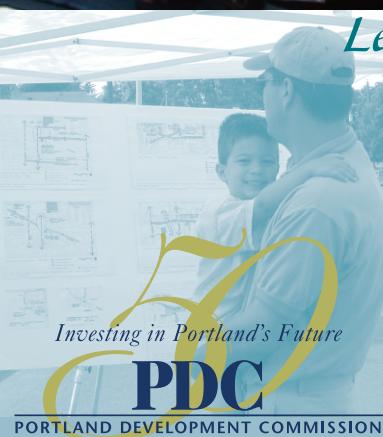


LENTS TOWN CENTER PLAN AMENDMENT STUDY

Final Report and Recommendations



Lents, a great place to grow.





Chair's Letter
Lents Town Center Urban Renewal Area
Plan Amendment Study
Urban Renewal Advisory Committee

To the Members of Portland City Council, Planning Commission, PDC Board of Commissioners, Local Taxing Jurisdictions, and Interested Citizens:

The Lents Plan Amendment Study was authorized by the PDC Board on April 25, 2007. PDC staff has been working with the Lents Town Center Urban Renewal Advisory Committee (URAC), a subcommittee, and consultants to develop technical, legal, and financial information so that community stakeholders and policy makers can make an informed decision regarding the future of the Lents Town Center Urban Renewal Area (URA). As part of a larger PDC evaluation of URA districts referred to as the "Future of Urban Renewal," Lents Town Center URA is one of the first in a series of studies to determine the financial capacity, policy choices, and a range of needed projects in each participating URA. The purpose of this memo is to provide a clear and concise record of technical research and deliberations regarding the plan amendment study process that led to the development of three alternatives and a preferred recommendation.

Background

After PDC Board authorization, staff initiated the public outreach process that began with the Lents Resource Fair in April 2007. Following a briefing to the URAC on May 8, 2007, the Lents Town Center Urban Renewal Advisory Committee (URAC) on July 10, 2007, directed staff to form a subcommittee charged with developing recommendations for a proposed plan amendment. The subcommittee, made up of URAC members and representatives of the Foster-Powell and Lents Neighborhood Associations, and a resident of the Powellhurst-Gilbert Neighborhood, was responsible for evaluating the existing URA Plan that was adopted in 1998 and advising the URAC on the future direction of Lents Town Center URA. The subcommittee's charge was guided as part of a larger study to answer three fundamental questions of the URA:

- (1) *Should the URA boundary be expanded and where?*
- (2) *Should the maximum indebtedness be increased to complete existing projects in the URA Plan, continue funding existing programs, and consider new projects identified by the community?*
- (3) *Should the current expiration date (2015) be extended?*

The subcommittee held five evening meetings open to the public from August to December 2007 to carefully review the technical information and weigh the policy choices.

Public Involvement

Since July 2007, PDC staff has implemented a comprehensive public participation plan to elicit feedback on the questions above and the potential projects and policy choices from community members, stakeholders, and the URAC members in the existing Lents Town Center URA, potential expansion areas, and adjacent neighborhoods affected by the proposal. As part of a status report on the plan amendment process, PDC staff presented the results of these efforts to the URAC on November 13. The following night the subcommittee reviewed the same results. The recommendations in this report are based in large part on the results of the public participation process, including a survey conducted by PDC staff. For a full analysis and discussion on the public involvement plan and survey results, please refer to Section III – Public Involvement Report and the Appendices.

URAC Recommendations

Staff and the subcommittee developed three policy alternatives as a result of technical, legal (ORS 457), and financial information that was researched, collected, and processed since April 2007. The bulk of the financial information was provided by Jeff Tashman and Elaine Howard, who are consultants to the Future of Urban Renewal effort. The financial results included a comparative analysis of estimated levels of maximum indebtedness based on three scenarios of growth in assessed value from 2000-2006: conservative (3%), trend (4.4%), and aggressive (6%). The three alternatives – No Expansion, Foster Road Expansion, Foster Road/Powell/122nd Expansion - all assumed extension of the district to 2020. The subcommittee carefully reviewed each policy alternative and forwarded these recommendations to the URAC on January 8, 2008.

The following URAC recommendations, as formed by the URAC subcommittee, are organized according to the three fundamental questions:

- 1. Should the current expiration date (2015) be extended?*

The subcommittee voted to extend the district until FY 2019/20 based on the financial analysis showing the extension would allow a larger increase in maximum indebtedness. **The subcommittee voted unanimously to approve the extension.**

- 2. Should the LTC URA boundary be adjusted, and where?*

As the enclosed map illustrates, the URAC has proposed boundary adjustments to the existing URA. At the subcommittee meeting on December 12, 2007 staff provided an overview of the expansion areas, including additions and subtractions along Powell Boulevard and 122nd Avenue since the process began in April 2007. The URAC approved the boundary adjustment subject to only one change. The subcommittee recommended removal of an opportunity site at 122nd & Holgate, whereas the URAC approved the site believing the site was an important location for the community. The subcommittee deliberated on each expansion area separately. Below is a list of the URAC recommendations for each area:

Foster Road:

Add Foster Road as originally proposed by staff in April 2007 that follows the existing commercial zoning pattern. **The subcommittee voted unanimously to add the Foster Road expansion area.**

NOTE: Per PDC Board direction at the December 12, 2007 briefing, staff was asked to consider adding a “buffer” or strategic properties of residential land along both sides of the commercial corridor to encourage preservation and revitalization of housing and support the City's Schools, Family, Housing initiative. Staff conducted an alternatives analysis and has recommended adding three multi-family properties (six tax lots) to the Foster Corridor expansion. Staff will provide more detailed recommendations to the PDC Board and URAC on March 26 and March 11, respectively.

