This document represents the official meeting record of the September 9, 2015, 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=t7FtBHj9H3k.

1. **Call to Order and Roll Call**

Chair Tom Kelly called the meeting to order at approximately 3:02 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

- Chair Tom Kelly PRESENT
- Commissioner Gustavo Cruz PRESENT
- Commissioner Aneshka Dickson PRESENT
- Commissioner Mark Edlen PRESENT
- Commissioner William Myers PRESENT

2. **Commissioner Reports**

**Commissioner Myers**
- On August 21, attended the 75th Anniversary Dinner of the Oregon Building Trades.

**Commissioner Edlen**
- This morning, attended the first PDC Financial Sustainability Committee (FSC) meeting.

**Commissioner Cruz**
- On September 8, attended the third Broadway Corridor open house.

**Chair Kelly**
- On September 8, attended and chaired Mayor Charlie Hales' Business Roundtable meeting.
- On September 1, had a meeting with members of PDC’s 42nd Avenue Neighborhood Prosperity Initiative; he will be speaking at their business breakfast on September 25.
- This morning, attended the first PDC FSC meeting.
- On September 1, attended the Portland Housing Advisory Commission (PHAC) meeting.
- Attended various PDC briefings and PDC check-ins with Mayor Hales.

3. **Executive Director Report**

- On August 21, attended the 75th Anniversary Dinner of the Oregon Building Trades.
- Today marks the kick-off of the third Startup PDX Challenge. For more information and to apply go to http://www.pdc.us/for-businesses/business-programs/startuppdxchallenge.aspx.
- On August 19, PDC issued a Request for Information to identify a fund manager for the new Inclusive Startup Fund; deadline for application is September 18. For more information go to http://www.pdc.us/inclusive-startup-fund.aspx.
• On September 3, it was announced that Elemental Technologies was purchased by Amazon Web Services; they will remain and grow in Portland with Sam Blackman, Elemental Technologies’ Co-Founder and Chief Executive Officer, still in charge.
• Thanked PDC staff for their involvement in the August 2015 successful TechFest NW.
• On August 26, attended a groundbreaking event for a hotel that will be built on the SW 3rd Avenue and Taylor Street property that PDC recently sold.
• On September 8, attended the third Broadway Corridor open house.
• On September 4, it was announced that former PDC employee, Jennifer Nolfi, has been named director of Portland State University’s (PSU) Athletic and Outdoor program.
• On September 10, will attend the Hispanic Metropolitan Chamber Hispanic Heritage event.
• On September 12, TriMet’s new Orange Line officially opens. For more information go to http://www.catchtheorange.com/.
• On September 12, will attend the Native American Youth & Family Center’s Neerchokikoo Honoring Powwow.
• On September 12, Portland Mercado will be doing a Taste of Latin America. For more information go to http://www.portlandmercardo.org.
• On September 12, PDC staff will participate in the Meals on Wheels’ Jambalaya Festival & BBQ.
• On September 25, PDC staff will attend the Latino Network Noche Bella event.
• On September 8, The Oregonian published an opinion piece from former PDC Chair John Russell about the dearth of public sector project managers. For the full article go to http://www.oregonlive.com/opinion/index.ssf/2015/09/portlands_troubling_dearth_of.html.

Executive Director Quinton expressed his own thoughts stating that PDC has many great project managers, including but not limited to: Lisa Abuaf, Central City Manager; Geraldene Moyle, Senior Project/Program Coordinator; Sarah Harpole, Senior Project/Program Coordinator; Charri Schairer, Neighborhood Manager; Jill Chen, Lending & Investment Manager; Irene Bowers, Senior Project/Program Coordinator; and Susan Kuhn, Senior Project/Program Coordinator.

Chair Kelly stated that he considers Mr. Russell a friend but agrees with what Executive Director Quinton said and noted that what Mr. Russell does not have is the opportunity to work with the staff at PDC and see their strengths, smarts, capabilities, and integrity.

4. Public Comment for Items Not on Agenda

Marcus E. Lee, Jr. Mr. Lee spoke regarding Block 49 and the lack of a grocery store in the neighborhood stating that the closest thing they have is a convenience store that does not accept EBT card; individuals living in affordable housing need access to full service grocery stores.

REGULAR AGENDA

5. Action Item: Resolution 7144 – Adopting the Commercial Property Assessed Clean Energy Program

PDC staff presenting this item:
Shelly Haack, Business Opportunity Officer
Amy Nagy, Business Development Coordinator
With this action, the PDC Board will approve the establishment of the Commercial Property Assessed Clean Energy (CPACE) Program. If approved, the CPACE Program will allow PDC to provide loans to owners undertaking energy efficient retrofits of commercial buildings.

