

PLU 7/19/06 PDC

ORDINANCE No. 180316 As Amended

I hereby certify this document to be a complete and exact copy of the original as the same appears on file and of record in my office and in my care and custody on this 13th day of JULY 2006

GARY BLACKMER Auditor of the City of Portland
By: Susan Parsons Deputy

Approve the 9th Amendment to the Central Eastside Urban Renewal Area Plan (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The Central Eastside Urban Renewal Area Plan (the "Plan") was adopted by Portland City Council on August 26, 1986 by Ordinance No.158940 to provide tax increment funding and urban renewal authority to foster the development and redevelopment to protect the public health, safety, and welfare of the City of Portland and has been amended the Plan from time to time.
2. The Council established the maximum indebtedness of if \$66,274,000 when it adopted the Fourth Amendment to the Plan on June 10, 1998, by Ordinance No. 172353.
3. The Plan can no longer issue debt after August 26, 2006 thereby limiting the ability of the City and PDC to carry on the important work of alleviating blight in the area.
4. There continues to exist blight and underutilized property within the Plan Area, in accordance with ORS 457.010, that can continue to benefit from further development.
5. A Stakeholder Committee (the "Committee") has been working since June 2005 to determine whether there are projects and priorities which merit extending the life of the Plan or increasing the maximum indebtedness for the Plan.
6. In January, 2006 the Committee released a consensus recommendation to extend the Plan for eight years, increase indebtedness by \$22.7 million and expand the district by 7.1 acres.
7. The Commission has sought and received valuable input from taxing jurisdiction partners pursuant to ORS 457.085(5), citizens, and other interested parties in Portland who have supported the continuation of urban renewal activity within the district.
8. The Portland Development Commission recommended an Amendment to the Plan on April 26, 2006; which extends the late date to issue date to August 26, 2014, increases maximum indebtedness to \$88,979,000 and expands the boundary to 688.1 acres.
9. The Executive Director under authorization by the Portland Development Commission has submitted resolutions and supporting materials to the Portland Planning Commission for review and recommendation to be forwarded to the City Council for final approval in accordance with the terms of the Plan and ORS 457.095.

Recorded in MULTNOMAH COUNTY, OREGON

C. Swick, Deputy Clerk

B27 152

ATKRH

Total : 771.00

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10. The Portland Planning Commission reviewed the recommended Amendment at a public hearing on May 23, 2006 and the comments of the Planning Commission have been received by the City Council (attached as "Exhibit C").
11. The City Council considered materials forwarded by PDC, the Planning Commission and the input of the community and believes additional time and resources are required in order to eliminate blight and invest in economic development activities within the current and expanded Plan area.
12. The preferred Plan Amendment extends the last date to issue debt to August 26, 2018; increases maximum indebtedness to \$104,979,000 and expands Plan area to 688.1 acres.
13. Pursuant to ORS 457.095 the Commission found (1) the existing and expanded *Plan* area is blighted; (2) rehabilitation and redevelopment is necessary to protect the public health, safety and welfare of the City of Portland; (3) the amended Plan conforms with the Comprehensive Plan of the City of Portland and provides an outline for accomplishing urban renewal projects proposed in the Plan; (4) provisions have been made to house displaced persons within their financial means in accordance with ORS 35.500 to 35.530 and, except in the relocation of elderly or disabled individuals, without displacing on priority lists persons already waiting for federally subsidized housing; (5) City acquisition of real property is provided for and it is necessary; (6) adoption and carrying out the amended Plan is economically sound and feasible; and (7) the City shall assume and complete any activities prescribed it by the Plan.
14. The Ninth Amendment is being adopted as a substantial amendment pursuant to the first paragraph of Section 902 of the Plan. The City and the Portland Development Commission have complied with all of the requirements for adoption of the Ninth Amendment under the Plan and ORS 457.095.

NOW THEREFORE, the Council directs:

- a. Council approves the Ninth Amendment to the Central Eastside Urban Renewal Area Plan, as described in number 12 above, which is incorporated herein by reference.

Passed by the Council, JUL 13 2006

Mayor Tom Potter
 Commissioner Sam Adams
 PDC, Bruce Warner
 Keith Witcosky
 June 14, 2006

Gary Blackmer
 Auditor of the City of Portland

By *Susan Parsons*
 Deputy

Investing in
Portland's Future



May 8, 2006

Eric E. Parsons
Commission Chair

The Planning Commission of the City of Portland, Oregon
1900 SW Fourth Avenue
Suite 4100
Portland, Oregon 97201

Douglas C. Blomgren
Commissioner

Subject: Ninth Amendment to the Central Eastside Urban Renewal Plan

Bertha Ferrán
Commissioner

Members of the Planning Commission:

Sal Kadri
Commissioner

At a public meeting on April 26, 2006 the Portland Development Commission voted 4-0 to approve the proposed Ninth Amendment to the Central Eastside Urban Renewal Plan through Resolution No. 6349. This decision subsequently requires the review of the Portland Planning Commission followed by approval, through ordinance from Portland City Council.

Mark Rosenbaum
Commissioner

The proposed Ninth Amendment to the Central Eastside (CES) Urban Renewal Plan has three components:

n Potter
.ypr

1. Extends the Plan's last date to issue debt from August 27, 2006 to August 27, 2014. This allows for the City to issue bonds through August 26, 2014.
2. Increases the maximum indebtedness by \$22.7 million, from \$66,274,000 to \$88,979,000.
3. Expands the district by 7.1 acres, from 681 acres to 688.1 acres to bring in the Washington Monroe High School site near SE 14th Morrison/Stark.

Bruce A. Warner
Executive Director

This parallels the consensus Report and Recommendations of the CES URA Study Stakeholder Committee. This Committee began working in June 2005 to find a common ground set of recommendations which balanced the needs of the urban renewal area, while recognizing the impacts and needs of other taxing jurisdictions and the city as a whole.

www.pdc.us

222 Northwest
Fifth Avenue
Portland, OR
97209-3859

As part of the approval process, the PDC Board also heard testimony and weighed analysis on an alternative amendment which would have extended the Plan until 2018 and increased indebtedness to \$104,979,000. No action was take action on this alternative.

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The Board was unanimous in its decision and support for the Ninth Amendment based on the following:

Commitment to the Public Process

- To acknowledge the thoughtful work of the citizen Stakeholder Committee. It would be a disservice to break the consensus which they forged over a 12-month period of time.

Recognition of Market Forces


- The success of the CES will be defined more by increases in job density, than by increases in assessed property values. The amount of time and resources will help the district fulfill its vision for being a hub of commerce, with a large number of quality jobs, and allows the area to use tax increment to take advantage of the broadened job definition in the IG1 Zone.
- A measured systematic approach to investments of modest amounts of money will add jobs without driving out business by causing rents to artificially inflate and possibly leading to commercial/industrial gentrification.

Balancing Interests

- The suggested investments associated with the amendment reflect firm support for a well articulated thesis of the needs of the CES that is respectful of the needs of Portland Public Schools and Multnomah County.

PDC is hereby forwarding the Ninth Amendment with supporting materials to the Planning Commission for review. A City Council hearing on an ordinance approving the amendment is scheduled for June 14, 2006.

Sincerely,



Eric Parsons
Chair
Portland Development Commission



CITY OF PORTLAND, OREGON PLANNING COMMISSION

180316
c/o Bureau of Planning
1900 S.W. 4th Ave., Suite 4100
Portland, OR 97201-5380
Telephone: 503-823-7700
Fax: 503-823-7800

EXHIBIT C

May 25, 2006

Mayor Potter and Commissioners Adams, Leonard, Saltzman and Sten
Portland City Hall
1221 SW Fourth Avenue
Portland, Oregon 97204

Subject: Ninth Amendment to the Central Eastside Urban Renewal Plan

Dear Mayor Potter and City Commissioners:

At a public meeting on May 23rd, 2006, the Portland Planning Commission voted unanimously to approve the proposed Ninth Amendment to the Central Eastside Urban Renewal Plan as recommended in Portland Development Commission Resolution No. 6349. The proposed amendment has three components:

1. Extends the Plan's last date to issue debt by eight years from August 27, 2006 to August 27, 2014. This allows the city to issue bonds through August 26, 2014.
2. Increases the maximum indebtedness by \$22.7 million, from \$66,274.00 to \$88,979.00. This amount plus the remaining debt limit in the current district would make \$35 million available for investment in the Central Eastside.
3. Expands the district by 7.1 acres, from 681 acres to 688.1 acres to bring the Washington Monroe High School site near SE 14th Morrison/Stark.

The proposed amendment is based on the Report and Recommendations of the CES URA Study Stakeholder Committee. The Planning Commission gave great weight to the recommendation of the Stakeholder Committee because it represents tremendous effort, negotiation, compromise and open public discussion. The Planning Commission finds that the Committee's recommendations thoughtfully balance the tradeoffs inherent in any decision to divert public funds from the other priorities of the affected taxing jurisdictions, including the City, Multnomah County and Portland Public Schools. The proposed amendment represents an amount of additional investment and a preliminary list of expenditure priorities that can advance a strategy of calm, reasoned and sustained investment to continue the Central Eastside's growth as an employment center. The proposed amendment avoids investment that could set off superheated speculation, change and displacement of industry.

Also, the Planning Commission strongly feels that the stakeholder group's process should be respected. It reflects open and committed debate and compromise by the community and other stakeholders. Turning our back on the results of this process could create harmful and unnecessary divisions that the stakeholders worked so hard to overcome.

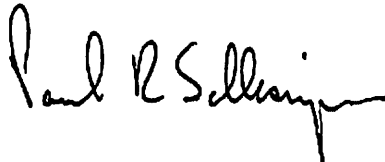
At the same hearing, the Planning Commission also considered and heard testimony on an alternative amendment, which would have extended the Plan until 2018 and increased indebtedness to \$104,979,000. The Commission took no action on this alternative because it does not reflect the consensus recommendation of the Stakeholder Committee.

In addition to recommending the City Council support the Stakeholder Committee's findings, the Planning Commission also recommends the following:

1. The City Council should direct PDC, the Planning Bureau and the Central Eastside Urban Renewal Advisory Committee to prepare a multi-year strategy for investment of the additional urban renewal funds in the Central Eastside. The strategy should tie the investments to the vision of the district as an employment center and to specific objectives. The strategy should also provide the metrics for annually assessing progress toward accomplishing those objectives. Preparing the strategy also creates the opportunity to coordinate City actions in the Central Eastside to better ensure the City is acting collectively toward accomplishing the objectives.
2. The City Council should acknowledge that the waterfront area (west of the railroad) is a unique opportunity for public use, cultural and history as identified in the River Renaissance vision and that the area will be subject of a future planning effort. The Planning Commission believes that the Freeway Loop Study and other changes potentially affecting the district call for this future planning effort to be undertaken in the near future.

The Planning Commission is aware of the proposal by some for increasing the maximum indebtedness for the Central Eastside by more than the \$22.7 million recommended by the Stakeholder Committee. The Planning Commission is concerned that the need and unique public benefit of the additional funds has not been well documented and could be consumed for further infrastructure projects that should come from other funding sources. If the City Council would like to explore additional funds for the Central Eastside Urban Renewal Area, the Planning Commission recommends that the City Council adopt the proposed \$22.7 million extension to keep the district alive and functioning and then instruct PDC to conduct a follow-up process to develop and evaluate the case for an additional maximum indebtedness and time. This approach would honor the Stakeholder Committee's process and provide for a similarly thorough process for consideration of additional funds.

