment Financing resources. All citizens of Portland, regardless of income, should live in complete neighborhoods and have access to the opportunities that come with those neighborhoods. PHB appreciates the community's affirmation of the importance of these goals and continued partnership in achieving them.

² A single person making \$29,160-\$58,296 or a family of four with a household income of \$41,640-\$83,280 has an income of 61-120% of median family income.

From: [Tasha Harmon](#)
To: [PDC-DL Commissioners](#)
Subject: Comments on proposed URA amendments and the development agreement with ZRZ Realty Company
Date: Thursday, December 11, 2014 11:15:07 AM
Attachments: [Testimony for PDC 12 11 14 Harmon.pdf](#)

Dear PDC Commission staff,

Please find attached my comments on the proposed URA amendments and the proposed development agreement with ZRZ Realty Company, scheduled for a vote by the PDC Commission tomorrow, 12/11/14. I am unable to attend the hearing.

I realize that I have missed the deadline of 7 days prior to the meeting to have my comments included in the packet. I would like to register my frustration with having such early deadlines for comments, particularly when the materials, such as the proposed development agreement with ZRZ Realty, are not available for public review until the day before the hearing.

I trust that these comments will be submitted to the Commissioners, even if that occurs after the meeting, and will be entered into the public record.

Thank you.

Tasha Harmon
503-788-2333
TashaHarmon80@gmail.com
9777 SE Tenino Court
Happy Valley, OR 97086

Date: December 11, 2014

To: Chair Tom Kelly
Portland Development Commission members

From: Tasha Harmon

Re: Proposed Urban Renewal District Amendments, and Development Agreements with PSU and ZRZ Realty

My name is Tasha Harmon. As a founding member of the Coalition for a Livable Future, and the first Executive Director of the Community Development Network, I was involved in the negotiations that resulted in the River District and North Macadam Urban Renewal Plans.

I am deeply concerned by what appears to be attempts to roll back commitments the City made to have new urban renewal areas be central parts of the City's affordable housing strategy. I will focus my testimony today mostly on the North Macadam URA and the two related development agreements before you.

Let me start by saying that I have a great appreciation for the complexity of designing new development, and substantial redevelopment, of urban areas, and for the challenges of funding the infrastructure and amenities the City needs to create to be the kind of community we all want to live in. I recognize the passionate commitment of so many of the City's elected officials and staff to create both a "city that works" and a city that inspires; a city that is a great place to live and work, and is part of creating a more sustainable future for our neighborhoods, our region and our planet.

I share those goals. And I am afraid that we are leaving them behind.

It will take both visionary leadership and hard-nosed pragmatism for Portland to buck the trend around the country—and indeed around much of the world—toward bigger and bigger gaps between the opportunities and environments offered to those with money and those without. This is not just about equity, as important as that is. It is also about creating healthy communities; complete communities, where everyone can thrive and contribute. Deeply polarized communities are detrimental not just to the people on the bottom of the opportunity ladder; they are costly to all of us.

There are many things that need to be in place for such healthy communities to exist, but today I will speak to only one: decent and affordable housing for people of all incomes, spread throughout our neighborhoods.

The North Macadam URA

The development we are seeing in the North Macadam Urban Renewal Area could not have come into existence without enormous amounts of public investment. The original Urban Renewal Agreement for that district was a major retreat from the City's goal, embodied in the Comprehensive Plan, that new redevelopment areas should match the income profile of the City as a whole. The City set far more modest goals for phase one and phase two, requiring that the District match the income profile goal only if 3,000 or more apartments or condominiums were developed in the UR Area.