Powell Boulevard/ 122nd Avenue:

- Add commercially zoned nodes at intersections for mixed use revitalization opportunities, including the 122nd and Holgate area.
 - Delete scattered site *residentially zoned* parcels along Powell Blvd. and 122nd Avenue, except the opportunity site west of Alice Ott Middle School.
 - Connect Leach Botanical Garden to the existing URA by 122nd Avenue (right-of-way).
- The subcommittee voted 4-3 to add the Powell Blvd/122nd Ave expansion area and removed the 122nd & Holgate site.**

3. Should the maximum indebtedness be increased and by how much?

The table below illustrates the maximum indebtedness for each alternative as described above.

Maximum Indebtedness Capacity with Three Expansion Alternatives	
Last Date for Issuance of Debt (All Alternatives)	2020
Bonds Repaid (All Alternatives)	2026
1. Existing URA (No Expansion) Assumes trend scenario (4.4% Growth)	
Added Maximum Indebtedness	\$162,000,000
2. Foster Road Expansion Area Assumes conservative scenario in expansion area (3% Growth)	
Added Maximum Indebtedness	\$6,600,000
Subtotal	\$168,600,000
3. Foster Road and Powell Blvd/ 122nd Ave Expansion Areas Assumes conservative scenario in expansion areas (3% Growth)	
Added Maximum Indebtedness	\$1,900,000
Subtotal	\$170,500,000
URAC Recommendation for Additional Maximum Indebtedness	\$170,000,000
Existing Maximum Indebtedness (1998)	\$75,000,000
TOTAL MAXIMUM INDEBTEDNESS	\$245,000,000

The financial projections are based on County Assessor's data (2000-2007) and City of Portland building permit activity (2000-2006). As the above table illustrates, the additional debt capacity is estimated at \$162M for Alternative 1 (No Expansion), which is the minimum amount of debt capacity among the three alternatives and more than doubles the original amount that was conservatively set at \$75M in 1998. If the expansion areas are added, the total debt capacity can be raised slightly more to \$168M for Alternative 2 (Foster Road) and up to \$170M for Alternative 3 (Foster Road and Powell Blvd/122nd Ave). The latter expansion area is not expected to generate significant tax increment revenue after inclusion in the URA as a result of market conditions, project needs, and the lack of existing commercial and industrial properties and businesses that generate more value per square foot than residential. **The subcommittee voted unanimously to adopt the \$170M maximum indebtedness level.**

Additional Recommendations

Based on the above analysis, the public participation results, and the subcommittee's deliberations on December 12, *the URAC voted unanimously on January 8, 2008 to forward these recommendations to the PDC Board for their consideration and deliberation, and further those recommendations to the Planning Commission, and then to the City Council for final action, with the following conditions that clarify the above policy choices:*

- Continue to support and budget accordingly to achieve one of the primary, original goals of the 1998 URA Plan – revitalization and redevelopment of the Lents Town Center. The community and the subcommittee overwhelmingly support this goal to spur additional development in the Town Center and to honor the existing commitment PDC made in 1998 when the district was established. To accomplish this goal will take significant TIF resources;
- Balance expenditures to include projects that generate tax increment revenue, such as redevelopment and economic development loans and grants, with quality of life projects such as infrastructure improvement, a variety of housing options, and school facilities projects;
- Assist with the redevelopment of Freeway Land for job generation, habitat restoration, and flood mitigation of the Foster Road area;
- Continue investing and leveraging federal funds for flood mitigation around Johnson Creek;
- As part of the “30% Set Aside” for affordable housing, continue to focus those resources on homeownership development, financing, and first-time homebuyer programs. Encourage and allow the housing subcommittee to develop a strategy that implements the goals and objectives of the URA Plan;
- Focus expenditures in the Foster Road expansion area on redevelopment (Development Opportunity Services (DOS) and commercial loans) and economic development programs (storefront improvement, business assistance loans, etc.) so TIF resources can be leveraged, spent wisely, and pay for themselves over the remaining life of the URA. Future infrastructure investments, such as the Foster Road streetscape, should be carefully evaluated for leverage with other private and public funding sources, have the support from the businesses and residents, and focus on improving safety; and
- The Foster-Powell Neighborhood Association, representing the Foster Road expansion area, is supportive of including affordable rental housing in commercial, mixed-use

projects and to revitalize existing multifamily housing. This allows the allocation of set aside housing resources to those areas if and when opportunities become available.

With these conditions in mind, and the difficult policy choices before us, we forward this recommendation with confidence in the work accomplished thus far and look forward to a discussion of the choices with the PDC Board of Commissioners, Planning Commission and City Council.

On behalf of the Urban Renewal Advisory Committee, the following report is submitted for your consideration.

Respectfully,

Cora Potter, Chair
Lents Town Center Urban Renewal Advisory Committee

For a copy of the full report, please visit PDC's Future of Urban Renewal website:
<http://www.pdc.us/four/lents/default.asp>