Sincerely,



Paul Schlesinger, President
Portland Planning Commission

cc: CES URA Study Stakeholder Committee

PORTLAND DEVELOPMENT COMMISSION
Portland, Oregon

RESOLUTION NO. 2

**RESOLUTION APPROVING THE PROPOSED NINTH
AMENDMENT TO THE CENTRAL EASTSIDE URBAN
RENEWAL PLAN AND DIRECTING THE AMENDMENT
BE SUBMITTED TO THE PORTLAND CITY COUNCIL
FOR ADOPTION**

WHEREAS, the Portland City Council (the "Council") adopted the Central Eastside Urban Renewal Plan (the "Plan") on August 27, 1986, by Ordinance No. 158940 to provide tax increment funding and urban renewal authority to foster the development and redevelopment to protect the public health, safety, and welfare of the City of Portland; and

WHEREAS, the Council established the maximum indebtedness of if \$66,274,000 when it adopted the Fourth Amendment to the Plan on June 10, 1998, by Ordinance No. 172353; and

WHEREAS, there continues to exist blight and underutilized property within the Plan Area, in accordance with ORS 457.010, that can continue to benefit from further development; and

WHEREAS, the Plan has a last date to issue debt of August 26, 2006 after which time the City and the Commission will lose the ability to issue additional debt to carry on the important work of alleviating blight in the area; and

WHEREAS, a Commission appointed Stakeholder Committee (the "Committee") has been working since June 2005 to determine whether there are projects and priorities which merit extending the life of the Plan or increasing the maximum indebtedness for the Plan; and

WHEREAS, in January, 2006 the Committee released a consensus recommendation to extend the Plan for eight years, increase indebtedness by \$22.7 million and expand the district by 7.1 acres; and

WHEREAS, the 7.1 acres for expansion of the Plan Area to include the blighted property as described in Exhibit B is necessary to facilitate development and redevelopment of properties as described in Exhibit A and will support the Commission's objective of revitalization by attracting residential and community uses which provide benefit to local residents and the City;

WHEREAS, the Commission has sought and received valuable input from taxing jurisdiction partners pursuant to ORS 457.085(5), citizens, and other interested parties in Portland who have requested the continuation of urban renewal activity within the district; and

WHEREAS, the amendment of the Plan to extend the life, increase indebtedness and expand the boundary is both financially feasible and conforms to the Plan goals as well as the City's Comprehensive Plan; and

WHEREAS, the Commission has caused a copy of the Ninth Amendment to the Plan and its accompanying report to be forwarded to the governing body of each taxing district affected by the urban renewal plan, and has consulted and conferred with those taxing districts; and,

WHEREAS, the amendment of the Plan increases indebtedness and increases the size of the Plan Area beyond one percent of the Area original size, representing a substantial amendment to the Plan which requires review by the Portland Planning Commission, approval of the Portland City Council and notice of such action to all property owners, electors, utility customers or postal patrons within the city limits; now, therefore, be it

RESOLVED that based on the accompanying reports, hereby incorporated by reference, the Commission finds that the existing and expanded Plan area continues to have project needs which address the characteristics of blight as described in ORS 457.010; and be it

FURTHER RESOLVED that the Commission finds there is a need to extend the Plan for a period of eight (8) years; increase maximum indebtedness by \$22.7 million; and expand the area by 7.1 acres and authorizes the Ninth Amendment to the Plan changing the expiration date from August 27, 2006 to August 27, 2014; increasing the indebtedness from \$66,274,000 to \$88,979,000; and expanding the size of the area from 681.0 acres to 688.1 acres; and be it

FURTHER RESOLVED that the Executive Director shall cause notice of the adoption of the Ninth Amendment to be published in accordance with ORS 457.120; and be it

FURTHER RESOLVED that the Commission hereby approves the proposed Ninth Amendment to the Central Eastside Urban Renewal Plan and directs the Executive Director to submit the Amendment and supporting materials to the Portland Planning Commission for review and recommendation and to the Portland City Council for final approval in accordance with the terms of the Plan and ORS 457.095; and be it

FURTHER RESOLVED that this resolution shall become effective immediately upon its adoption.

ADOPTED by the Commission April 26, 2006

Eric E. Parsons, Chair

Douglas C. Blomgren, Secretary

EXHIBITS:

- A. Stakeholder Committee Final Report
- B. Ninth Amendment to Central Eastside Urban Renewal Plan
- C. Report on the Ninth Amendment to Central Eastside Urban Renewal Plan

180316

**SUBSTANTIAL AMENDMENT TO THE
CENTRAL EASTSIDE URBAN RENEWAL PLAN**

Recommended Amendment: \$88,979,000

April 26, 2006

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EXHIBITS

- EXHIBIT 1 - Central Eastside Renewal Area Boundary
- EXHIBIT 2 - Zoning and Comprehensive Plan Designation Map
- EXHIBIT 3 - Central Eastside Property Acquisition Map
- EXHIBIT 4 - George Parcel Property Acquisition – Central Eastside Urban Renewal Area Boundary

SECTION 100 - INTRODUCTION

The Central Eastside Urban Renewal Plan consists of Part One - Text and Part Two - Exhibits. This Urban Renewal Plan, as amended, has been prepared by the Urban Renewal Agency of the City of Portland, Oregon pursuant to Oregon Revised Statute (ORS) Chapter 457, the Oregon Constitution, and all applicable laws and ordinances *of the State of Oregon and City of Portland, respectively. All such applicable laws are made a part of this Plan, whether expressly referred to in the text or not.*

The Urban Renewal Plan for the Central Eastside Urban Renewal Area was originally approved by the City Council of the City of Portland on August 27, 1986 by Ordinance No. 158940.

[First Amendment, §100]

SECTION 200 - DEFINITIONS

The following definitions will govern the construction of this Plan unless the context otherwise requires:

"Plan" means the Urban Renewal Plan for the Central Eastside Urban Renewal Area, Parts One and Two.

"Text" means the Urban Renewal Plan for the Central Eastside Urban Renewal Area, Part One - Text.

"Exhibit" means an attachment, either narrative or map, to the Urban Renewal Plan for the Columbia South Shore Urban Renewal Area, Part Two - Exhibits.

"Area" means the area included within the boundaries of the Central Eastside Urban Renewal Area.

"Development Commission" means the Portland Development Commission which is the Urban Renewal Agency of the City of Portland, Oregon.

"Planning Commission" means the Planning Commission of the City of Portland, Oregon.

"City" means the City of Portland, Oregon.

"City Council" means the City Council of the City of Portland, Oregon.

"County" means the County of Multnomah, State of Oregon.

"State" means the State of Oregon.

"ORS" means Oregon Revised Statute (State Law) and specifically Chapter 457 thereof.

"Redeveloper" means any individual or group acquiring property from the Development Commission or receiving financial assistance for the physical improvement of privately or publicly held structures and land.

"Comprehensive Plan" means the City's Comprehensive Land Use Plan and its implementing Ordinances, policies and development standards.

"Objective" means any goal, general or specific, or objective described in Section 400 of this Plan.

"Displaced" person or business means any person *or business* who moves or is required to move as a result of real property acquired by the Development Commission, or any person *or business* receiving written notice *from the Development Commission* to vacate a property for public use as more specifically described in ORS 28.045.

"Urban Renewal Area," "Renewal Area" or "Area" means the geographic area for which this Urban Renewal Plan has been approved. Such Urban Renewal Area is described in Section 300 of this Plan and the boundaries delineated on Urban Renewal Area Boundary Map - Exhibit One of this Plan.

"Central Eastside Revitalization Program (CERP)" means the framework of goals, objectives and action recommendations adopted by City Council, December 1985 (Resolution 33993).

[First Amendment, §200]

180316

SECTION 300 - LEGAL BOUNDARY DESCRIPTION

The approximate boundaries of the Urban Renewal Area are shown on the Urban Renewal Area Boundary Map - Exhibit 1.

The Area is described as that land containing all lots or parcels of property situated in the City of Portland, County of Multnomah, and State of Oregon, bounded generally as follows:

Beginning at the intersection of the east Harbor Line of the Willamette River and the north line of the Ross Island Bridge;

Thence easterly along the north line of the Ross Island Bridge to its intersection with the north line of SE Powell Boulevard;

Thence easterly along said line to its intersection with the east line of SE Milwaukie Avenue;

Thence northerly along said line to its intersection with the east line of SE 12th Avenue

Thence northerly along said east line of SE 12th Avenue and NE 12th Avenue to its intersection with the south line of I-84;

Thence westerly along said line to its intersection with the north line or extension thereof of NE Everett Street within the vicinity of NE Grand Avenue;

Thence westerly along the north line of NE Everett Street and westerly extension thereof to its intersection with the east Harbor Line of the Willamette River;

Thence southerly along said line to the north line of the Ross Island Bridge point of beginning. The addition of the Washington-Monroe site (see Figure on next page); added the following land.

Beginning at the intersection of the existing Central Eastside Urban Renewal Boundary and the northwest corner of taxlot 1S1E02BA 102 (EAST PORTLAND, BLOCKS 256,260,261&283 TL 102).

Thence easterly along north line of taxlot 1S1E02BA 102 (EAST PORTLAND, BLOCKS 256,260,261&283 TL 102).

Continuing easterly along north line of taxlot 1S1E02BA 101 (EAST PORTLAND, BLOCKS 282&283 TL 101) to northeast corner of said taxlot.

Thence southerly from northeast corner taxlot 1S1E02BA 101 (EAST PORTLAND, BLOCKS 282&283 TL 101) along eastern line.

Continuing southerly along eastern line of taxlot 1S1E02BA 102 (EAST PORTLAND, BLOCKS 256,260,261&283 TL 102).

Continuing southerly along eastern line of taxlot 1S1E02BA 300 (EAST PORTLAND, BLOCK 284 TL 300) to southeast corner of said taxlot.

Thence westerly along south line of taxlot 1S1E02BA 300 (EAST PORTLAND, BLOCK 284 TL 300).

Thence southerly along eastern line of taxlot 1S1E02BA 300 (EAST PORTLAND, BLOCK 284 TL 300) to southeast corner of said taxlot.

Thence westerly along south line of taxlot 1S1E02BA 300 (EAST PORTLAND, BLOCK 284 TL 300).

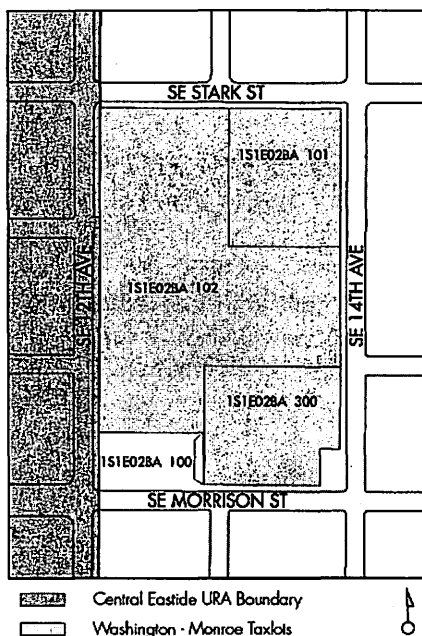
Continuing westerly along south line of taxlot 1S1E02BA 100 (EAST PORTLAND, BLOCK 259 TL 100) to southwest corner of said taxlot.

Thence northerly along west line of taxlot 1S1E02BA 100 (EAST PORTLAND, BLOCK 259 TL 100) to northwest corner of said lot.

Thence westerly along south line of taxlot 1S1E02BA 102 (EAST PORTLAND, BLOCKS 256,260,261&283 TL 102) to the southwest corner of said taxlot.

Thence northerly along western line of taxlot 1S1E02BA 102 (EAST PORTLAND, BLOCKS 256,260,261&283 TL 102) to the northwest corner of said taxlot (beginning point).

Figure 1: Washington Monroe addition:



SECTION 400 - GOALS AND OBJECTIVES FOR THE CENTRAL EASTSIDE URBAN RENEWAL AREA

The primary goal of the Plan is to improve the condition and appearance of the Area, eliminate blight and blighting influences, to expand and improve public facilities and to stimulate private investment and economic growth in the Central Eastside Urban Renewal Area.

The Plan is supportive of the City of Portland Comprehensive Plan, Central Eastside Revitalization Program (CERP) and other adopted City policies, programs and objectives.

I. Urban Development

A. General Goal

Maintain Portland's role as the major regional employment, population, cultural center through public policies that encourage expanded opportunity for housing and jobs while retaining the character of established residential, neighborhood and business centers.
(Comprehensive Plan Goal 2)

B. Specific Goals

1. **Urban Diversity:** Promote a range of employment opportunities and living environments for Portland residents in order to attract and retain a stable and diversified population. (Comprehensive Plan Policy 2.2)
2. **Utilization of Vacant Land:** Provide for full utilization of existing vacant land except in those areas designated as open space. (Comprehensive Plan Policy 2.18)
3. **Other Urban Renewal Areas:** Coordinate, support and provide ability to integrate goals and activities of adjacent renewal areas with this renewal area.

II. Business Retention and New Business Development

A. General Goal

Improve the level, distribution and stability of jobs and income for resident industry, business and people in accordance with the Economic Development Policy adopted by the City Council. (Comprehensive Plan Goal 5)

B. Specific Goals

1. **Public/Private Partnership:** Foster a development partnership between the public and private sectors that is responsive to the economic needs of Portland's business and residents. (Comprehensive Plan Policy 5.1) (CERP Objective 5)
2. **Jobs and Income:** Encourage long-term employment opportunities that enhance broad vocational and income opportunities, decrease unemployment, and increase the disposable income of City residents. (Comprehensive Policy 5.2) (CERP Objective 7)

3. **District Economic Development:** Encourage the development and maintenance of business and industrial district organizations where such organizations' help meet the City's economic development objectives and are compatible with neighborhood livability. (Comprehensive Plan Policy 5.4)
4. **Business and Industry:** Encourage in-city business to remain and expand and promote the recruitment of new business and industry by keeping Portland competitive with other regional and national centers. (Comprehensive Plan Policy 5.3)

III. Central Eastside Revitalization Program

A. General Goal

Maintain and enhance the Central Eastside District as a near-in job center featuring a diverse industrial base with compatible, supportive and appropriately located commercial, residential and community recreational activities. Encourage the vitality of existing firms, provide an attractive climate of opportunity for complimentary ventures, and offer a positive environment for adjacent neighborhoods.