As in the River District, the City refused to impose Linkage Fees or Inclusionary Zoning requirements when negotiating the development agreements—agreements in which the City made clear commitments to landowners for investments that substantially increased the value of their land. Those development agreements indicated that all of the costs of creating affordable housing would be shouldered by the City. Advocates at the time, myself included, told PDC and City Council in no uncertain terms that public subsidies would be insufficient to meet even the modest goals they set for the first two phases, much less the goals set by the Comprehensive Plan. The City also failed to secure sites for even the modest affordable housing goals in the early phases of development, which has led to a situation in which significantly more public subsidies will be required to meet the goals, as land prices have skyrocketed, due in no small part to the City's investments.

The "Findings" document for the North Macadam URA presented to the Planning and Sustainability Council claims that the amended North Macadam URA plan conforms to the City's housing goals because the district is now allocating 35% of TIF dollars generated in the District to affordable housing, when the City's goal is 30%. While I commend the choice to increase the available funds, **meeting goals should be measured by results, not by the amount of money spent.**

We are now at year 15 of the URA and only one affordable housing project has been completed and there are no affordable housing projects under development. It is unclear if PDC has site control or ownership of any viable sites that are suitable and financially feasible for affordable housing development. There have been nearly 4,000 units of market-rate housing built, office buildings, retail shops, a park, the trolley line, the tram and some

street improvements completed, but only 209 units of affordable housing.

This failure stems in part from the fact that the city spent no TIF funds on affordable housing in the first few years, unless you count the \$6 million for block 33, which resulted in no affordable housing and no site control. And now, when there are well over the benchmark 3000 units of housing in the district by PDC's count, instead of honoring the commitments it made to increase the amount of affordable housing required as development moves forward, the City is apparently proposing to weaken the requirements for all phases because the resources they allocated are insufficient. I understand a revised proposal, keeping the original goals, is in the works, but have not seen it and so cannot comment on it yet.

Even if the City does reaffirm the original goals, it is not going to be able to achieve them using its current mindset and tools. New tools, and a new level of commitment, will be required. I will outline tool recommendations below.

The Central Eastside Amendment

The approach to affordable housing development in this District appears to be even weaker than in North Macadam; that is, the only strategies appear to be that TIF funds will be dedicated to its creation. The only mention of any specific affordable housing strategies in the report being presented to you beyond a note that the amendment will add approximately \$6,000,000 in affordable housing resources is "Infrastructure investments for transit-oriented employment related development and, possibly, affordable housing in the Clinton Triangle area." This is not a strategy.

The Proposed Development Agreements with PSU and ZRZ Realty

Contrary to what some people believe today, the success the City had in meeting the affordable housing targets in the River District was due in large part to the imperfect but nonetheless important affordable housing provisions in the Development Agreement with Hoyt Street Properties and, because affordable housing was built early in the district's life. The Housing Authority's Pearl Court was one of the first housing developments of any income level built. Affordable housing was built before the Lovejoy ramp came down or parks were developed. The City did not wait until TIF came in later, but built affordable housing early and through a successful partnership with Hoyt Street Properties – a partnership outlined clearly, and enforceably, in the development agreement. The City continued to build all along and monitored progress and reported annually to PDC and City Council to ensure that development stayed on track with the stated goals. The failures in the River District have come more recently, since the City apparently stopped

tracking and reporting on the housing mix after 2007, and since Hoyt Street Properties stopped fulfilling its contractual responsibilities to provide affordable housing as part of its developments. The fact that the development agreement with HSP is clear and enforceable means that the City is now in a position to require HSP to sell land to the City at a cost that subtracts the value added by the City's investments in the area, to enable the City to build the affordable housing HSP has failed to develop.

This stands in stark contrast to the timeline and development agreements in North Macadam, and with the City's choice to free landowners of the already weak affordable housing requirements in those agreements via the amendments that produced the final funding for the tram project.