In order to establish PDC’s role in the CPACE Program, PDC staff requests that the PDC Board take two formal actions that will (i) establish Program Guidelines under which PDC can make CPACE Program loans, and (ii) authorize the Executive Director to execute an Intergovernmental Agreement (IGA) with Multnomah County (County) that will allow PDC to administer the CPACE Program on behalf of the County. On September 3, 2015, the County Board of Commissioners approved the CPACE Program and IGA.

PDC staff is proposing to test the CPACE Program through a two-year pilot, during which PDC and the County will monitor progress and make changes to the CPACE Program to better meet shared goals.

Chair Kelly called forward guests to testify.

Jules Bailey, County Commissioner. Commissioner Bailey spoke in support of the program stating that it was long time in coming, there is a lot of history, it is a story of collaboration and partnership, and the work of PDC staff to push this and taking the lead and being the program administrator is a big benefit. All parties need to make sure that a critical part of this program is achieved: the outreach to building owners showing a streamlined effective tool that is easy for them to use and that they will want to use in their buildings.

Chair Kelly asked what is the vision of the scale of this program? Commissioner Bailey responded that there is a real opportunity to make this program easy for building owners; having this partnership and potentially expanding to private sector financing gives limitless opportunities.

Susan Steward, Executive Director at Building Owners and Managers Association (BOMA) Oregon. Ms. Steward gave an overview of the history and work of BOMA, spoke in favor of the program but expressed concern on the ability to reach the right property owners on the eastside.

Peter West, Director of Energy Programs at Energy Trust of Oregon, Inc. Mr. West gave an overview of the work done by Energy Trust of Oregon and spoke in favor of the program stating that new tools are needed and the partnership with PDC and the County will be valuable.

Chair Kelly called for a motion to approve Resolution 7144; Commissioner Edlen moved and Commissioner Cruz seconded the motion.

**AYES:** Cruz, Dickson, Edlen, Kelly, Myers

**NAYS:** None

6. **Action Item: Resolution 7145 – Authorizing a Grant to Lan Su Chinese Garden**

With this action, the PDC Board will authorize a grant in an amount not to exceed $638,000 to the Lan Su Chinese Garden (Chinese Garden). If approved, the grant funds will be used to repair and restore Lake Zither, a 9,000 square foot pond that is the centerpiece of the Chinese Garden, located at 239 NW Everett Street in the Downtown Waterfront URA.
PDC staff presenting this item:

Lisa Abuaf, Central City Manager

Chair Kelly called forward guests to testify.

Kathy MacNaughton, Board of Directors President at the Chinese Garden, and Jane DeMarco, Executive Director at the Chinese Garden, expressed thanks for the support and made themselves available for questions.

Chair Kelly hoped that the liner lasts a very long time. Ms. MacNaughton responded yes, and Ms. DeMarco added that it should last 40 to 50 years and is exited of all of the aesthetic benefits that the restoration of Lake Zither will provide to the Chinese Garden as a whole.

Chair Kelly called for a motion to approve Resolution 7145; Commissioner Cruz moved and Commissioner Edlen seconded the motion.

AYES: Cruz, Dickson, Edlen, Kelly, Myers
NAYS: None

8. Information Item: Update on the Tax Increment Financing Set Aside for Affordable Housing Policy

PDC staff and others presenting this item:

Kimberly Branam, Deputy Director
Tony Barnes, Budget Officer
Javier Mena, Assistant Housing Director, Portland Housing Bureau (PHB)

The purpose of this item is for PDC staff to provide an update to the PDC Board on the Tax Increment Financing (TIF) Set Aside for Affordable Housing Policy (Set Aside Policy). The Set Aside Policy, which was originally adopted in 2006, stipulates that PDC annually provide a set amount of TIF funds to PHB for the construction and preservation of affordable housing in eligible URAs.

Portland City Council (City Council) is expected to hold a hearing and vote on potential changes to the Set Aside Policy at its October 21, 2015, meeting; this report is intended to provide information to the PDC Board prior to the City Council meeting on changes to the Set Aside Policy proposed by PHAC, a volunteer public advisory body that advises the PHB Director, the Housing Commissioner, and City Council on a range of housing policy and program issues.

Chair Kelly asked when the housing study will be published. Mr. Mena responded that it will be out in late September or early October after the second phase of the housing report comes out.