B. Specific Goals

1. Preserve and enhance the unique characteristics of the Central Eastside Industrial District as a near-in employment center with a diverse industrial base complimented by concentrations of commercial and residential uses in appropriately designated areas. (CERP 1*)
2. Increase the attractiveness of the Central Eastside as an industrial center, particularly for specialty manufacturing and distribution firms desiring convenient access to regional transportation network. (CERP 2)
3. Enhance business and development opportunities for existing firms, recognizing the importance of providing industrial sanctuaries for certain industrial activities while affording opportunities for commercial housing development within appropriately designated subareas. (CERP 3)
4. Create an attractive environment featuring high quality design standards for new and existing businesses in a manner which is complimentary to the overall business climate while recognizing the CEID is both the "front door" to nearby residential neighborhoods and highly visible to Portland's Central Business District. (CERP 4)
5. Maintain and bolster the function of the CEID as a business incubator for new industrial and commercial business. (CERP 10)
6. Intensify property utilization at locations not suitable for industry (on a conditional basis) and increase the number of compatible businesses and retail services along commercial corridors (CERP 8)

7. Improve the transportation system and parking resources to meet the CEID's business needs and redevelopment objectives while respecting the traffic concerns of adjacent neighborhoods. (CERP 9)

***Central Eastside Revitalization Program Objectives**

IV. Riverfront Access

Willamette River Greenway Plan and Esplanade Development: Implement the Willamette River Greenway Plan which preserves a strong working river while promoting recreation, commercial and residential waterfront development along the Willamette - South of the Broadway Bridge. (Comprehensive Plan Policy 2.7) Increase accessibility to the river and enhance Greenway areas as a public resource and improve the environmental quality of life for adjacent and nearby neighborhoods. (CERP Objective 6)

SECTION 500 - LAND USE PLAN

The Land Use Plan consists of the Land Use (Comprehensive Plan) Plan Map (Exhibit 2 - Part 2) and the descriptive material and regulatory provisions contained in this Section (both those directly stated and those herein included by reference).

This Plan shall be in accordance with the approved Comprehensive Plan of the City of Portland and with its implementing ordinances and policies.

Section 501 - Land Use Map and Regulations

The use and development of land in the Area shall be in accordance with regulations prescribed in this Section 500, which regulations are in addition to any conditions, limitations or restrictions contained in Title 33, Planning and Zoning Code of the City of Portland, or any other applicable local, state or federal laws regulating the use of property in the Area.

Exhibit 2, "Zoning and Comprehensive Plan Designations" identifies the locations of the principal land use classifications which are applicable to the Renewal Area.

A. Land Uses Permitted:

1. ***Heavy Industrial (HI)*** complying with Title 33, Planning and Zoning Code of the City of Portland, as amended.
2. ***General Industrial (GI)*** complying with Title 33, Planning and Zoning Code of the City of Portland.
3. ***Commercial Employment (CE)*** complying with Title 33, Planning and Zoning Code of the City of Portland.
4. ***General Employment (GE)*** complying with Title 33, Planning and Zoning Code of the City of Portland.
5. ***Medium Density Multi-Family Residential (R1)*** complying with Title 33, Planning and Zoning Code of the City of Portland.
6. ***Central Multi-Family Residential Zone (RX)*** complying with Title 33, Planning and Zoning Code of the City of Portland.

[First Amendment, §501]

Section 502 - Additional Land Use Provisions

The following provisions are in addition to conditions, limitations or restrictions previously identified in this Section 500.

A. Plan and Design Review:

The Development Commission shall facilitate coordination of regulatory procedures related to applications for land use approvals of all private and public development activities for which it provides assistance.

The Development Commission shall be notified of proposed zoning and comprehensive plan changes and conditional use permits and Historic Landmark designations requested within the Area.

Plan and design review of private and public development shall be as follows:

1. Within the Area, procedures established in Title 33, Planning and Zoning Code of the City of Portland shall be followed.
2. Redevelopers, as defined in this Plan, shall comply with the Redevelopers Obligations, Section 600 of this Plan, which section provides for supplementary plan and design review by the Commission.

[First Amendment, §502 (renumbering only)]

SECTION 600 - URBAN RENEWAL ACTIVITIES

In order to achieve the objectives of this Plan, the following activities will be undertaken on behalf of the City by the Development Commission, in accordance with applicable federal, state, county, and city laws, policies and procedures.

Section 601 - Project and Improvement Activities

A. Public Improvements

1. Intent. Public facilities, utilities and transportation systems may be planned, designed and constructed within the Renewal Area. These improvements may include storm and sanitary sewer improvements, street lighting installation, landscaping, street improvements, parking facilities, public transit improvements, parks, open space development, public restrooms, community facilities or other improvements deemed appropriate for the achievement of the Plan goals and objectives. The private utilities concerned will make such modifications and adjustments as may be legally required of them by the City to adequately serve development and meet the objectives of this Plan. Public improvements which may be undertaken, under this Plan, are listed in subsection 600-1-B, below.

Public improvement projects planned in the Central Eastside Urban Renewal Area are described more fully in the Report on the Plan.

2. Anticipated Improvements. Public improvements may include the construction, reconstruction, repair or replacement of sidewalks, streets, pedestrian amenities and public infrastructure including, but not limited to:
 - a) New curbs and gutters, including curb extensions;
 - b) Construction and reconstruction of streets;
 - c) Storm water, sanitary sewers and other public or private utilities;
 - d) New sidewalks or other pedestrian improvements and streets;
 - e) Trees, shrubs, flowering plants, ground covers, and other plant materials including irrigation systems, soil preparation and/or containers to support same;
 - f) Street lights and traffic control devices, tables, benches and other street furniture, drinking fountains;
 - g) Special graphics and signage for directional and informational purposes;
 - h) Sidewalk awnings, canopies and other weather-sheltering structures for the protection of pedestrian;
 - i) On and off-street parking facilities;
 - j) Parks and open space improvements;
 - k) Community facilities; and
 - l) Public transit improvements.

B. Redevelopment Through New Construction

1. **Intent.** It is the intent of this Plan to stimulate new private investment, including residential development that caters to a broad mix of incomes and housing preferences as well as a diversity of employment uses on vacant or underutilized property to achieve the objectives of this Plan. In addition, the Plan is intended to support the development of nonprofit and/or social services facilities that serve the public.
2. **Method.** Redevelopment through new construction may be achieved in two ways:
 - a) By property owners, with or without financial assistance by the Development Commission.
 - b) By acquisition of property by the Development Commission for resale to others for redevelopment.
3. **Redevelopment Financing.** The Development Commission, with funds available to it, is authorized to promulgate rules and guidelines, establish financial assistance programs and provide below-market interest rate and market rate loans or other assistance and provide such other forms of financial assistance to property owners as it may deem appropriate in order to achieve the objectives of this Plan.

C. Redevelopment Through Rehabilitation

1. **Intent.** It is the intent of this Plan to encourage conservation and rehabilitation of existing buildings and to promote the preservation of historical structures which can be economically rehabilitated to provide housing and employment opportunities and community services that benefit the general public.
2. **Method.** Rehabilitation and conservation may be achieved in three ways:
 - a) By owner and/or tenant activity, with or without financial assistance by the Development Commission.
 - b) By the enforcement of existing City codes and ordinances.
 - c) By acquisition of property by the Development Commission for rehabilitation by the Development Commission or resale for rehabilitation by others.
3. **Rehabilitation Financing.** The Development Commission, with funds available to it, is authorized to promulgate rules and guidelines, establish financial assistance programs and provide below market interest rate and market rate loans or other assistance to the owners of buildings which are in need of rehabilitation and which are economically capable of same.

[First Amendment, §601]

Section 602 - Property Acquisition and Redevelopment

- A. Intent. It is the intent of this Plan to acquire property within the Area, if necessary, by any legal means to achieve the objectives of this Plan, and specifically, where one or more of the conditions listed in Subsection 602-C below are found to exist.
- B. Method. At the time of this Plan's adoption, no specific property has been identified for acquisition. However, property acquisition, including limited interest acquisition, is hereby made a part of this Plan and may be used to achieve the objectives of this Plan.
- C. Land Acquisition by Urban Renewal Plan Amendments. Land acquisition for any purpose other than specifically listed in Section D shall be accomplished by the following procedures for amending this Plan as set forth in Section 900 of this Plan.

Assembling land for development by the private sector where the developer of such land is a person or group other than the owner of record of such land to be acquired, shall be accomplished only following a formal amendment to this Plan. Therefore, each such development and the property acquisition required shall be processed on a case-by-case basis and no such acquisition shall be undertaken until the City Council authorizes same in conjunction with or by formal amendment to this Plan.

Real property which may be acquired by the Development Commission is shown on the Property Acquisition [Map]¹, (Exhibit 3 and 4). Parcels shown on the Central Eastside Property Acquisition map are for use as follows:

<u>Parcel</u>	<u>Intended Use</u>
1. Exhibit <u>3</u> (Glacier Park Area)	Redevelopment for industrial/ commercial business uses
2. Exhibit <u>3</u> (Portland Traction Yard)	Industrial/commercial redevelopment and public streets and transportation
3. Exhibit <u>3</u> (North OMSI Riverfront)	Riverfront parks and recreation
4. Exhibit <u>3</u> (Kuzman Parcel)	Riverfront parks and recreation
5. Exhibit <u>3</u> (ODOT West of Water Avenue)	Industrial/commercial redevelopment/ parks and recreation
6. Exhibit 4 (Block 106* - lot 8; George parcel ²)	Redevelopment/commercial/retail uses

[Second Amendment, §1; Eighth Amendment, §602]

¹ The term "Map" was inserted in one instance above in lieu of actual wording ("May") contained in Second Amendment.

² Block 106 is identified in the Lower Burnside Redevelopment Plan as the Block bounded by SE Ankeny Street, SE Martin Luther King Jr. Boulevard, East Burnside Street and SE Grand Avenue.

- D. Land Acquisition Without Urban Renewal Plan Amendment. Land acquisition not requiring a Plan amendment requires the prior approval of City Council, except where conditions under (3) below exist. The Development Commission may acquire land without amendments to this Plan where the following conditions exist:
1. Where it is determined that the property is needed to provide public improvements and facilities as follows:
 - a) Right-of-way acquisition for streets, alleys or pedestrian ways;
 - b) Property acquisition for public use.
 2. Where such conditions exist as may affect the health, safety and welfare of the Area as follows:
 - a) Where existing conditions do not permit practical or feasible rehabilitation of a structure and it is determined that acquisition of such properties and demolition of the improvements thereon are necessary to remove substandard and blighting conditions;
 - b) Where detrimental land uses or conditions such as incompatible uses, or adverse influences from noise, smoke or fumes exist, or where there exists overcrowding, excessive dwelling unit density or conversions to incompatible types of uses, and it is determined that acquisition of such properties and demolition of the improvements are necessary to remove blighting influences and to achieve the objectives of this Plan.
 3. Where the owner of real property within the boundaries of the Area wishes to convey title of such property by any means, including by gift.

[First Amendment, §602]

Section 603 - Property Disposition and Redeveloper's Obligations

- A. Property Disposition. The Development Commission is authorized to sell, lease, exchange, subdivide, transfer, assign, pledge, encumber by mortgage or deed of trust, or otherwise dispose of any interest in real property which has been acquired, in accordance with the provisions of this Urban Renewal Plan.

All real property acquired by the Development Commission in the Area shall be disposed of for development for the uses permitted in the Plan at its fair re-use value for the specific uses to be permitted on the real property. Real property acquired by the Development Commission may be disposed of to any other public entity by the Development Commission, in accordance with the Plan. All persons and entities obtaining property from the Development Commission shall use the property for the purposes designated in this Plan, and shall commence and complete development of the property within a period of time which the Development Commission fixes as reasonable, and shall comply with other conditions which the Development Commission deems necessary to carry out the purposes of this Plan.

To provide adequate safeguards to insure that the provisions of this Plan will be carried out to prevent the recurrence of blight, all real property disposed of by the Development Commission, as well as all real property owned or leased by participants which are assisted financially by the Development Commission, shall be made subject to this Plan. Leases, deeds, contracts, agreements and declarations of restrictions by the Development Commission may contain restrictions, covenants, covenants running with the land, rights of reverter, conditions subsequent, equitable servitudes, or any other provisions necessary to carry out this Plan.

- B. Redevelopers Obligations. Any Redeveloper, and his successors and assigns, within the *Renewal Area*, in addition to the other controls and obligations stipulated and required of him/her by the provisions of this Urban Renewal Plan, shall also be obligated by the following requirements:
1. The Redeveloper shall obtain necessary approvals of proposed developments from all federal, state and/or local agencies that may have jurisdiction on properties and facilities to be developed within the Area.
 2. The Redeveloper and his successors or assigns shall develop such property, in accordance with the land use provisions and building requirements specified in this Plan.
 3. The Redeveloper shall submit all plans and specifications for construction of improvements on the land to the Development Commission for review and distribution to appropriate reviewing bodies as stipulated in this Plan and in existing City codes and ordinances. Such plans and specifications shall comply with this Plan and the requirements of such existing City codes and ordinances.
 4. The Redeveloper shall accept all conditions and agreements as may be required by the Development Commission in return for receiving financial assistance from the Development Commission.
 5. The Redeveloper shall commence and complete the development of such property for the uses provided in this Plan within a reasonable period of time as determined by the Development Commission.
 6. The Redeveloper shall not effect or execute any agreement, lease, conveyance, or other instrument whereby the real property or part thereof is restricted upon the basis of age, race, color, religion, sex or national origin in the sale, lease or occupancy thereof.
 7. The Redeveloper shall maintain developed and/or undeveloped property under his/her ownership within the area in a clean, neat, and safe condition, in accordance with the approved plans for development.

[First Amendment, §603]

Section 604 - Owner Participation

Property owners within the Urban Renewal Area proposing to improve their properties and receiving financial assistance from the Development Commission shall do so in accordance with all applicable provisions of this Plan and with all applicable codes, ordinances, policies, plans and procedures of the City.