ZRZ Realty Agreement

The development agreement before you, which has had NO public review since it has not yet, as far as I have been able to determine, been released to the public (less than 24 hours before the hearing in which you are intending to vote on it), appears to require no specific commitments on the part of ZRZ Realty to produce affordable housing. According to the report attached to your electronic agenda, "The DA also includes a commitment by ZRZ to work with PHB and PDC to support solutions to the district's housing needs to the extent that those needs are not met by the market and to the extent the solutions do not reduce the TIF, and related TIF set aside, potential of the property." This almost certainly precludes the developer providing a site for affordable housing that would be permanently affordable via nonprofit ownership. There is, at least as represented by the report, no requirement that they include a range of units for a range of incomes in their "1,500,000 square feet (SF) of mixed-use, employment-oriented commercial and residential development," no requirement that they provide sites for city-developed affordable housing at a cost that discounts assessed value by the amount City investments increase that value, no requirement that they invest their own funds in affordable housing development.

As the report notes, "ZRZ is a major property owner in the North Macadam URA, controlling approximately 30 acres of undeveloped land." PDC's estimated investment in making these acres developable and providing amenities will be \$27,400,000. This is above and beyond, of course, all the investment that has already taken place in other sections of the URA, which are already contributing to the value of ZRZ's 30 acres. If South Waterfront is going to become a complete community—not just a place for the folks working the high paying jobs in the District, but a place where the folks who serve coffee to those high-income employees, the teachers at the

neighborhood daycare centers, the brother of one high-income employee who came back from Iraq injured and not yet able to find work, and the elderly parents of a daycare center teacher who worked all their lives to give their children a better life and have little beyond social security to retire on, can all call home—this 30 acres, or at least some percentage of the private income generated by it, has to contribute to creating the affordable housing infrastructure in the community. I will address tools that could help us meet those goals below.

PSU Agreement

Unlike the existing development agreement, the proposed new development agreement with PSU has no requirements that PSU provide or contribute to the creation of affordable housing. The report submitted to you says, “PSU will work with the Portland Housing Bureau and PDC to consider solutions that address the City’s housing needs and goals.” Again, this is not a commitment to anything actionable or enforceable.

Because the City did not secure sites in the North Macadam URA early in the process, there are now real challenges in identifying good sites for affordable housing—sites that are places where people would actually want to live. At least the Doubletree site would be an excellent candidate.

What Needs to Be Done

It’s time to get serious about bringing more tools to bear to meet the City’s affordable housing goals; tools that will pay dividends in other ways.

In addition to the goal of “providing housing of different types, density, sizes, costs and locations that accommodates the needs, preferences, and financial capabilities of current and future households,” the City has strong goals around:

- lowering its carbon footprint,
- creating 20 minute walking neighborhoods and transit corridors that concentrate development and increase ridership,
- eliminating food deserts, and
- dramatically decreasing the achievement gap in schools.

If we are serious about these goals, affordable housing can’t be seen as something we do “if we can find the resources.” A deep and diverse mix of housing throughout the City, that remains diverse over time, is necessary if any of those other goals are going to be met.

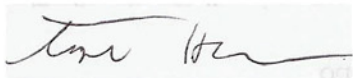
I am requesting that the PDC and the City Council not adopt the proposed North Macadam and Central Eastside URA amendments, and refuse to approve new development agreements with PSU, ZRZ Realty, OHSU and any other landowners before identifying and incorporating additional affordable housing strategies and requirements, and clearly identifying and securing 3-6 significant sites for affordable housing. This is the only way to ensure that development in the URAs will support, rather than take away from, these critical sustainability and equity goals.

Portland is the city that pulled up a freeway to create a downtown riverfront park; that found the local match that allowed the Housing Authority of Portland to win federal funding for the creation of New Columbia. It's the city that redirected funds for the Mt. Hood Freeway to the first light rail project and built the big pipe. Those projects didn't happen because the City limited its vision to what it "had the resources to do."

If we want to be the "City that works" for all of its citizens, this is not the time to back away from commitments to equity and diversity, indeed, this is the time to step up, to demonstrate that it is possible to build livable, welcoming, vibrant communities that include all Portlanders, now and for the future.