Chair Kelly called forward Margaret Bax to testify. Ms. Bax stated that affordable housing development is economic development as it provides long-term family-wage jobs from the beginning of the project through the management, operation, and maintenance of these properties, and expressed support of the PHAC recommendation to increase the Set Aside Policy to 50 percent.
The PDC Board accepted three letters of mixed opinions on the PHAC recommendation to increase the Set Aside Policy to 50 percent in all the URAs; these are included in these minutes as Attachments 1, 2, and 3.

Commissioner Cruz asked the following questions:

- Some of the funds that have been allocated for housing have not been deployed and in some years are carried-over from year-to-year; wondered what the average amount is and how that fits with the percentage calculation. Mr. Mena responded that PHB tries to combine several years’ worth of money until there is enough to move forward with a project, at which time PHB issues a Notice of Fund Availability. Mr. Barnes added that taking into account what has been set aside and the forecast, the percentage comes to 34 percent in the aggregate.
- There have been statements made from neighborhood stakeholders about the tradeoff of priorities in the various URAs; he asked staff to elaborate. Ms. Branam responded that PDC staff has heard an array of comments when convening the various advisory committees, general comments on the process, specific comments on priorities in various URAs, and the recommendation to increase the Set Aside Policy to 50 percent. The PDC Board has received some comments with strong opinions on the Lents Town Center URA and making sure that PDC moves forward with commercial market rate development in the Lents Town Center.
- What will be the PDC staffing impact percentage over the next 10 years? Mr. Barnes responded that PDC staff has not done an in-depth analysis of what that impact will be; many projects require different levels of staffing depending on programmatic or project requirements. It does represent a 15 percent reduction in resources, but it will not be a 1:1 reduction and will have to be looked at on a case-by-case basis.

Commissioner Edlen asked the following questions:

- What is the shortage estimate of units across the city? Mr. Mena responded that he does not have the specific numbers, but will look at that and provide the information. However, looking at the 0 to 30 percent goals, the only URAs where PHB met the goals are Downtown Waterfront and South Park Blocks; all other URAs fell short.
- But what is the need? Mr. Mena responded that PHB does have numbers to quantify the need, but does not have that information with him; he will follow up with the information.

Commissioner Myers asked what is the long-term solution for obtaining the needed affordable housing. Mr. Mena responded that TIF is not the answer and there is a broader conversation discussing this. There is a citywide mandate but there is only budget for about 15 percent of the city, so need to look at other opportunities and how to leverage what is available now with the needs. There are certain strategies that PHB is working on and will present to City Council to address some of those.

Commissioner Dickson asked if PHB would also benefit from the URA-by-URA analysis that PDC needs to do, and stated that an open line of communication between the bureaus is essential. Mr. Mena agreed that there is a need to do an analysis by URA; there are some priorities in URAs that go beyond housing, and there are some housing priorities that go beyond what is available through the Set Aside Policy. Commissioner Dickson stated that it is important to have this information and the questions fully answered before the PDC Board is asked to make a decision on this.

Chair Kelly stated the no one disagrees that there is a huge need for affordable housing, but without more information or an understanding of where the City is headed in general concerning housing, the 50 percent seems an arbitrary number. The first FSC meeting was held this morning to look at the financial
sustainability of PDC, and he is concerned about making a decision on the Set Aside Policy before the FSC process is complete.

Commissioner Edlen stated that homelessness is a huge problem that needs to be addressed, and more social services need to be made available. One of the complications he has heard are the “road warriors,” the criminal element, and the safety of business employees especially in the central city. These are big issues but also big opportunities; politicians need to step up with unique ideas on how to address the homeless problem. TIF is not the answer, it is just a short-term solution but housing is a long-term problem; there is a need for a long-term funding solution that needs to be brought forward to voters, added to property taxes so that there is a reliable source of funds that PHB can rely upon. The staff at PDC are working very hard with limited resources and there is a lot of demand for the staff and the resources; how much longer can PDC staff continue to work effectively under that pressure.

Ms. Branam summarized that PDC staff needs to go back and answer the questions brought up and work with bureau partners to think about when additional funding scenarios and resource development would be available. Executive Director Quinton added that what is also being communicated is that the PDC Board and others who can contribute to this conversation need more time to hold this conversation. The conversations can be had in the coming month, the PDC Board meets again on October 14, but the City Council timeline has a decision being made immediately thereafter. There has been some community input but there has not been a full community process.

Chair Kelly reiterated the question Commissioner Edlen asked, what is the need in five years? In 10 years? In 20 years? Need to know this in order to look at an approach to housing needs in a way that makes sense.