[First Amendment, §604 (renumbering only)]

Section 605 - Relocation

The Development Commission will provide assistance to persons or businesses displaced in finding replacement facilities. All persons or businesses to be displaced will be contacted to determine such relocation needs. They will be provided information on available space and will be given assistance in moving. All relocation activities will be undertaken and payments made, in accordance with the requirements of ORS 281.045-281.105 and any other applicable laws or regulations. Relocation payments will be made as provided in ORS 281.060. Payments made to persons displaced from dwellings will assure that they will have available to them decent, safe and sanitary dwellings at costs or rents within their financial reach. Payment for moving expense will be made to businesses displaced.

The Development Commission has prepared and maintains information in its office relating to the relocation program and procedures, including eligibility for and amounts of relocation payments, services available and other relevant matters.

[First Amendment, §605 (renumbering only)]

SECTION 700 - *METHODS FOR FINANCING URBAN RENEWAL ACTIVITIES*

[First Amendment, §700]

Section 701 - General Description or the Proposed Financing Methods

The Development Commission may borrow money and accept advances, loans, grants and any other form of financial assistance from the federal government, the state, city, county or other public body, or from any sources, public or private, for the purposes of undertaking and carrying out this Plan, or may otherwise obtain financing as authorized by ORS Chapter 457 and Chapter XV of the Charter of the City of Portland. Upon request of the Development Commission, the Council of the City of Portland may from time to time issue revenue bonds, certificates, debentures or promissory notes to assist in financing project activities as provided by Section 15-106 of the Charter of the City of Portland.

The funds obtained by the Development Commission shall be used to pay or repay any costs, expenses, advancements and indebtedness incurred in planning or undertaking project activities or in otherwise exercising any of the powers granted by ORS Chapter 457 and Chapter XV of the Charter of the City of Portland in connection with the implementation of this Plan.

[First Amendment, §701 (renumbering only)]

Section 702 - Self-Liquidation of Costs of Project (Tax Increment)

The project may be financed, in whole or in part, by self-liquidation of the costs of project activities as provided in ORS 457.420 through ORS 457.450. The ad valorem taxes, if any, levied by a taxing body upon the taxable real and personal property situated in the Area, shall be divided as provided in ORS 457.440. That portion of the taxes representing the levy against the increase, if any, in assessed value of property located in the Area, or part thereof, over the assessed value specified in the certificate of amendment to the certificate filed under ORS 457.430, shall, after collection by the Tax Collector, be paid into a special fund of the Development Commission and shall be used to pay the principal and interest on any indebtedness incurred by the Development Commission to finance or refinance the implementation of this Plan. *No bonded indebtedness, as defined by applicable state law, for which taxes divided under ORS 457.440 are to be pledged, shall be issued under the Plan (and under any and all projects undertaken with respect to the Plan) after August 26, 2014. The maximum indebtedness, as defined in ORS 457.010(9), that may be issued or incurred under the Plan is \$88,979,000.*

[First Amendment, §702 (renumbering only); Third Amendment, §702; Fourth Amendment, §702]

Section 703 - Indebtedness

Any indebtedness permitted by law and incurred by the Development Commission or the City in connection with preplanning for this Urban Renewal Plan shall be repaid from tax increment from the Area when and if such funds are available.

[First Amendment, §703 (renumbering only)]

SECTION 800 - OTHER PROVISIONS

Section 801 - Non-Discrimination

In the preparation, adoption and implementation of this Plan, no public official or private party shall take any action or cause any person, group or organization to be discriminated against on the basis of age, race, color, religion, sex, marital status, or national origin.

[First Amendment, §801 (renumbering only)]

Section 802 - Conformance with City's Comprehensive Plan and Economic Development Plan

This Urban Renewal Plan *conforms to the Comprehensive Plan of the City of Portland and with City adopted plans and strategies for revitalization of the Area.*

[First Amendment, §802]

Section 803 - Annual Financial Statement Required

ORS Section 457.460 requires that the Development Commission, by August 1 of each year, prepare a statement containing:

- A. *The amount of money actually received during the preceding fiscal year under subsection (4) of ORS 457.440 and from indebtedness incurred under subsection (6) of ORS 457.440.*
- B. *The purposes and amounts for which any money received under subsection (4) of ORS 457.440 and from indebtedness incurred under subsection (6) of ORS 457.440 were expended during the preceding fiscal year.*
- C. *An estimate of monies to be received during the current fiscal year under subsection (4) ORS 457.440 and from indebtedness incurred under subsection (6) of ORS 457.440.*
- D. *A budget setting forth the purposes and estimated amounts for which the monies which have been or will be received under subsection (4) of ORS 457.440 and from indebtedness incurred under subsection (6) of ORS 457.440 are to be expended during the current fiscal year.*
- E. *An analysis of the impact, if any, of carrying out the Urban Renewal Plan on the tax rate for the preceding year for all taxing bodies included under ORS 457.430.*

The statement required by subsection 803 of this Section 800 shall be filed with the City Council and notice shall be published in a newspaper of general circulation in the City, that the statement has been prepared and is on file with the City and the Development Commission and the information contained in the statement is published once a week for not less than two successive weeks before September 1 of the year for which the statement is required. The notice shall summarize the information required under paragraphs A to D of this subsection and shall set forth in full the information required under paragraph E of this subsection.

[First Amendment, §803]

Section 804 - Citizen Participation

The construction of the Plan including the activities and project improvements identified; the preparation of implementation plans, policies, procedures, activities and regulations; and the adoption of amendments to this Plan shall not be undertaken or approved without the public's involvement.

[First Amendment, §804]

Section 805 - Recording of This Urban Renewal Plan

Pursuant to ORS 457.095, a copy of the City Council's ordinance approving this Plan shall be transmitted to the Development Commission. Following receipt of such ordinance, this Plan shall be recorded by the Development Commission with the Recording Officer of Multnomah County, Oregon.

[First Amendment, §805]

SECTION 900 - PROCEDURES FOR CHANGES OR AMENDMENTS IN THE PLAN

The plan will be reviewed and analyzed periodically and will continue to evolve during the course of project execution and ongoing planning. It is anticipated that this plan will be changed or modified from time to time or amended as development potential and conditions warrant, as planning studies are completed, as financing becomes available, or as local needs dictate. Where the proposed modification will change the *goals or planning principles of the Plan*, the modification must be duly approved and adopted by the City Council in accordance with the requirements of State and local law. *When the proposed modification will change the Plan area boundaries by more than one percent, or increase the amount of maximum indebtedness, notice of the modification must be provided in accordance with ORS 457.120.* The provisions of ORS 457.095 and ORS 457.220 shall apply.

[Seventh Amendment, §900]***Section 901 - Minor Changes***

Minor changes, such as *changes to project activities which do not alter the basic character or scope of the project activity*, clarification of language, procedures or minor modifications in or to the Area's infrastructure which will not change the basic planning or engineering principles of this Plan, *and a statement of the benefits to be achieved by construction of public improvements* may be approved by the Development Commission.

Amendments to the City's Comprehensive Plan or to the codes, policies, procedures or ordinances which are established to implement such Comprehensive Plan and which affect the provisions of the Urban Renewal Plan, shall become a part of the Plan as if such amendments, modifications or approvals were herein stated in full.

Changes including, but not limited to major changes to project activities, revisions or project boundaries, acquisitions of real property not specifically authorized in the Plan, and changes which diverge from the basic principles of this Plan, or which entail changes to the goals of the Plan shall require review and recommendation by Planning Commission and approval by City Council as provided in ORS 457.095, but shall not require notice as provided in ORS 457.120.

[First Amendment, §901 (renumbering only); Seventh Amendment, §901]***Section 902 - Substantial Changes***

Substantial changes or amendments shall include expansions of the Urban Renewal Area boundaries in excess of one percent (1%) of the existing Plan Area, or increases in the maximum indebtedness under the plan (excluding bonded indebtedness issued to refinance or refund existing bonded indebtedness). Any substantial amendments shall be approved by the City Council in the same manner as the Council's approval of the original plan and in compliance with the provisions of ORS 457.095, ORS 457.120, and ORS 457.220.

[First Amendment, §902 (renumbering only); Seventh Amendment, §902]

SECTION 1000 - VALIDITY OF APPROVED URBAN RENEWAL AREA

- A. Validity. Should a court of competent jurisdiction find any word, clause, sentence, section or part of Plan to be invalid, the remaining words, clauses, sentences, sections or parts shall be unaffected by such findings and shall remain in full force and effect for the duration of the Plan.

PART TWO - EXHIBITS

Figure 1 – Central Eastside Urban Renewal Area Renewal Area Boundary

Figure 2 – Central Eastside Urban Renewal Area Zoning

Figure 3 – Central Eastside Urban Renewal Area Land Use Plan (Comprehensive Plan)

Exhibit 4 – George Parcel Property Acquisition - Central Eastside Urban Renewal Area Boundary

[Eighth Amendment, Exhibit 4]

180316



Tashman Johnson LLC
Consultants in Policy, Planning & Project Management

**Report Accompanying
9th Amendment to the Central Eastside Urban Renewal Plan**

**8 Years
\$35 million in resources**

New Maximum Indebtedness: \$88,979,000

Prepared by:

**Tashman Johnson LLC
Cascade Economic Planning**

April 26, 2006

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I. INTRODUCTION

The 9th Amendment to the Central Eastside Urban Renewal Plan (the "Plan") consists of changes to the existing Plan which will expand the boundary of the Central Eastside Urban Renewal Area (the "Area") and impact both the financing and the expected physical, social, economic and fiscal impacts of the Plan. Specifically, this Plan amendment will expand the existing Area boundary by 7.1 acres to include the former Washington Monroe High School to 688.1 acres. In addition, this amendment will increase the Plan's maximum indebtedness to \$88,979,000 and extend the last date that bonded indebtedness can be issued under the Plan to August 26, 2014. The reasons, rationale and purpose for these changes are guided by the 2006 Final Report of the CES URA Study Stakeholder Committee. This Final Report includes a suggested investment strategy, broken down by category and project, as well as expectation of the benefits future investments should advance. These changes to the Plan will enable tax increment revenues generated within the Area to continue to finance projects and activities that support the goals and objectives of the Plan.

ORS 457.085(3) requires that an urban renewal plan amendment which is a significant change, requiring a substantial amendment to the plan, be accompanied by a report which describes:

- A. A description of physical, social and economic conditions in the urban renewal areas of the plan, and expected impact, including the fiscal impact, of the plan (or change) in light of added services and increased population;
- B. Reasons for selection of each urban renewal area in the plan;
- C. The relationship between each project to be undertaken and the existing conditions in the urban renewal area;
- D. The estimated total cost of each project and the sources of monies to pay such costs;
- E. The anticipated completion date for each project;
- F. The estimated amount of money required in each urban renewal area under ORS 457.420 to 457.460 and the anticipated year in which indebtedness will be retired or otherwise provided for under ORS 457.420 to 457.460;
- G. A financial analysis of the plan with sufficient information to determine feasibility;
- H. A fiscal impact statement that estimated the impact of the tax increment financing, both until and after indebtedness is repaid, upon all entities levying taxes upon property in the urban renewal area; and

I. A relocation report which shall include:

1. An analysis of existing residents or businesses required to be relocated permanently or temporarily as a result of agency actions, under ORS 457.170;
2. A description of the methods to be used for the temporary or permanent relocation of persons living in, and businesses situated in, the urban renewal area in accordance with ORS 285.045 - .105; and
3. An enumeration, by cost range, of the existing housing in the urban renewal areas of the plan which are to be destroyed or altered, and of the new units to be added.

This report will address each of the required information categories.

The 9th amendment to the Central Eastside Urban Renewal Plan allows for notice pursuant to ORS 457.120 to be provided only when an amendment to the Plan will have the effect of either: (i) increasing the amount of maximum indebtedness authorized under the Plan, or (ii) adding land to the urban renewal area, except for an addition of land that totals not more than one percent of the existing area of the urban renewal area. This qualifies as such an amendment under both criteria because it increases the maximum indebtedness of the Plan and adds land totaling 1.04% of the Area's existing acreage.

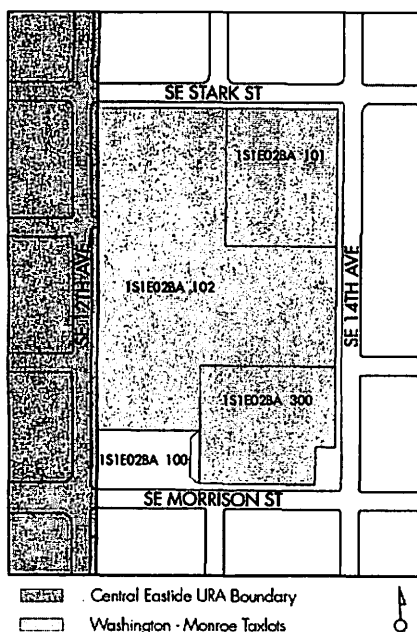
II. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS IN THE URBAN RENEWAL AREA AND THE EXPECTED IMPACT, INCLUDING THE FISCAL IMPACT, OF THE PLAN AMENDMENT ON MUNICIPAL SERVICES

As noted in the Introduction, this Plan amendment will expand the Area's boundary to include the 7.1-acre site of the former Washington Monroe High School. The addition will increase the size of the Area by 1.04 percent to 688.1 acres. Further, this amendment will increase the maximum indebtedness of the Plan from \$66,274,000 to \$88,979,000 and extend the last date that bonded indebtedness can be issued to August 26, 2014. Accordingly, tax increment revenues generated under the Plan during the next eight years will be used to finance projects and activities that will improve economic, physical and social conditions within the Area and generally further the goals and objectives of the Plan. At the same time, overlapping taxing districts will forgo revenues on the incremental assessed value generated under the Plan for an additional eight years.