Please know that I, and many other advocates in the City, stand ready to work with you and with City Council to identify tools and approaches that will enable us to meet our shared goals.

Thank you,



Tasha Harmon
503-788-2333
9777 SE Tenino Ct,
Happy Valley OR 97086
TashaHarmon80@gmail.com

From: [Douglas, Justin](#)
To: [Wiedrick, Gina](#)
Subject: Fwd: written testimony on River District URA amendment
Date: Thursday, December 11, 2014 11:22:48 AM

Can you please forward to the Commissioners?

Sent via the Samsung GALAXY S®4, an AT&T 4G LTE smartphone

----- Original message -----

From: "Sarah J. Stevenson" <sstevenson@innovativehousinginc.com>
Date: 12/11/2014 11:06 AM (GMT-08:00)
To: "Douglas, Justin" <DouglasJ@pdc.us>, "Detweiler, Jillian" <Jillian.Detweiler@portlandoregon.gov>
Cc:
Subject: written testimony on River District URA amendment

Hi Justin and Jillian,

Unfortunately, I cannot be at the PDC Commission hearing today and I am not sure that the Old Town Chinatown Community Association has submitted written comments on the River District URA amendment. We discussed the issue at our land use committee and a letter was being drafted that represented our position, but as I am not clear about whether or not it was mailed, I want to make sure that the PDC Commissioners are aware of the Community Association's stance on any proposed expansion of the URA.

The Old Town Chinatown Community Association supports the proposed removal of certain Pearl District land from the River District and the addition of a single block – Block 33 – to the URA. We support the addition of this block because its development is central to our overall vision for the district, will have a high level of impact consistent with our plan for Old Town/Chinatown, and the owner has demonstrated a commitment and the ability to develop the site if adequate resources are available. We also believe the removal of Block 33 from Downtown Waterfront will relieve pressure on the relatively scarce TIF resources left in that URA, freeing them up to be used in other catalytic areas of our neighborhood.

I appreciate your assistance making sure that this testimony is recorded/considered at the Commission hearing today. Thank you very much!

Sarah Stevenson
Executive Director
Innovative Housing, Inc.
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Portland, OR 97209
(503) 226-4368 x2
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December 11, 2014

Portland City Council
Portland City Hall
1211 SW 4th Ave
Portland, OR 97204

Dear Mayor Hales and City Council Members:

On December 9, 2014, the Planning and Sustainability Commission (PSC) held a hearing about amendments to two Portland Urban Renewal Areas (URA). Of the six URAs with amendments coming before Council, only those for the North Macadam and Central Eastside are considered “substantial” by State law and are required to have a public hearing and review by the PSC.

For these two URAs, the PSC’s stated role is to review the amendments and assess their conformance with the Comprehensive Plan. Additionally, the PSC uses the equity framework from the Portland Plan as a lens in reviewing all projects before the Commission.

Staff presented what each URA’s amendments entail and the work being done by the Portland Development Commission (PDC) and the Portland Housing Bureau (PHB) to maintain affordable housing in these areas. Ten people testified in person, and we also received eight letters about the URA amendments.

Staff made a good case about the potential equity benefits of the proposed amendments. However, almost all comments, including those from PSC members, related to the lack of concrete and attainable plans for meeting affordable housing goals in the districts.

Based on our concerns, the PSC voted to request PDC and PHB staff to return with more information about how the affordable housing goals will be met. The PSC did not vote on the URA amendments’ conformance to the Comprehensive Plan. We have delayed our vote, but we also understand that City Council is the decision maker and could adopt the findings of compliance with the Comprehensive Plan and move the URA amendments forward.

If the Council does proceed and vote on the URA amendments as scheduled on December 17, we would ask that you commit to increasing the share of URA funds in these districts that will be devoted to meeting affordable housing goals. We understand that this may not be possible in North Macadam URA until other investments are made in the district that allow the district to produce sufficient funds. However, City Council should make funding for affordable housing



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the priority for additional funds generated by the district, and should track this as part of the annual budget process.