Commissioner Edlen stated that fundamentally as a city, we owe it to ourselves to look into this on a larger scale: how many people are there that are homeless, what services they need, how can those services be provided, and what is the best long-term mechanism to fund it so that it is there for the next 20, 30, or 40 years rather than just the first five years. Executive Director Quinton responded that PDC has demonstrated an ability to react to opportunities in collaboration and have moved money to the set aside.

7. Information Item: Update on the Broadway Corridor Framework Plan and Negotiations with the United States Postal Service towards Acquiring Property in the River District Urban Renewal Area

PDC staff and others presenting this item:

Tony Barnes, Budget Officer
Sarah Harpole, Senior Project/Program Coordinator
Eric Jacobson, Senior Project/Program Coordinator

The purpose of this item is to brief the PDC Board on three inter-related efforts:

- Planning activities under way towards redevelopment of the 24-acre Broadway Corridor Framework Plan study area;
- Negotiations with the United States Postal Service (USPS) concerning the possible acquisition by PDC of USPS’s Processing and Distribution Center at 715 NW Hoyt Street (P&DC site) and the relocation of the USPS functions to an alternative location; and
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- Financial impacts associated with the potential acquisition and future redevelopment of the P&DC site, including the potential need to secure financing (Interim Financing Mechanism) from the City in addition to TIF resources from the River District URA.

Acquisition and redevelopment of the P&DC site is a once-in-a-generation opportunity for PDC and the City to meet affordable housing, economic development, redevelopment, transportation, and open space goals on a large, contiguous property in the middle of downtown and adjacent to Portland’s regional transit hub. The P&DC site is identified in the City’s West Quadrant plan as a key opportunity site for high-density employment and signature city attractions, connecting the Old Town/Chinatown and Pearl District neighborhoods. The West Quadrant Plan, approved by City Council, calls for PDC to work on behalf of the City to “relocate the US Post Office and redevelop the site with a wide mix of urban uses including employment” and further requires a Master Plan as part of any redevelopment of the P&DC site.

Mr. Barnes handed out a River District URA Updated Cash Flow Forecast, included in these minutes as Attachment 4.

Commissioner Dickson asked if the assumption of housing is based on PDC’s current policy. Ms. Harpole responded that the assumption of the 25 percent set aside of Floor Area Ratio (FAR) was intended to mirror the discussions underway on adjustments to the FAR bonus system; PDC is looking at a similar tool and using this as a starting point and also looking at what might be financially viable to set aside for development opportunity. PHB provided their assumption of $100,000 per unit as their average investment in a housing unit today.

Commissioner Edlen asked the following questions:
- Has there been any discussion on doing something over the railroad tracks? Ms. Harpole responded that PDC staff explored it briefly; there is a diagram that identifies four opportunities to reach the river, some already existing and some aspirational.
- Have there been discussions with the brokerage community with people who would have a vision for the site beyond the city of Portland? This is not to say that Portland does not have great people in the brokerage community, but perhaps an outsider would have interesting input on how the project might be structured without having the need to go out for interim financing. Ms. Harpole responded that PDC staff has been working with HR&A Advisors who have been thinking around what the financial sources are, but their first task was to see if the project was financially viable and if it could support itself and PDC staff have not asked them to delve deeper into additional funding resources. PDC staff has had conversations with developers who have worked in larger communities and expressed interest in large-scale development especially in the commercial arena and larger floor plate office projects.
- This is a terrific opportunity to look at different models of PDC’s role and maybe maintaining ownership of the property and addressing the long-term funding question. But the City also needs to look at the North Park Blocks; there is a question of safety there that affects potential investors. Ms. Harpole responded that safety in public spaces is one of the key takeaways from one-to-one interviews and public input.

Commissioner Cruz asked regarding the preferred development concept, how will that play out. What about schools? With the additional density, the issue of schools does not seem to be addressed. Ms. Harpole responded that there were representatives from Portland Public Schools (PPS), Pacific Northwest College of Art, and PSU on the stakeholder advisory committee and heard a lot of interest in
schools as use within the site. PPS stated that the area is not a key priority location currently but PDC staff was encouraged to continue to explore that through the Master Plan process. With regards to the first question, PDC staff would look at this through the Master Plan process, and if it decides to move forward with acquisition, PDC would issue a Request for Proposal (RFP) for a development partner to be a part of the Master Plan process and vision.