A description of existing conditions within the Washington Monroe expansion area is provided below, documenting the occurrence of "blighted areas" as defined by ORS 457.010(1). The conditions of blight within the remainder of the Area have been described in Reports accompanying the original Urban Renewal Plan and some subsequent amendments.

A. Physical Conditions and Infrastructure

The Washington Monroe site (the "Site") encompasses three individual properties. The City of Portland owns the larger 4.5-acre property and Portland Public Schools owns two smaller properties totaling 2.6 acres. The site is zoned for residential use, with 5.8 acres in the City's R1 medium density multi-dwelling zone and 1.3 acres in the RH high density multi-dwelling zone. See map below.



As noted above, the Site encompasses the former Washington Monroe High School and associated facilities, including a gym, cafeteria and administrative offices that are no longer in use, as well as a surface parking lot. In addition, while not actively use at this time, an athletic/playing field occupies a significant portion of the west side of the Site on 12th Avenue.

The Site is centrally located, close to the MLK/Grand corridor and Interstate 84 and accessible by several bus routes. It is bounded by SE Stark Street to the north, SE Morrison Street to the south, SE 14th Avenue to the east and SE 12th Avenue to the west. An unnamed accessway runs east-west through the southern portion of the Site, providing access to the parking lot and athletic field. With the exception of residential development on the east side of 14th Street, between Alder and Stark Streets, and a single family residence located at the corner NW corner of 14th and Morrison, the Site is adjacent to a broad mix of commercial and industrial development, including warehousing and light manufacturing uses.

Currently, the Site is served by public water, sanitary sewer and stormwater facilities. However, as a new community center, and new medium- and high-density housing is developed on the site, in accordance with the February 2004 Final Report of The Washington Monroe Project Advisory Committee, upgrades to existing facilities may be needed.

B. Social Conditions

According to local land use data and the U.S. Census, the Site, which encompasses the former school facility and associated infrastructure, is unpopulated at this time. For this reason, the addition will not impact existing social conditions within the Area and a summary of existing social conditions is not provided in this Report.

C. Economic Conditions**1. Taxable Value of Property Within the Area**

The Site is tax exempt. Accordingly, the addition of the property to the Area will not impact the City of Portland's urban renewal assessed value limit.

2. Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property's improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the "Improvement to Land Ratio" or "I:L". The values used are real market values. In urban renewal areas, the I:L may be used to gauge the intensity of development or the extent to which an area has achieved its development objectives.

I:L ratios for healthy properties within the Site could range between 7.0 - 10.0 or more. For example, a property on a 54,600 square foot lot in the R1 zone would have a land value of \$2,184,000 million at \$40.00 per square foot. A three-story townhome/condominium development containing a total of 75 units and totaling 100,000 square feet would have an improvement value of \$19,000,000 at \$190.00 per square foot. The I:L ratio for this property would be 8.70.

Based on real market land and improvement values from the Multnomah County FY 2005-06 Assessment and Taxation database, the I:L for the site is fairly low at 4.4, a direct reflection of the age and substandard condition of the former school facility, which was built in 1923 and will require significant improvements if it is to be rehabilitated into new housing units.

D. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area ("affected taxing districts") is described in section X of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The development of medium- and high-density housing on the Site will generally result in higher demand for fire, life safety and public safety services. Additionally, population growth attributed to new residential development and the rehabilitation of the former high school building will increase the demand for municipal and social services.

The development of a new community center, swimming pool and athletic field on the Site will increase the need for maintenance. As noted above, however, these public recreational facilities will make the Site a more attractive location for new residential development, both on the Site and within the surrounding neighborhood.

III. REASONS FOR SELECTION OF THE EXPANSION AREA IN THE PLAN AMENDMENT

Under existing conditions, the Site is significantly underutilized, with no active uses. The former high school facility and associated facilities and administrative offices have been vacated. Amending the Area's boundary to include the Site will help improve and prevent the future occurrence of blighted areas as defined in ORS 457.010(1).

IV. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of a municipality's total assessed value and area that can be contained in an urban renewal area at the time of its establishment to 15% for municipalities with a population of 50,000 or greater. The current assessed value of the Area is \$224,605,349 and the current capacity available for urban renewal within the City of Portland is \$1,928,612,855 under the 15% limit. As noted above, the addition of the Site to the Area will not impact the Area's assessed value or the City's remaining capacity since the Site is tax exempt. However, the addition of the 7.1-acre Site will increase the Area's acreage by 1.04%, from 681.00 acres to 688.1 acres. This will reduce the City's current capacity for urban renewal from 1021 acres to 1013.9 acres, within the 15% area limit contained in Chapter 457 of Oregon Revised Statutes.

V. **THE RELATIONSHIP BETWEEN EACH PROJECT TO BE UNDERTAKEN UNDER THE PLAN AMENDMENT AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA**

This section describes the relationship between the urban renewal projects called for in the Plan and conditions generally described in Section II of this Report and more particularly described below. The amendment increases and extends the urban renewal investments in the Area to support transportation and infrastructure projects, real estate initiatives, economic initiatives and projects that will improve quality of life within the Area. Such projects, which are authorized by the existing Plan, may include, but are not limited to the following:

A. **Burnside Bridgehead**

Assisting with the development of the Burnside Bridgehead project, a multi-block mixed-use development at the base of the Burnside Bridge, is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

The existence of older, underutilized commercial development along the Burnside commercial corridor and low-intensity uses detracts from its ability to attract private investment and higher intensity uses that are suitable for this close-in location and consistent with the long term development goals for the area. Using tax increment revenues to assist with the cost of developing a high intensity mixed-use development that will span several blocks and include retail, office and residential uses will facilitate the revitalization of the Burnside corridor and the broader Area by making it a more attractive place for investment.

B. **Washington Monroe High School**

The development of a new community center and pool on the Washington Monroe Site is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

The Site represents a significant redevelopment opportunity within the Area. The former high school and associated facilities are no longer in use and the Site's central location and proximity to residential neighborhoods and commercial corridors make it an ideal location for new housing development and community recreational facilities. Using tax increment revenues to assist with the cost of financing the development of a community center and pool on the Site will help catalyze the Site's redevelopment into more intensive, productive uses.

C. Burnside/Couch Couplet

The creation of a Burnside/Couch couplet from East 14th to West 16th is a project within the scope of the urban renewal activities called for in the Plan. This project is for the development of the couplet on the eastside of the Willamette River within the boundaries of the Plan.

Relationship to Existing Conditions

Under existing conditions, Burnside is characterized by poor traffic circulation and access constraints. Left hand turns are generally not permitted off Burnside, which results in poor connectivity and congestion. Further, Burnside lacks adequate pedestrian facilities, signalization and on-street parking, making it an unsafe environment for pedestrians. Developing the couplet will improve and redirect traffic movements and improve access by allowing left hand turns on Burnside. Furthermore, increased signalization, wider sidewalks and the provision of additional on-street parking and pedestrian-oriented streetscape improvements will increase multimodal access and safety.

D. Site Redevelopment on MLK/ Grand

Investment in the redevelopment of low-intensity sites with underutilized buildings along the MLK/ Grand corridor is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Despite its central location, close to downtown Portland, the Lloyd Center and residential neighborhoods, the vitality of the MLK/ Grand corridor is weakened by the predominance of underutilized, older buildings and historic structures that will require seismic upgrades and other costly capital improvements to support higher intensity uses. Strategic investments in the redevelopment of high potential sites along the MLK/Grand corridor will serve as a catalyst for the broader commercial and residential redevelopment of the area.

E. Transportation Improvements (from 2005 Freight Master Plan)

Improvements to the Area's transportation infrastructure are a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Currently, the Area's transportation infrastructure is inadequate. Access constraints, poor multimodal connectivity and inadequate signalization and left hand turn lanes impede truck safety and access and the movement of goods throughout the Area. Improving the Area's transportation infrastructure, in accordance with 2005 Freight Master Plan, will ensure that it will continue to serve as a hub of employment and commerce in the central city. Transportation improvements will also enable the Area to support higher intensity development and increased job density, while providing a safe environment for both vehicular and non-vehicular traffic.

F. Economic Development Initiatives

Investment in economic development activities that facilitate job creation and increase the number of businesses in the Area is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Currently, many of the Area's commercial and industrial buildings are in need of redevelopment and/or rehabilitation and seismic upgrades to remain functional. In order to retain the existing character of the Area and to facilitate employment and business growth, tax increment revenues can be used to assist business and property owners with the cost of redeveloping and upgrading older buildings. While resources may be used to promote redevelopment and rehabilitation efforts throughout the broader Area, the SE Water Avenue sub-district is recognized as an area of emphasis, where investments should be targeted to encourage higher job densities and encourage new urban industrial office uses.

G. Install Sidewalks/Create Routes to the River

The installation of sidewalks and pedestrian accessways that will improve connections in and among the Area's neighborhoods and commercial/industrial corridors and connections to the Willamette River and the Eastbank Riverfront Park are a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Under existing conditions, pedestrian and bicycle access through the Area to the eastbank of the Willamette River is constrained by multiple physical barriers, including the MLK/Grand couplet, the I-5 freeway, the railroad tracks and the lack of adequate sidewalks and pedestrian amenities. Developing safe east/west pedestrian paths will benefit adjacent neighborhoods and increase access to the Area's commercial corridors from the Eastbank Riverfront Park.

H. Portland Streetcar

The extension of the Portland Streetcar along the MLK/ Grant commercial corridor is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Currently, the Area is characterized by poor connectivity to downtown Portland and the inner eastside. Extending the Streetcar to the Central Eastside will promote more intensive, higher density development along the MLK/ Grand commercial corridor and benefit adjacent residential neighborhoods by improving transit access to downtown and other areas along the Streetcar line.

I. Housing Investments

Investments in housing development within the Area that cater to a diversity of incomes and preferences are a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Under existing conditions, residential development within the Area is very limited. Given the Area's central location and proximity to commercial activity, investments in ownership and rental housing projects that serve the needs of a variety of households and are compatible with existing neighborhoods will facilitate the revitalization of the Area.

J. Hooper Detox Center

The redevelopment of the David P. Hooper Detoxification Center is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

The Hooper Detox Center land and improvements were acquired by Central City Concern from Multnomah County in 2005. The existing facility, which dates back to 1954, is aging and will require rehabilitation in order to continue to provide services within Multnomah, Washington and Clackamas Counties. Redeveloping the facility into a multi-story facility with services on the lower floor and housing above is estimated to cost as much as \$25,000,000. Tax increment revenues could be used to provide to \$2,000,000 in gap financing for the redevelopment project.

VI. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

Table 1 below shows the estimated urban renewal share of each the projects identified in Section V of this amendment and the estimated sources of funds to address such costs, with capital costs in year-of-expenditure dollars (which take into account inflation). Table 2 provides a summary of the revenues by source for the urban renewal share of project costs in year of receipt dollars.

Table 1: Estimated Project Costs

Projects/Program	Estimated Share of Project Cost to be Funded by TIF
Burnside Bridgehead	\$1,450,000
Washington Monroe	\$3,500,000
Burnside/Couch Couplet	\$1,620,000
Site Redevelopment on MLK/Grand	\$4,200,000
Transportation Improvements	\$4,100,000
Seismic/Tenant Assistance Programs	\$4,375,000
Rehabilitation IG1 Zone	\$4,375,000
Sidewalks/Routes to River	\$2,280,000
Portland Streetcar Extension	\$4,000,000
Housing Investments	\$3,100,000
David P. Hooper Detox. Center	\$2,000,000
Total	\$35,000,000

Table 2: Estimated Revenues

Indebtedness to be Repaid from Tax Increment Revenues	
Long Term Debt	\$11,965,000
Short Term Debt	\$23,035,000
Total	\$35,000,000

Table 3 shows costs, revenues and schedule of urban renewal projects throughout the duration of the Plan.