Thank you for the opportunity to participate in the review of urban renewal amendments and for considering our recommendations.

Sincerely,

André Baugh
Chair





CENTRAL EASTSIDE INDUSTRIAL COUNCIL

P.O. Box 14251, Portland, OR 97293-0251
Ph: 503-768-4299 – Fax: 503-768-4294
Email: ceic@ceic.cc – Web: www.ceic.cc

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December 9, 2014

Mayor Charlie Hales
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman

Re: Central Eastside Urban Renewal Area Amendments

The Board of Directors of the Central Eastside Industrial Council appreciates the opportunity to share our concerns about the expansion and extension of the Central Eastside Urban Renewal Area (URA). Peter Finley Fry represented the board on the advisory committee. We support the advisory committee recommendations on the expansion and extension of the URA with the understanding that the projects support the following priorities:

- Ensure efficient freight movement. Infrastructure improvements that enhance freight movement are a top priority, especially in the southern end of the district where higher density development is envisioned to occur. These improvements would also improve safety and access for all users of the transportation system and the district. Safer and easier access to Powell Boulevard and the Ross Island Bridge are a high priority and will facilitate more intensive business development around the light rail stations.
- We are concerned about comments in the memo to City Council, Recommendations of the Urban Renewal Area Amendments Advisory Committee dated November 21, 2014. The citation implies that the expansion is for the benefit of the "underdeveloped" area adjacent to the Clinton station. Urban renewal funds are intended to spark development of blighted areas where the cost for development exceeds the potential based on market demand. That is not the case here. Some of the area was purchased for staging the light rail line. The land is a prime location for development when the alignment is done, and will be developed without the need of urban renewal funds. CEIC favors allocation of funds to increase access to and through the area which may be impacted by more intensive development.
- The ODOT blocks on Water Avenue have been identified by CEIC for years as an important development opportunity to add to the City's tax base. It is a high priority for our board that development on the property contributes to both the employment base of the City as well as the tax base. This development should be prioritized for private sector employment expansion.
- More intensive development around the ODOT blocks or the light rail stations may lead to the need for structured parking in the future. We support evaluating the need and adding structured parking if it is deemed to unlock the development potential for those priority sites. This assessment should be coordinated with the CEIC's Transportation and Parking Advisory Committee.
- CEIC supports consideration of concerns raised by the Hosford-Abernathy Neighborhood Association regarding safety issues on SE 11th and 12th Avenues between Division and Hawthorne. We do not favor speed bumps as a method to slow traffic because they are not compatible with freight movement but we do favor other methods such as additional traffic lights or pedestrian crossing lights, as long as they are designed to maintain the width of the street.

The Central Eastside has and will continue to be a unique opportunity for Portland to grow its industrial and commercial job base. During the economic downturn and recovery, the Central Eastside outperformed most surrounding districts in job growth. We are an attractive location for startups and growing businesses and are home to a number of diverse industry clusters in manufacturing, distribution and creative industries. In particular, the areas surrounding the light rail stations in our district present an opportunity to capitalize on the potential for startups in the biotech and medical instruments industries based on close proximity to the Knight Cancer Center and affordable development opportunities compared to the South Waterfront area. Positive factors for our growth include the industrial sanctuary designation and zoning, stable conditions that promote long term investment, and close proximity to downtown and the Central City.

Thank you for the opportunity to work together on these issues.

Sincerely,

Debbie Kitchin
CEIC President

From: [Ruth Adkins](#)
To: [PDC-DL Commissioners](#)
Cc: [Quinton, Patrick](#); [John Miller](#)
Subject: Affordable Housing in the North Macadam URA
Date: Monday, December 08, 2014 9:29:59 AM
Attachments: [North Macadam URA Affordable Housing Goals - Letter from Oregon Opportunity Network Dec. 2014.pdf](#)

Dear Commissioners,

Attached please find a letter with comments regarding affordable housing in the North Macadam URA, from our executive director John Miller on behalf of Oregon Opportunity Network and our Portland-area member organizations. Thank you very much for considering our input.