Commissioner Edlen asked the following questions:

- Some kind of public attraction is needed to bring people to the location.
- When bringing in a development partner to be a part of the Master Plan process, do you envision the RFP to select the development partner, to develop it, and then be a part of the planning process as well? Ms. Harpole responded yes, but PDC staff needs to work out the specific details and will obtain additional feedback from HR&A Advisors; the goal would probably be to have someone at the table who helps create the vision and is responsible for implementing at least part of that.
- Interesting notion that has two sides to it. When do we create the most value? If PDC waits longer to bring someone on closer to when the project would happen, or bring someone in earlier who is also bringing money to the table. Executive Director Quinton responded that on the financial side, if PDC has a deficit and it has an agreement with the City and puts their money at risk, that is going to be short-term money, relatively speaking. Minimizing how much money the City is on the hook for helps PDC to have the flexibility to do what Commissioner Edlen is suggesting.

9. Adjourn

There being no further business, Chair Kelly adjourned the PDC Board meeting at approximately 5:40 p.m.
Chair Kelly -

The need for affordable housing in inner Portland is real. The need for housing options in all of Portland's neighborhoods has been an issue I have been talking about for many, many years. The Central City and inner east and the westside need more affordable housing.

East Portland needs jobs, businesses, tax revenue producing investments and amenities. It needs all the things that make for a complete and healthy community. In David Douglas School District where I served on the board for 18 years, the assessed value per student is the LOWEST in the state of Oregon. As a board member, we approved the Lents and Gateway URAs because they came with the promise of increased property tax values and tax revenues for our school district down the road as well as jobs for our parents and neighbors.

Please do not break those promises to our communities by increasing the TIF for affordable housing in Gateway and Lents to 50%. It would reinforce the belief of the voters in East Portland that downtown cannot be trusted to look out for them, or keep their word.

We need a longer look at a solution to the need for affordable housing in Sellwood, Laurelhurst, Hillsdale, Irvington, Hollywood, the Central City, and the rest of the city. We don't need a knee jerk reaction which violates years of planning and study with the community.

Respectfully,

Annette Mattson
12045 SE Foster Place
Portland OR 97266
503-761-2585 h
503-701-5355 c
Commissioners:

Portland is in need of more affordable housing. That is indisputable.

The implementation of that need, however, is key as we shape our city's future and ensure equity for all parts of the Rose City.

Because of the importance of doing affordable housing right, we ask that you hold off on changing the TIF funding breakdown until a more strategic plan can be developed for improving our city's housing and economic situation.

The two halves of our city, split at 82\textsuperscript{nd} Avenue, have dramatically different needs.

The need for more affordable housing is most acute west of 82\textsuperscript{nd} Avenue. Low- and middle-income workers are continually being squeezed out by rising rents and housing prices. Those increases, in turn, are being driven by the high quality of life Portland has invested in for its inner core and by the proximity to jobs for the central city.

East of 82\textsuperscript{nd}, our city has dramatically different needs. While we do see nascent signs of gentrification occurring east of 82\textsuperscript{nd}, we also have lots of affordable housing – hundreds of units across East Portland, and market rates that are affordable to people making as little as 60 percent of median family income for our city.

In East Portland, we see significant quality of life problems and infrastructure gaps. We see dramatically longer commutes to work for Portland residents east of 82\textsuperscript{nd} – the longest in the tri-county area. We see higher rates of crime and a lack of access to parks.

These problems must be addressed in tandem.

Urban renewal, and its flexible access to public resources, is our best tool for addressing the latter. It represents a promise to the residents of Gateway and Lents that the city is working to ensure that they get the same quality of life, and access to jobs and services, that residents in central Portland have.

It represents our best tool to try to bring more jobs to East Portland, so that we can cut commute times. It's our best tool at getting more active neighborhoods,
with more eyes on the street and less crime. And it’s our best tool for making
every street safe in urban renewal districts, so children don’t have to walk or bike
to school on asphalt for cars because there are no sidewalks.

Using the 30 percent set-aside, we have also built affordable housing in these
areas so that even if they gentrify, there will still be a blend of incomes in those
areas. Neighborhoods are their healthiest when they serve a variety of incomes,
backgrounds and cultures.

This is not happening in the central city. If Portland wants to address its affordable
housing crisis, it needs to focus on building more affordable units in areas that are
no longer affordable. It's not too late to keep central Portland from becoming an
ultra-rich enclave, a place of the wealthy, by the wealthy, for the wealthy.

That's going to require public investment and new approaches.

A 50 percent set-aside would represent another broken promise to the Lents
neighborhood, and not acting in good faith with both the neighborhood and the
developers regarding the projects we currently have in the pipeline.
Reprogramming resources to meet a 50 percent set-aside is a non-starter and not
feasible in Lents. It disrupts the newly forming virtuous cycle of investment and
once again uses forced loss of investment in Lents to bolster development in the
downtown urban renewal areas.