PROJECT FUND									
FY Ending	2007	2008	2009	2010	2011	2012	2013	2014	Totals
REVENUES									
Beginning Balance		122,503	351,677	45,134	195,861	566,555	961,573	1,515,539	
Long Term Bonds		0	0	0			0	3,365,000	3,365,000
Line of Credit	2,200,000	1,900,000	1,300,000	-	1,500,000	1,700,000	0	0	8,600,000
Short Term Bonds	1,516,253	1,779,174	1,967,207	3,770,727	3,758,194	3,995,017	4,241,466	2,006,961	23,035,000
TOTAL REVENUES	3,716,253	3,801,677	3,618,884	3,815,861	5,454,055	6,261,573	5,203,039	6,887,500	35,000,000
EXPENDITURES									
Burnside Bridgehead	1,000,000	450,000	0	0	0	0	0	0	1,450,000
Washington Monroe	1,500,000	2,000,000	0	0	0	0	0	0	3,500,000
Burnside/Couch Couplet	0	0	650,000	970,000	0	0	0	0	1,620,000
Site Redevelopment on MLK/Grand	0	0	200,000	500,000	400,000	1,000,000	1,000,000	1,100,000	4,200,000
Transportation Improvements	0	0	350,000	650,000	1,000,000	2,100,000	0	0	4,100,000
Economic Development Programs:									
Seismic Programs	546,875	0	546,875	0	1,093,750	0	1,093,750	1,093,750	4,375,000
Rehabilitation 1G1 Zone	546,875	0	546,875	0	1,093,750	0	1,093,750	1,093,750	4,375,000
Sidewalks/Routes to River	0	1,000,000	1,280,000	0	0	0	0	0	2,280,000
Portland Streetcar Extension	0	0	0	0	0	1,200,000	0	2,800,000	4,000,000
Housing Investments	0	0	0	500,000	300,000	1,000,000	500,000	800,000	3,100,000
David P. Hooper Detoxification Center	0	0	0	1,000,000	1,000,000	0	0	0	2,000,000
Parking Structure Program									
TOTAL EXPENDITURES	3,593,750	3,450,000	3,573,750	3,620,000	4,887,500	5,300,000	3,687,500	6,887,500	35,000,000

The total amount of long term bonds issued is projected to be \$11,965,00. The total is comprised of two sub-totals:

- 1) The payoff of the line of credit in the amount of \$8,600,000; plus*
- 2) \$3,365,000 of "new money" bond proceeds.*

Table 4: Tax Increment Revenues, Debt Service and Debt Service Reserves

Table 4								
	FY Ending	2007	2008	2009	2010	2011	2012	2013
REVENUES								
Beginning Balance	0	0	0	0	0	0	0	0
Tax Increment Revenues	4,128,073	4,305,321	4,594,270	4,798,144	6,775,907	6,759,095	7,023,374	
Compression Loss	165,123	215,266	229,713	239,907	338,795	337,955	351,169	
Tax Increment Revenues After Compression	3,962,009	4,090,055	4,364,556	4,558,237	6,437,112	6,421,140	6,672,205	
Delinquencies	158,480	163,602	174,582	182,329	257,484	256,846	266,888	
Truncation		40,000	40,000	40,000	40,000	40,000	40,000	
Adjusted Tax Increment Revenues	3,803,529	3,886,453	4,149,974	4,335,907	6,139,627	6,124,294	6,365,317	
TOTAL REVENUES		3,886,453	4,149,974	4,335,907	6,139,627	6,124,294	6,365,317	
EXPENDITURES								
Line of Credit Debt Service	540,000							
Long Term Bond Debt Service - 2006 Bonds		2,370,200	2,370,800	2,368,700	2,368,900	2,366,100	2,370,300	
Long Term Bond Debt Service - 2014 Bonds								
Short Term Bond Debt Service		1,516,253	1,779,174	1,967,207	3,770,727	3,758,194	3,995,017	
Debt Defeasance								
TOTAL EXPENDITURES		3,886,453	4,149,974	4,335,907	6,139,627	6,124,294	6,365,317	

Table 4: Tax Increment Revenues, Debt Service and Debt Service Reserves (Continued)

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FY Ending	2007	2008	2009	2010	2011	2012	2013
REVENUES							
Beginning Balance	0	0	3,631,296	7,524,437	11,691,973	1,426,672	8,524,671
Tax Increment Revenues	7,571,920	7,856,520	8,148,235	8,447,243	8,753,727	9,067,872	9,389,871
Compression Loss	378,596	392,826	407,412	422,362	437,686	453,394	469,494
Tax Increment Revenues After Compression	7,193,324	7,463,694	7,740,823	8,024,881	8,316,040	8,614,479	8,920,378
Delinquencies	287,733	298,548	309,633	320,995	332,642	344,579	356,815
Truncation	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Adjusted Tax Increment Revenues	6,865,591	7,125,146	7,391,191	7,663,886	7,943,399	8,229,900	8,523,563
TOTAL REVENUES	6,865,591	7,125,146	11,022,487	15,188,323	19,635,372	9,656,571	17,048,234
EXPENDITURES							
Line of Credit Debt Service							
Long Term Bond Debt Service - 2006 Bonds	2,367,900	2,366,300	2,370,800	2,365,800	2,366,600		
Long Term Bond Debt Service - 2014 Bonds		1,127,550	1,127,250	1,130,550	1,132,100	1,131,900	1,129,950
Short Term Bond Debt Service	4,497,691						
Debt Defeasance					14,710,000		12,446,800
TOTAL EXPENDITURES	6,865,591	3,493,850	3,498,050	3,496,350	18,208,700	1,131,900	13,576,750
Ending Balance	0	3,631,296	7,524,437	11,691,973	1,426,672	8,524,671	3,471,484

180316

Table 5: Projected Incremental Assessed Value and Tax Rates

FY Ending	2007	2008	2009	2010	2011	2012	2013
Prior Year Total		466,360,498	483,192,711	495,272,529	607,654,342	622,845,700	638,416,843
Growth Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
AV, New Development	0	5,173,200	0	100,000,000	0	0	0
Current Year Total	466,360,498	483,192,711	495,272,529	607,654,342	622,845,700	638,416,843	654,377,264
Base	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349
Incremental AV	241,755,149	258,587,362	270,667,180	383,048,993	398,240,351	413,811,494	429,771,915
Tax Rate	17.8086	17.7668	17.7271	17.6894	16.9724	16.9724	16.9724
Tax Increment Revenues	4,090,055	4,364,556	4,558,237	6,437,112	6,421,140	6,672,205	6,929,548
Tax Increment Revenues After Compression, Adjustments	3,886,453	4,149,974	4,335,907	6,139,627	6,124,294	6,365,317	6,612,366

Table 5: Projected Incremental Assessed Value and Tax Rates (Cont.)

FY Ending	2014	2015	2016	2017	2018	2019	2020
Prior Year Total	654,377,264	670,736,695	687,505,113	704,692,741	722,310,059	740,367,811	758,877,006
Growth Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
AV, New Development	0	0	0	0	0	0	0
Current Year Total	670,736,695	687,505,113	704,692,741	722,310,059	740,367,811	758,877,006	777,848,931
Base	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349
Incremental AV	446,131,346	462,899,764	480,087,392	497,704,710	515,762,462	534,271,657	553,243,582
Tax Rate	16.9724	16.9724	16.9724	16.9724	16.9724	16.9724	16.9724
Tax Increment Revenues	7,193,324	7,463,694	7,740,823	8,024,881	8,316,040	8,614,479	8,920,378
Tax Increment Revenues After Compression, Adjustments	6,865,591	7,125,146	7,391,191	7,663,886	7,943,399	8,229,900	8,523,563

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

Table 3 shows the anticipated completion dates of the urban renewal projects authorized under this amendment.

VIII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Under this amendment, the Plan's maximum indebtedness will be increased by \$22,705,000 to \$88,979,000 to finance additional projects in the Area identified in this amendment.

Table 4 shows the yearly tax increment revenues and their allocation to debt service and debt service reserve funds. It is anticipated that all debt will be retired by the end of FY 2019/2020. The estimated additional amount of tax increment revenues required to service debt is \$91,356,613

IX. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues of \$91,356,613 are based on projections of the assessed value of development and appreciation of existing property within the Area and the addition of the Washington Monroe Site. The projections generally assume 2.5% annual growth in assessed value and additional increases in assessed value from the redevelopment of the Holman Building and the Burnside Bridgehead project. The 2.5% includes 2% growth on the base (less than the 3% maximum allowed by law) and 0.5% in unspecified new development.

Table 5 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues. These in turn provide the basis for the projections in Table 4.

X. IMPACT OF THE TAX INCREMENT FINANCING, BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAID, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA

This Amendment authorizes the extension of the last date for issuance of bonded indebtedness under the Plan for an additional eight years. In addition, as described above, a maximum of \$22,705,000 more in bonded indebtedness may be issued before August 26, 2014. These changes to the Plan will impact overlapping taxing districts.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. (Very small increases in property tax rates for General Obligation bonds will occur as a result of tax increment financing.) Table 6 shows the property tax revenue foregone by overlapping taxing districts during the use of tax increment financing, in terms of average revenues foregone per year through FY 2019/2020 in current dollars. No impacts are shown for the K-12 School District or Educational Service District, because under the current K-12 and ESD financing system, property tax revenues foregone by the districts would be offset by additional revenues from the State School Fund.

Table 6: Revenues Foregone

Present Value Taxes Foregone	Total	Average Annual
Multnomah County	20,071,176	1,433,655
City of Portland	21,150,659	1,510,761
Metro	446,396	31,885
Port of Portland	323,937	23,138
Portland Community College	1,306,840	93,346

Table 7 shows the increases in permanent rate levy revenues that would occur in the years after termination of the tax increment financing, from FY 2020/2021 through FY 2032/2033, when the projected additional value in the Area would result in a "break even" point. During FY 2032/2033 the value in current dollars of the revenues foregone would be exceeded by the value in current dollars of the additional revenues gained.

Table 7: Revenues Gained After Termination of Tax Increment Financing, FY 2020/2021 through FY 2032/2033

Present Value, Taxes Gained	Total
Multnomah County	21,209,866
City of Portland	22,350,591
Metro	471,721
Port of Portland	342,315
Portland Community College	1,380,980

XI. RELOCATION METHODS

This Amendment does not change the original analysis for relocation which was provided when the Plan was adopted.

180316

Support Letters from
Taxing Jurisdictions on
Recommended Amendment

RESOLUTION NO. _____

Endorsement Of The Central Eastside Stakeholders Committee Recommendation And Request That The Portland Development Commission Concentrate Urban Renewal Funding On Projects That Provide Economic Development, Job Growth, Job Retention, And Special Needs Housing

The Multnomah County Board of Commissioners Finds:

- a. The Portland Development Commission's Central Eastside Urban Renewal Plan (CES) was adopted by the City Council on August 26, 1986. It incorporates 681 acres along the East bank of the Willamette River between Interstate 84 and Powell Avenue, with an eastern boundary at 12th Avenue. It is a diverse Urban Renewal District that includes distinct industrial, warehouse, office, retail, and residential pockets. The Central Eastside accounts for 17,000 jobs, 1,100 businesses, and over 1,000 housing units.
- b. Over the course of the last 20 years the Central Eastside Urban Renewal has expended \$36.5 million on varying projects including: \$750,000 in storefront improvements, \$2.1 million in preservation and \$2.4 million in development loan assistance, 14 acres of land assembly, Burnside Bridgehead, East Bank Esplanade & East Bank Park, Holman Building, and Wentworth Place Redevelopment and completed studies for the Burnside/Couch couplet and Street Car Feasibility.
- c. The CES allows for bonds to be issued through August 26, 2006, and PDC plans on issuing \$17.3 million in 2006 prior to that expiration. If the 2006 bonds are issued, PDC will have expended \$53.8 million of the \$66.2 million of maximum indebtedness. This leaves \$12.4 million in debt capacity unused for the district.
- d. For the last nine months PDC managed a varied 14 member stakeholder committee which produced a recommendation on how to address the pending expiration and remaining indebtedness questions. There are several positive elements within the Stakeholders Committee recommendation that the County feels are supportive elements such as investment in Hooper Detox and the investment in Washington Monroe High School property.
- e. The committee negotiated a recommendation that extends bond issuance for an additional eight years, increases maximum indebtedness by \$22.7 million, and expands the district by 7.1 acres in order to fulfill the original goals for the district and ensure the district's development remains focused on an industrial sanctuary.
- f. Urban renewal directly impacts the County through a loss of foregone taxes. The result of the committee's recommendation will extend the burden on the County by foregoing \$22 million in tax revenue through 2023. That equates to approximately \$1.6 million a year in lost property taxes.
- g. A loss in tax revenue affects every resident in Multnomah County, not just those residing in the City of Portland. And even though the County does not have a vote in urban

renewal matters, the County examines urban renewal decisions from a larger perspective than both the Portland Development Commission and the City Council.

- h. The County supports the long term investment that urban renewal creates by providing over \$14 million toward long term investments across all the urban renewal areas each year. That commitment has been strengthened by the County's advocacy and support for prior urban renewal decisions.
- i. A concern for the County is the recent shift toward urban renewal dollars being used for City infrastructure investment. This shift takes funding away from the County's focus toward job growth, employment retention, and housing, especially special need housing. These latter types of investments increase the tax base and allow the affected taxing jurisdictions to receive full potential from urban renewal rather than having urban renewal make up funding gaps for City capital projects.

The Multnomah County Board of Commissioners Resolves:

- 1. The Board of County Commissioners supports the process and the compromises made by the Central Eastside Stakeholders Committee and endorses the consensus recommendation of the Committee to renew and extend the Central Eastside Urban Renewal Area Plan.
- 2. The Board requests that the Portland Development Commission concentrate urban renewal funding on projects that provide economic development, job growth, job retention, and special needs housing.

ADOPTED this 20th day of April, 2006.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Diane M. Linn, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
John S. Thomas, Deputy County Attorney

180316

Mission: To enhance the region's economy and quality of life by providing efficient cargo and air passenger access to national and global markets.