Sincerely,
Ruth

Ruth Adkins
Policy Director
Oregon Opportunity Network
847 NE 19th Ave. Suite 150
Portland, OR 97232
Phone: 503-223-4041 ext. 104
www.OregonON.org



Proven Partners • Thriving Communities • Lasting Value

December 8, 2014

To: Portland City Council
Planning and Sustainability Commission
Portland Development Commission

RE: Affordable Housing Opportunity in the North Macadam Urban Renewal Area (NMAC URA)

Dear Commissioners,

As you make decisions regarding expansion of the North Macadam Urban Renewal Area, Oregon ON and our member organizations urge you to stay true to our City's goals for housing affordability and opportunity in this high-opportunity neighborhood. In particular, the City must move immediately to secure sites in order to ensure affordable housing in the area.

As you know, Portland is currently experiencing a crisis in housing affordability and access. While there is a boom in multifamily construction at the high end of the market, affordable vacancy rates are at historic lows, there is widespread displacement of low-income residents and people of color, and too many families are experiencing or are at risk of homelessness.

We must not become another San Francisco where only the wealthy can afford to live in high-opportunity areas such as North Macadam, aka South Waterfront. We ask the City to maintain its existing goals and make it a priority to identify land, additional resources, and creative solutions to achieve the goals.

The City's actions in the NMAC URA should be consistent with the current Comprehensive Plan Housing Policy, in particular this key section: "*Housing Policy 4.7: Balanced Communities: Strive for livable mixed-income neighborhoods throughout Portland that collectively reflect the diversity of housing types, tenures (rental and ownership) and income levels of the region.*"

The City should aggressively and proactively pursue the [North Macadam Urban Renewal Plan's](#) Housing Goals, which state:

Facilitate balanced, mixed development of commercial and residential improvements to encourage and provide opportunities for workers of all family sizes, ages, cultural backgrounds, and income levels to reside near their employment.

(1) Provide a wide range of housing opportunities to accommodate households at all income levels, including low income, moderate-income, and market-rate rental and owner-occupied housing, which support prospective residential markets in, adjacent to, and near the Area.

(2) Develop quality housing in a manner that makes available housing opportunities for a profile of household incomes that are representative of the City as a whole.

(3) Consistent with Jobs goals and where financially feasible, encourage and promote housing opportunities for Low and Very low-income households.

While we know it is no easy task to create affordable housing at all income levels – particularly given federal funding cuts and barriers such as the statewide ban on inclusionary zoning – we believe that working together,

our community can meet the challenge.

As background, at the inception of the NMAC URA in 1999 a significant compromise was reached which drastically reduced the affordable housing goals for the district well below what City policy called for. At that time, it was estimated that the district would have an estimated build out of 3,000 units. But, it was decided early on that there would be both limited urban renewal tax increment financing resources and competing priorities in the district, and thus goals were reduced.

The table below compares the Citywide Profile Policy Objective based on the NMAC URA build out, with the drastically downsized Affordable Housing Goals that were adopted for the NMAC Strategy.

<u>MFI RANGE</u>	<u>CITYWIDE PROFILE %</u>	<u>CITYWIDE PROFILE UNITS</u>	<u>ADOPTED CONSTRAINED FUNDING MODEL GOALS</u>
0-30% MFI	13.5%	405 units	166 units
31-50% MFI	17.2%	516 units	211 unit
51-80% MFI	16.7%	501 units	205 units
81-100% MFI	14.1%	423 units	172 units
101-120% MFI	11.1%	330 units	34 units
120%+ MFI	32.8%	825 units	
		3,000 units	788 units

In short, the City already made a huge compromise when it adopted a housing strategy with goals that were significantly lower than what would have been required if City policy had been mandated for the NMAC URA, as was set for the River District Urban Renewal Area.