Much of the work planning the Lents Town Center was based on a 5-year action
plan — carefully prepared with input from community members, including
housing advocates. The plan outlined what success looks like in the Lents Town
Center, including three focus areas for protecting and growing the supply of
affordable housing in Lents. This plan was adopted by the Portland Development
Commission and the Portland City Council, and is the framework for many public
and private investments in the Lents Town Center.

For example, a proposed development at 92nd and Harold — a development that
has been promised to the neighborhood for nearly a decade — would be in
extreme jeopardy if a 50 percent set-aside were adopted. This, in turn, jeopardizes
other retail investments that were set to provide badly-needed jobs to the Lents
Town Center. Companies have invested in Lents expecting a future with a greater
variety of public investments, not an even-greater cluster of public housing.

We urge you not to pull the rug out from ongoing economic development in East
Portland. We urge you to fulfill the promise of urban renewal and support
increased tax revenues for our schools, social services and public safety. Instead,
we ask that you focus your energy on improving access to affordable housing in
the areas where our city's teachers, dish washers, police officers, barbers,
librarians and custodians used to be able to afford to call home, and continuing the 30 percent set-aside in eastside urban renewal areas to preserve a mix of incomes there.

Sincerely,

Rep. Jeff Reardon
Oregon House of Representatives, District 48

Tom Badrick
On behalf of the Parkrose Heights Association of Neighbors

Nick Christensen
Chair, Lents Neighborhood Association, 2009-2013
Lents Town Center RFI Review Committee, 2015

Will Gardner
Board Member, Lents Neighborhood Association
Lents Town Center RFI Review Committee, 2015

Arlene Kimura
Chair, Hazelwood Neighborhood Association

Annette Mattson
Member, PDC NED Leadership Group, 2013-present
Lents Town Center RFI Review Committee, 2015

Cora Lee Potter
Chair, Lents Urban Renewal Advisory Committee, 2007-2013
Member, PDC Budget Committee

Linda Robinson
Vice President, Hazelwood Neighborhood Association
Chair, Friends of Gateway Green

*Please note that this letter represents the opinion of individuals and has not been endorsed by of any of the above-listed organizations, except for the Parkrose Heights Association of Neighbors.*
September 8, 2015

TO: Portland Development Commission
FROM: Leah Greenwood, Halstead Greenwood Consulting

The Portland Housing Advisory Commission has taken the bold step in supporting the recommendation to increase the Tax Increment Financing Set Aside For Affordable Housing to 50%.

I and others made this recommendation because we believed it was both needed and achievable.

As the staff person charged with developing the original policy, I remember the heated debates surrounding this policy, but I also remember the market context in which this goal was established. It was very different than what we have today.

Today, we have a housing market that was unimaginable when the TIF Set Aside was adopted. Market rate rental housing is being developed at record rates and rents are some of the fastest increasing in the nation. We should not be using public resources, and I mean both land and money, to subsidize market rate housing development.

We have not been keeping pace with the affordable housing needs in our community and have continued to use old models of urban renewal investment focusing on catalytic developments. There are catalytic developments occurring throughout the city without needing public subsidy. Now, is the time to be focusing on anti-displacement investments.

It is indeed possible to achieve a 50% Set Aside for Affordable Housing without jeopardizing other City and PDC priorities.


Most of the urban renewal areas are actually approaching the end of their life. I would expect the Five-Year Budget Projections to assume zero funds available beyond 2020 for districts such as Oregon Convention Center, Downtown Waterfront, and South Park Blocks. Yet, Oregon Convention Center and Downtown Waterfront both show projections of Contingency in 2019-2020, $7.5 million in Oregon Convention Center and $4.6 million in Downtown Waterfront. PDC’s budgeting for these districts should be based on closing these out completely by 2020.

Additionally, River District, Gateway Regional Center, Lents Town Center and Interstate Corridor show large contingency budgets in 2019-2020. This means there is more capacity in the 5-year budget period to accelerate spending on affordable housing to
mitigate displacement. River District has $14 million, Gateway has $6.8 million, Interstate has $26 million and Lents $29 million.

While I understand these contingency funds are un-programmed dollars which provide PDC flexibility to address project cost overruns, and ensure there are resources for investment beyond 2020. But, I believe a very strong case can be made that it would be a wise socially and financially to invest these dollars now in affordable housing rather than holding on to them for projects that haven’t even yet been conceived.