April 6, 2006

Eric Parsons, Chairman
Portland Development Commission
221 NW 5th Avenue
Portland, OR 97209-3859

Dear Chair Parsons:

Thank you for providing the Port of Portland (Port) with information regarding the proposed amendment of the Central Eastside Urban Renewal Area (URA). We appreciated the informative briefing on the amendments proposed by your stakeholder committee. We commend Commissioner Doug Blomgren for his active engagement of a 14-member stakeholder committee in the review of the Central Eastside URA plan.

As a taxing entity and public partner, we support the stakeholder committee recommendations to expand the Central Eastside URA by 7.1 acres, extend the life of the district by eight years and invest another \$35 million in the area. We are particularly interested in seeing the transportation investments proposed for the Central Eastside move forward as they include a number of recommendations by the Portland Freight Master Plan Committee. The Port has been an active member in this committee and a strong advocate for freight investments. Inadequate transportation infrastructure in the Central Eastside impedes track safety and access and the movement of goods. We also look forward to the benefits of investing nearly \$9 million in economic development activities. Collectively, these investments should ensure the area continues to serve as a hub of employment and commerce in the Central City.

Thank you for seeking input from the Port and other taxing district partners on this important decision.

Sincerely,


Bill Wyatt
Executive Director

c: Bruce Warner, Portland Development Commission
Keith Witcosky, Portland Development Commission

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Deputy Superintendent
 Ron Hitchcock

An Equal Opportunity Employer

Multnomah Education Service District

April 10, 2006

Eric Parsons, Chaitman
 Portland Development Commission
 221 NW 5th Avenue
 Portland, OR 97209-3859

Dear Chair Parsons:

Thank you for meeting with MESD with information regarding the proposed amendment of the Central Eastside Urban Renewal Area (URA). We appreciated the informative briefing on the amendments proposed by your stakeholder committee.

We believe the recommendations of your thorough study engaging the appropriate stakeholders is based on a balance of potential investments that will improve the community. These include the industrial-commercial area, the city and its economic base and the schools both by increasing family wage, jobs and local district real estate initiatives.

Multnomah ESD respects and supports the consensus work of the Central Eastside URA Stakeholder Committee. An eight year extension and a maximum indebtedness increase of \$22.7 million balances making investments which secure the future of the Central Eastside without putting an undo taxing burden on taxing jurisdictions. As a public entity, the ESD fully understands the resource shortfalls facing education and social services. Multnomah ESD also encourages PDC and the community to invest in projects which generate jobs, build community, and provide benefit to the adjacent neighborhoods.

Sincerely,

Edward L. Schmitt
 Superintendent

ELS/ldn

180316

Alternative Amendment to the CES URA Plan

**SUBSTANTIAL AMENDMENT TO THE
CENTRAL EASTSIDE URBAN RENEWAL PLAN**

Alternative Amendment: \$104,979,000

April 26, 2006

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EXHIBITS

- EXHIBIT 1 - Central Eastside Renewal Area Boundary
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- EXHIBIT 3 - Central Eastside Property Acquisition Map
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SECTION 100 - INTRODUCTION

The Central Eastside Urban Renewal Plan consists of Part One - Text and Part Two - Exhibits. This Urban Renewal Plan, as amended, has been prepared by the Urban Renewal Agency of the City of Portland, Oregon pursuant to Oregon Revised Statute (ORS) Chapter 457, the Oregon Constitution, and all applicable laws and ordinances *of the State of Oregon and City of Portland, respectively. All such applicable laws are made a part of this Plan, whether expressly referred to in the text or not.*

The Urban Renewal Plan for the Central Eastside Urban Renewal Area was originally approved by the City Council of the City of Portland on August 27, 1986 by Ordinance No. 158940.

[First Amendment, §100]

SECTION 200 - DEFINITIONS

The following definitions will govern the construction of this Plan unless the context otherwise requires:

"Plan" means the Urban Renewal Plan for the Central Eastside Urban Renewal Area, Parts One and Two.

"Text" means the Urban Renewal Plan for the Central Eastside Urban Renewal Area, Part One - Text.

"Exhibit" means an attachment, either narrative or map, to the Urban Renewal Plan for the Columbia South Shore Urban Renewal Area, Part Two - Exhibits.

"Area" means the area included within the boundaries of the Central Eastside Urban Renewal Area.

"Development Commission" means the Portland Development Commission which is the Urban Renewal Agency of the City of Portland, Oregon.

"Planning Commission" means the Planning Commission of the City of Portland, Oregon.

"City" means the City of Portland, Oregon.

"City Council" means the City Council of the City of Portland, Oregon.

"County" means the County of Multnomah, State of Oregon.

"State" means the State of Oregon.

"ORS" means Oregon Revised Statute (State Law) and specifically Chapter 457 thereof.

"Redeveloper" means any individual or group acquiring property from the Development Commission or receiving financial assistance for the physical improvement of privately or publicly held structures and land.

"Comprehensive Plan" means the City's Comprehensive Land Use Plan and its implementing Ordinances, policies and development standards.

"Objective" means any goal, general or specific, or objective described in Section 400 of this Plan.

"Displaced" person or business means any person *or business* who moves or is required to move as a result of real property acquired by the Development Commission, or any person *or business* receiving written notice *from the Development Commission* to vacate a property for public use as more specifically described in ORS 28.045.

"Urban Renewal Area," "Renewal Area" or "Area" means the geographic area for which this Urban Renewal Plan has been approved. Such Urban Renewal Area is described in Section 300 of this Plan and the boundaries delineated on Urban Renewal Area Boundary Map - Exhibit One of this Plan.

"Central Eastside Revitalization Program (CERP)" means the framework of goals, objectives and action recommendations adopted by City Council, December 1985 (Resolution 33993).

[First Amendment, §200]

SECTION 300 - LEGAL BOUNDARY DESCRIPTION

The approximate boundaries of the Urban Renewal Area are shown on the Urban Renewal Area Boundary Map - Exhibit 1.

The Area is described as that land containing all lots or parcels of property situated in the City of Portland, County of Multnomah, and State of Oregon, bounded generally as follows:

Beginning at the intersection of the east Harbor Line of the Willamette River and the north line of the Ross Island Bridge;

Thence easterly along the north line of the Ross Island Bridge to its intersection with the north line of SE Powell Boulevard;

Thence easterly along said line to its intersection with the east line of SE Milwaukie Avenue;

Thence northerly along said line to its intersection with the east line of SE 12th Avenue

Thence northerly along said east line of SE 12th Avenue and NE 12th Avenue to its intersection with the south line of I-84;

Thence westerly along said line to its intersection with the north line or extension thereof of NE Everett Street within the vicinity of NE Grand Avenue;

Thence westerly along the north line of NE Everett Street and westerly extension thereof to its intersection with the east Harbor Line of the Willamette River;

Thence southerly along said line to the north line of the Ross Island Bridge point of beginning. The addition of the Washington-Monroe site (see Figure on next page); added the following land.

Beginning at the intersection of the existing Central Eastside Urban Renewal Boundary and the northwest corner of taxlot 1S1E02BA 102 (EAST PORTLAND, BLOCKS 256,260,261&283 TL 102).

Thence easterly along north line of taxlot 1S1E02BA 102 (EAST PORTLAND, BLOCKS 256,260,261&283 TL 102).

Continuing easterly along north line of taxlot 1S1E02BA 101(EAST PORTLAND, BLOCKS 282&283 TL 101) to northeast corner of said taxlot.

Thence southerly from northeast corner taxlot 1S1E02BA 101(EAST PORTLAND, BLOCKS 282&283 TL 101) along eastern line.

Continuing southerly along eastern line of taxlot 1S1E02BA 102 (EAST PORTLAND, BLOCKS 256,260,261&283 TL 102).

Continuing southerly along eastern line of taxlot 1S1E02BA 300 (EAST PORTLAND, BLOCK 284 TL 300) to southeast corner of said taxlot.

Thence westerly along south line of taxlot 1S1E02BA 300 (EAST PORTLAND, BLOCK 284 TL 300).

Thence southerly along eastern line of taxlot 1S1E02BA 300 (EAST PORTLAND, BLOCK 284 TL 300) to southeast corner of said taxlot.

Thence westerly along south line of taxlot 1S1E02BA 300 (EAST PORTLAND, BLOCK 284 TL 300).

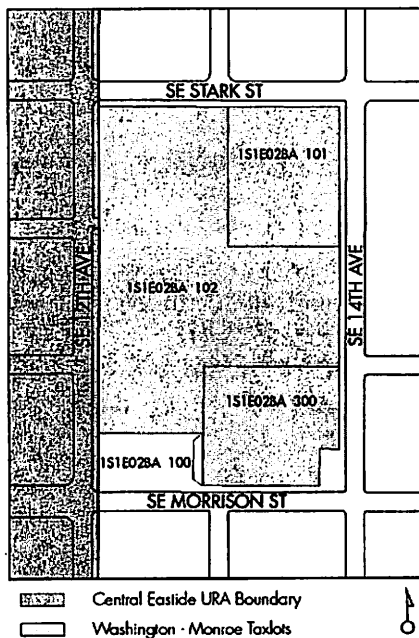
Continuing westerly along south line of taxlot 1S1E02BA 100 (EAST PORTLAND, BLOCK 259 TL 100) to southwest corner of said taxlot.

Thence northerly along west line of taxlot 1S1E02BA 100 (EAST PORTLAND, BLOCK 259 TL 100) to northwest corner of said lot.

Thence westerly along south line of taxlot 1S1E02BA 102 (EAST PORTLAND, BLOCKS 256,260,261&283 TL 102) to the southwest corner of said taxlot.

Thence northerly along western line of taxlot 1S1E02BA 102 (EAST PORTLAND, BLOCKS 256,260,261&283 TL 102) to the northwest corner of said taxlot (beginning point).

Figure 1: Washington Monroe addition:



SECTION 400 - GOALS AND OBJECTIVES FOR THE CENTRAL EASTSIDE URBAN RENEWAL AREA

The primary goal of the Plan is to improve the condition and appearance of the Area, eliminate blight and blighting influences, to expand and improve public facilities and to stimulate private investment and economic growth in the Central Eastside Urban Renewal Area.

The Plan is supportive of the City of Portland Comprehensive Plan, Central Eastside Revitalization Program (CERP) and other adopted City policies, programs and objectives.

I. Urban Development

A. General Goal

Maintain Portland's role as the major regional employment, population, cultural center through public policies that encourage expanded opportunity for housing and jobs while retaining the character of established residential, neighborhood and business centers.
(Comprehensive Plan Goal 2)

B. Specific Goals

1. **Urban Diversity:** Promote a range of employment opportunities and living environments for Portland residents in order to attract and retain a stable and diversified population. (Comprehensive Plan Policy 2.2)
2. **Utilization of Vacant Land:** Provide for full utilization of existing vacant land except in those areas designated as open space. (Comprehensive Plan Policy 2.18)
3. **Other Urban Renewal Areas:** Coordinate, support and provide ability to integrate goals and activities of adjacent renewal areas with this renewal area.

II. Business Retention and New Business Development

A. General Goal

Improve the level, distribution and stability of jobs and income for resident industry, business and people in accordance with the Economic Development Policy adopted by the City Council. (Comprehensive Plan Goal 5)

B. Specific Goals

1. **Public/Private Partnership:** Foster a development partnership between the public and private sectors that is responsive to the economic needs of Portland's business and residents. (Comprehensive Plan Policy 5.1) (CERP Objective 5)
2. **Jobs and Income:** Encourage long-term employment opportunities that enhance broad vocational and income opportunities, decrease unemployment, and increase the disposable income of City residents. (Comprehensive Policy 5.2) (CERP Objective 7)

3. **District Economic Development:** Encourage the development and maintenance of business and industrial district organizations where such organizations' help meet the City's economic development objectives and are compatible with neighborhood livability. (Comprehensive Plan Policy 5.4)
4. **Business and Industry:** Encourage in-city business to remain and expand and promote the recruitment of new business and industry by keeping Portland competitive with other regional and national centers. (Comprehensive Plan Policy 5.3)

III. Central Eastside Revitalization Program

A. General Goal

Maintain and enhance the Central Eastside District as a near-in job center featuring a diverse industrial base with compatible, supportive and appropriately located commercial, residential and community recreational activities. Encourage the vitality of existing firms, provide an attractive climate of opportunity for complimentary ventures, and offer a positive environment for adjacent neighborhoods.