It is still possible to meet the modest existing goals and there is still time to pursue resource development strategies and solutions to bridge the relatively small gap between the existing goals and PHB's initial estimate of available resources. These solutions can and should include all income levels and housing across the continuum, including homeownership as well as rental housing.

As community partners, Oregon ON and our members are ready and eager to help develop creative solutions to provide housing opportunity for low- and moderate-income residents in this and other high-opportunity areas.

Thank you very much for considering our comments as you move forward with decisions that will shape this area for decades to come. Please do not hesitate to contact me if you have any questions or would like to discuss these issues further.

Sincerely,



John Miller
Executive Director
On behalf of Oregon ON's 19 member organizations in Portland

Cc: Traci Manning, Portland Housing Bureau
Portland Housing Advisory Commission
Patrick Quinton, Portland Development Commission

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PEARL DISTRICT
NEIGHBORHOOD ASSOCIATION
EST. 1991

December 11, 2014

Dear Mayor Hales and PDC Commission:

The Pearl District Neighborhood Association is vehemently opposed to the wholesale demolition of Centennial Mills and the non-existent public process that is occurring with this project. At the last PDC work-session of October 29th, the PDC board asked for the project to be taken to the public – instead, there is an emergency contract for demolition of Centennial Mills. PDC staff specifically told us that the scope of that demolition is everything but the Feed and Flour Mill. This is not how the process is supposed to work on such a high profile publicly owned site. Moreover, every document that PDC has on Centennial Mills calls for a much higher standard of public involvement. This is not occurring.

The Pearl District does not accept that demolition of a publicly owned site can be undertaken without a widely accepted plan of where the site is going. 11 different options were arrayed around the commission room at PDC's last hearing (one of which was the plan in the PDC document). The developer testified that he was open to any of those plans at the October 29th meeting but needed public input. The PDC board also called for public input on the subject at that meeting. There have been no meetings on the subject with the public or any outreach at all on the subject. There was no outreach on the decision or meeting for demolition except via reporters. This is not the Portland way.

This site is one of the last vestiges of Portland's History as a working River City that could be engaged in by the public. Once this site is demolished, that history is gone for the entire city. Once a publicly owned site is demolished, it does not magically reappear. Wholesale thoughtless demolition will get rid of many opportunities that were a key part of the previous incarnation of this public site - from a wharf over the river to the way the street met Naito. For example, once the wharf is gone, Centennial Mills will definitely have the suburban front yard along the river like every other river site in this city. Without any public process, there is no understanding that this front yard is what the public actually wants - it may be, but again it may NOT be. Wholesale demolition negates any choice or conversation or vision from the public.

The "emergency" that is being talked about regarding the condition of the building is one that has been created by the inaction of the City and PDC on this site. It has been known since the city bought the site in 2000 that the buildings needed to be stabilized. Harsch Development was chosen in May of 2013 and had options ready in April 2014 for conversation with the public (which has not yet occurred). How is it that nothing has moved forward and consequentially why is the public being pushed into a corner regarding the state of the site? Everything is ultimately solvable including the protection of the public's voice on this project – instead of demolition, the city should be pursuing stabilization to foster the public's role in this project. The City and PDC should also just get on with it in the proper Portland way – do the public outreach and move the project forward!

The particular tragedy of this site is that it has had such excellent public process in the very recent past. To have it go from rooms full of hundreds of Portland Citizens, actively engaged in the future of this building, to where it is today is worthy of great alarm. This site deserves a higher standard of public process than the "process" that is ongoing. We ask you to please rectify this through public involvement and by rethinking the demolition.

Regards,

A handwritten signature in black ink, appearing to read 'Patricia Gardner', written over a horizontal line.

Patricia Gardner
Chair, Planning & Transportation Committee
Pearl District Neighborhood Association