Additionally, PDC and the Portland Housing Bureau own significant acres of land which could be contributed for affordable housing development. Land is often the largest obstacle to developing affordable housing because developers are unable to pay inflated prices and compete with condos and market rate housing. There is land in Convention Center, Downtown Waterfront, Interstate, Lents, Gateway and the River District. I was pleased to see the PDC/PHB presentation to the PHAC identified many of these development opportunities.

I have reviewed the budget and I believe an additional $55 million could be allocated to affordable housing, and at least 5 publicly owned sites could be made available for development of affordable housing.

And, when I say affordable housing, I mean low income rental housing at or below 60% median income for rental housing, and 100% MFI and below for ownership housing. Incentive program can be used to support the development of middle income housing above 60% MFI, but direct TIF investment and land should be used to support low income housing.

I have prepared specific budget recommendations to get to 50% of Tax Increment Financing for Affordable Housing. These are the same recommendations that were shared with the PHAC earlier this month. I believe PDC and PHB staff have even more ideas that can help Portland Take TIF to 50%.

I urge you to work with the PHAC and PHB to identify how you can achieve this policy recommendation and support its adoption at the City Council.

Sincerely,

Leah Greenwood
A ROADMAP FOR GETTING TO A
50% TAX INCREMENT SET ASIDE FOR AFFORDABLE HOUSING

Taking TIF to 50% can be done with little impact on other priorities.

CENTRAL EASTSIDE
- PDC and PHB need to make a strong commitment to develop the city-owned land in the Clinton Triangle as affordable housing.

CONVENTION CENTER
- In 2002, a goal was established to develop 300 units at or below 60% MFI. We have not come close to meeting this goal. In fact, PDC recently sold 1.18 acres to Rembold for market rate housing. Are there any units at 60% MFI or below?
- Rents in the Lloyd District range from $1,075 for a studio to up to $3,027 for a 2-bedroom. Hundreds of new market rate units are planned in the Rembold project and at the Hassalo on 8th project.
- PDC owns the "Beo Rental Car" site that was initially purchased for affordable housing. It is currently for sale. The sales proceeds from this site should be allocated to Affordable Housing (estimating $1.5M sales proceeds for analysis).
- PHB owns property at Hassalo and Grand ("Cascadian Phase II"). This land should be developed as affordable rental housing.
- This district is winding down. The last year to issue debt was June 2013. Yet, there is a contingency of $7.5M budget in 2019-2020. 100% of this should be allocated for affordable housing.

CURRENT 5 YEAR FORECAST = $11,850,000
RECOMMENDATIONS = increase by $9,000,000 + land owned by PHB/PDC

DOWNTOWN WATERFRONT
- This district is near its end yet $4.8M is forecasted for contingency in 2019-2020.
- PDC owns a 1/4 block at Third & Oak which has nearly no market value because of construction challenges (i.e. parking agreement with adjacent owner).
- PDC should dedicate Third & Oak for affordable housing and allocate $4.6 of the forecasted contingency to the project.

CURRENT 5 YEAR FORECAST = $1,971,910
RECOMMENDATIONS = increase by $4,800,000 + land owned by PHB/PDC

GATEWAY REGIONAL CENTER
- As low income families are displaced by increasing rents in Inner Portland, poverty has shifted to East Portland but we haven’t adequately planned for this demographic shift. Gateway is our easternmost urban renewal area.
- There is $6.8M budgeted for contingency in 2019-2020.
- The PHB budget should be increased by $2,000,000 to support an affordable housing development of significant size in Gateway.

CURRENT 5 YEAR FORECAST = $2,062,788
RECOMMENDATIONS = increase by $2,000,000
INTERSTATE CORRIDOR
- The #1 guiding principle in the Interstate Corridor Urban Renewal Area Plan is Benefit the Existing Community. Specifically:
  - "protection of residents and businesses from the threats posed by gentrification and displacement" and
  - "A special emphasis will be placed on providing timely benefits to groups most at risk of displacement (e.g., the elderly, people of color, small businesses, low income people, the disabled)."
- There is $28M in contingency.
- PDC, PPS, Multnomah County, TriMet and PHB need to develop a strategy for developing vacant lands that are publicly owned.
- PHB owns property at MLK and Rosa Parks Way. This property and funding to complete it should be included in the 5-year Housing Budget.
- Funding should also be included to develop housing on other publicly owned property.

CURRENT 5 YEAR FORECAST = $34,040,183
RECOMMENDATIONS = increase by $10,000,000

LENTS TOWN CENTER
- There is $29M in contingency in 2019-2020 with the last year to issue debt as 2020.
- Additional funding should be allocated for the development of affordable housing.
- PHB and PDC should seek to achieve significant amounts of affordable housing on the PDC owned land in Lents.

CURRENT 5 YEAR FORECAST = $18,824,324
RECOMMENDATIONS = increase by $14,500,000

NORTH MACADAM
- During the urban renewal extension process, PDC identified that $40-60 million would be available for affordable housing if the Zidell Development Agreement was signed and development occurred as projected.
- OHSU and PSU originally had commitments for affordable housing on land that they owned.
  - PDC eliminated these commitments from the Development Agreements with very little public notification or process.
- PDC and PHB need to fulfill their commitments in North Macadam including development of Parcel 3 and acquisition/development of at least one Zidell-owned site.
- PDC and PHB should work with OHSU to identify a site for affordable housing on OHSU-owned land (specifically Block 33).

RIVER DISTRICT
- This budget has no housing budgeted beyond 2018-2019, yet there is $14M in Contingency in 2019-2020.
- PDC owns property in the River District that had been set aside for development of an office tower. This project has not moved forward in the last decade and based on the current market, it is questionable why public resources would need to be contributed toward the development of office space on the westside of Portland.
- 100% of the Contingency should be allocated to affordable housing and the PDC-owned property be available for affordable housing.
CURRENT 5 YEAR FORECAST = $26,507,340
RECOMMENDATIONS = increase by $14,000,000 + land owned by PHB/PDC

SOUTH PARK BLOCKS
- This URA is essentially done. 100% of the remaining resources be allocated to affordable housing preservation.

CURRENT 5 YEAR FORECAST = $5,860,500
RECOMMENDATIONS = increase by $500,000

Without reallocating programmed funds $55 million more can be made available for affordable housing in the next five years.

# River District URA Updated Cash Flow Forecast

## Resources

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<td>Union Station Grant</td>
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<td>Program Income</td>
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<td>11,774,320</td>
<td>2,910,874</td>
<td>6,167,478</td>
<td>6,112,199</td>
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<td>Sale of Post Office</td>
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<td>36,993,939</td>
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<td>TIF Debt Proceeds</td>
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<td>54,723,290</td>
<td>41,498,000</td>
<td>11,731,407</td>
<td>15,095,400</td>
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<tr>
<td>Available Minimum Inhabitedness</td>
<td>133,065,583</td>
<td>64,842,225</td>
<td>43,442,225</td>
<td>21,599,076</td>
<td>35,083,074</td>
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## Requirements

| Business Development (OTICT) | 696,190 | 675,190 | 550,190 | 550,190 | 550,190 | 550,190 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Commercial Lending (OTICT) | 9,302,157 | 12,002,000 | 11,002,000 | 3,002,000 | 2,002,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grant programs (OTICT) | 525,000 | 500,000 | 500,000 | 500,000 | 400,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing | 13,956,583 | 8,099,796 | 3,203,803 | 2,436,468 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Infrastructure Investments | 8,000,000 | 12,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Centennial Mills | 16,540,460 | 16,540,460 | 0 | 9,500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Union Station | 1,313,055 | 1,313,055 | 884,766 | 1,500,000 | 2,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 108th and Van Buren | 3,250,000 | 1,700,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pearl Crossing | 1,100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Post Office Acquisition | 26,000,000 | 49,600,000 | 20,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Post Office Infrastructure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Property Management/Other | 2,173,674 | 1,648,890 | 1,483,703 | 1,483,703 | 1,474,953 | 1,474,953 | 1,474,953 | 1,474,953 | 1,474,953 | 1,474,953 | 1,474,953 | 1,474,953 | 1,474,953 |
| Staffing and Administration | 6,776,025 | 6,606,331 | 6,090,716 | 6,076,056 | 6,021,095 | 416,259 | 36,274 | 36,274 | 36,274 | 36,274 | 36,274 | 36,274 | 36,274 |
| Interest Cost | 620,890 | 1,331,208 | 1,341,598 | 2,246,022 | 2,246,022 | 2,149,873 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Fund Expenditures | 83,069,032 | 83,122,342 | 45,709,824 | 38,427,078 | 26,053,038 | 13,431,843 | 1,014,227 | 1,014,227 | 1,014,227 | 1,014,227 | 1,014,227 | 1,014,227 | 1,014,227 |

**Notes:**
- Includes Post Office infrastructure costs per HRRA but modified timing assumptions (they) to be more conservative.
- Includes Post Office phase 1 sale proceeds assumptions per HRRA but modified timing assumptions (their) to be more conservative.

9/10/15