B. Specific Goals

1. Preserve and enhance the unique characteristics of the Central Eastside Industrial District as a near-in employment center with a diverse industrial base complimented by concentrations of commercial and residential uses in appropriately designated areas. (CERP 1*)
2. Increase the attractiveness of the Central Eastside as an industrial center, particularly for specialty manufacturing and distribution firms desiring convenient access to regional transportation network. (CERP 2)
3. Enhance business and development opportunities for existing firms, recognizing the importance of providing industrial sanctuaries for certain industrial activities while affording opportunities for commercial housing development within appropriately designated subareas. (CERP 3)
4. Create an attractive environment featuring high quality design standards for new and existing businesses in a manner which is complimentary to the overall business climate while recognizing the CEID is both the "front door" to nearby residential neighborhoods and highly visible to Portland's Central Business District. (CERP 4)
5. Maintain and bolster the function of the CEID as a business incubator for new industrial and commercial business. (CERP 10)
6. Intensify property utilization at locations not suitable for industry (on a conditional basis) and increase the number of compatible businesses and retail services along commercial corridors (CERP 8)

7. Improve the transportation system and parking resources to meet the CEID's business needs and redevelopment objectives while respecting the traffic concerns of adjacent neighborhoods. (CERP 9)

*Central Eastside Revitalization Program Objectives

IV. Riverfront Access

Willamette River Greenway Plan and Esplanade Development: Implement the Willamette River Greenway Plan which preserves a strong working river while promoting recreation, commercial and residential waterfront development along the Willamette - South of the Broadway Bridge. (Comprehensive Plan Policy 2.7) Increase accessibility to the river and enhance Greenway areas as a public resource and improve the environmental quality of life for adjacent and nearby neighborhoods. (CERP Objective 6)

SECTION 500 - LAND USE PLAN

The Land Use Plan consists of the Land Use (Comprehensive Plan) Plan Map (Exhibit 2 - Part 2) and the descriptive material and regulatory provisions contained in this Section (both those directly stated and those herein included by reference).

This Plan shall be in accordance with the approved Comprehensive Plan of the City of Portland and with its implementing ordinances and policies.

Section 501 - Land Use Map and Regulations

The use and development of land in the Area shall be in accordance with regulations prescribed in this Section 500, which regulations are in addition to any conditions, limitations or restrictions contained in Title 33, Planning and Zoning Code of the City of Portland, or any other applicable local, state or federal laws regulating the use of property in the Area.

Exhibit 2, "Zoning and Comprehensive Plan Designations" identifies the locations of the principal land use classifications which are applicable to the Renewal Area.

A. Land Uses Permitted:

1. ***Heavy Industrial (HI)*** complying with Title 33, Planning and Zoning Code of the City of Portland, as amended.
2. ***General Industrial (GI)*** complying with Title 33, Planning and Zoning Code of the City of Portland.
3. ***Commercial Employment (CE)*** complying with Title 33, Planning and Zoning Code of the City of Portland.
4. ***General Employment (GE)*** complying with Title 33, Planning and Zoning Code of the City of Portland.
5. ***Medium Density Multi-Family Residential (R1)*** complying with Title 33, Planning and Zoning Code of the City of Portland.
6. ***Central Multi-Family Residential Zone (RX)*** complying with Title 33, Planning and Zoning Code of the City of Portland.

[First Amendment, §501]

Section 502 - Additional Land Use Provisions

The following provisions are in addition to conditions, limitations or restrictions previously identified in this Section 500.

A. Plan and Design Review:

The Development Commission shall facilitate coordination of regulatory procedures related to applications for land use approvals of all private and public development activities for which it provides assistance.

The Development Commission shall be notified of proposed zoning and comprehensive plan changes and conditional use permits and Historic Landmark designations requested within the Area.

Plan and design review of private and public development shall be as follows:

1. Within the Area, procedures established in Title 33, Planning and Zoning Code of the City of Portland shall be followed.
2. Redevelopers, as defined in this Plan, shall comply with the Redevelopers Obligations, Section 600 of this Plan, which section provides for supplementary plan and design review by the Commission.

[First Amendment, §502 (renumbering only)]

SECTION 600 - URBAN RENEWAL ACTIVITIES

In order to achieve the objectives of this Plan, the following activities will be undertaken on behalf of the City by the Development Commission, in accordance with applicable federal, state, county, and city laws, policies and procedures.

Section 601 - Project and Improvement Activities

A. Public Improvements

1. Intent. Public facilities, utilities and transportation systems may be planned, designed and constructed within the Renewal Area. These improvements may include storm and sanitary sewer improvements, street lighting installation, landscaping, street improvements, parking facilities, public transit improvements, parks, open space development, public restrooms, community facilities or other improvements deemed appropriate for the achievement of the Plan goals and objectives. The private utilities concerned will make such modifications and adjustments as may be legally required of them by the City to adequately serve development and meet the objectives of this Plan. Public improvements which may be undertaken, under this Plan, are listed in subsection 600-1-B, below.

Public improvement projects planned in the Central Eastside Urban Renewal Area are described more fully in the Report on the Plan.

2. Anticipated Improvements. Public improvements may include the construction, reconstruction, repair or replacement of sidewalks, streets, pedestrian amenities and public infrastructure including, but not limited to:
 - a) New curbs and gutters, including curb extensions;
 - b) Construction and reconstruction of streets;
 - c) Storm water, sanitary sewers and other public or private utilities;
 - d) New sidewalks or other pedestrian improvements and streets;
 - e) Trees, shrubs, flowering plants, ground covers, and other plant materials including irrigation systems, soil preparation and/or containers to support same;
 - f) Street lights and traffic control devices, tables, benches and other street furniture, drinking fountains;
 - g) Special graphics and signage for directional and informational purposes;
 - h) Sidewalk awnings, canopies and other weather-sheltering structures for the protection of pedestrian;
 - i) On and off-street parking facilities;
 - j) Parks and open space improvements;
 - k) Community facilities; and
 - l) Public transit improvements.

B. Redevelopment Through New Construction

1. **Intent.** It is the intent of this Plan to stimulate new private investment, including residential development that caters to a broad mix of incomes and housing preferences as well as a diversity of employment uses on vacant or underutilized property to achieve the objectives of this Plan. In addition, the Plan is intended to support the development of nonprofit and/or social services facilities that serve the public.
2. **Method.** Redevelopment through new construction may be achieved in two ways:
 - a) By property owners, with or without financial assistance by the Development Commission.
 - b) By acquisition of property by the Development Commission for resale to others for redevelopment.
3. **Redevelopment Financing.** The Development Commission, with funds available to it, is authorized to promulgate rules and guidelines, establish financial assistance programs and provide below-market interest rate and market rate loans or other assistance and provide such other forms of financial assistance to property owners as it may deem appropriate in order to achieve the objectives of this Plan.

C. Redevelopment Through Rehabilitation

1. **Intent.** It is the intent of this Plan to encourage conservation and rehabilitation of existing buildings and to promote the preservation of historical structures which can be economically rehabilitated to provide housing and employment opportunities and community services that benefit the general public.
2. **Method.** Rehabilitation and conservation may be achieved in three ways:
 - a) By owner and/or tenant activity, with or without financial assistance by the Development Commission.
 - b) By the enforcement of existing City codes and ordinances.
 - c) By acquisition of property by the Development Commission for rehabilitation by the Development Commission or resale for rehabilitation by others.
3. **Rehabilitation Financing.** The Development Commission, with funds available to it, is authorized to promulgate rules and guidelines, establish financial assistance programs and provide below market interest rate and market rate loans or other assistance to the owners of buildings which are in need of rehabilitation and which are economically capable of same.

[First Amendment, §601]

Section 602 - Property Acquisition and Redevelopment

- A. **Intent.** It is the intent of this Plan to acquire property within the Area, if necessary, by any legal means to achieve the objectives of this Plan, and specifically, where one or more of the conditions listed in Subsection 602-C below are found to exist.
- B. **Method.** At the time of this Plan's adoption, no specific property has been identified for acquisition. However, property acquisition, including limited interest acquisition, is hereby made a part of this Plan and may be used to achieve the objectives of this Plan.
- C. **Land Acquisition by Urban Renewal Plan Amendments.** Land acquisition for any purpose other than specifically listed in Section D shall be accomplished by the following procedures for amending this Plan as set forth in Section 900 of this Plan.

Assembling land for development by the private sector where the developer of such land is a person or group other than the owner of record of such land to be acquired, shall be accomplished only following a formal amendment to this Plan. Therefore, each such development and the property acquisition required shall be processed on a case-by-case basis and no such acquisition shall be undertaken until the City Council authorizes same in conjunction with or by formal amendment to this Plan.

Real property which may be acquired by the Development Commission is shown on the Property Acquisition [Map]¹, (Exhibit 3 and 4). Parcels shown on the Central Eastside Property Acquisition map are for use as follows:

<u>Parcel</u>	<u>Intended Use</u>
1. <i>Exhibit 3 (Glacier Park Area)</i>	<i>Redevelopment for industrial/ commercial business uses</i>
2. <i>Exhibit 3 (Portland Traction Yard)</i>	<i>Industrial/commercial redevelopment and public streets and transportation</i>
3. <i>Exhibit 3 (North OMSI Riverfront)</i>	<i>Riverfront parks and recreation</i>
4. <i>Exhibit 3 (Kuzman Parcel)</i>	<i>Riverfront parks and recreation</i>
5. <i>Exhibit 3 (ODOT West of Water Avenue)</i>	<i>Industrial/commercial redevelopment/ parks and recreation</i>
6. <i>Exhibit 4 (Block 106* - lot 8; George parcel²)</i>	<i>Redevelopment/commercial/retail uses</i>

[Second Amendment, §1; Eighth Amendment, §602]

¹ The term "Map" was inserted in one instance above in lieu of actual wording ("May") contained in Second Amendment.

² Block 106 is identified in the Lower Burnside Redevelopment Plan as the Block bounded by SE Ankeny Street, SE Martin Luther King Jr. Boulevard, East Burnside Street and SE Grand Avenue.

- D. Land Acquisition Without Urban Renewal Plan Amendment. Land acquisition not requiring a Plan amendment requires the prior approval of City Council, except where conditions under (3) below exist. The Development Commission may acquire land without amendments to this Plan where the following conditions exist:
1. Where it is determined that the property is needed to provide public improvements and facilities as follows:
 - a) Right-of-way acquisition for streets, alleys or pedestrian ways;
 - b) Property acquisition for public use.
 2. Where such conditions exist as may affect the health, safety and welfare of the Area as follows:
 - a) Where existing conditions do not permit practical or feasible rehabilitation of a structure and it is determined that acquisition of such properties and demolition of the improvements thereon are necessary to remove substandard and blighting conditions;
 - b) Where detrimental land uses or conditions such as incompatible uses, or adverse influences from noise, smoke or fumes exist, or where there exists overcrowding, excessive dwelling unit density or conversions to incompatible types of uses, and it is determined that acquisition of such properties and demolition of the improvements are necessary to remove blighting influences and to achieve the objectives of this Plan.
 3. Where the owner of real property within the boundaries of the Area wishes to convey title of such property by any means, including by gift.

[First Amendment, §602]

Section 603 - Property Disposition and Redeveloper's Obligations

- A. Property Disposition. The Development Commission is authorized to sell, lease, exchange, subdivide, transfer, assign, pledge, encumber by mortgage or deed of trust, or otherwise dispose of any interest in real property which has been acquired, in accordance with the provisions of this Urban Renewal Plan.

All real property acquired by the Development Commission in the Area shall be disposed of for development for the uses permitted in the Plan at its fair re-use value for the specific uses to be permitted on the real property. Real property acquired by the Development Commission may be disposed of to any other public entity by the Development Commission, in accordance with the Plan. All persons and entities obtaining property from the Development Commission shall use the property for the purposes designated in this Plan, and shall commence and complete development of the property within a period of time which the Development Commission fixes as reasonable, and shall comply with other conditions which the Development Commission deems necessary to carry out the purposes of this Plan.

To provide adequate safeguards to insure that the provisions of this Plan will be carried out to prevent the recurrence of blight, all real property disposed of by the Development Commission, as well as all real property owned or leased by participants which are assisted financially by the Development Commission, shall be made subject to this Plan. Leases, deeds, contracts, agreements and declarations of restrictions by the Development Commission may contain restrictions, covenants, covenants running with the land, rights of reverter, conditions subsequent, equitable servitudes, or any other provisions necessary to carry out this Plan.

B. Redevelopers Obligations. Any Redeveloper, and his successors and assigns, within the *Renewal Area*, in addition to the other controls and obligations stipulated and required of him/*her* by the provisions of this Urban Renewal Plan, shall also be obligated by the following requirements:

1. The Redeveloper shall obtain necessary approvals of proposed developments from all federal, state and/or local agencies that may have jurisdiction on properties and facilities to be developed within the Area.
2. The Redeveloper and his successors or assigns shall develop such property, in accordance with the land use provisions and building requirements specified in this Plan.
3. The Redeveloper shall submit all plans and specifications for construction of improvements on the land to the Development Commission for review and distribution to appropriate reviewing bodies as stipulated in this Plan and in existing City codes and ordinances. Such plans and specifications shall comply with this Plan and the requirements of such existing City codes and ordinances.
4. The Redeveloper shall accept all conditions and agreements as may be required by the Development Commission in return for receiving financial assistance from the Development Commission.
5. The Redeveloper shall commence and complete the development of such property for the uses provided in this Plan within a reasonable period of time as determined by the Development Commission.
6. The Redeveloper shall not effect or execute any agreement, lease, conveyance, or other instrument whereby the real property or part thereof is restricted upon the basis of age, race, color, religion, sex or national origin in the sale, lease or occupancy thereof.
7. The Redeveloper shall maintain developed and/or undeveloped property under his/*her* ownership within the area in a clean, neat, and safe condition, in accordance with the approved plans for development.

[First Amendment, §603]

Section 604 - Owner Participation

Property owners within the Urban Renewal Area proposing to improve their properties and receiving financial assistance from the Development Commission shall do so in accordance with all applicable provisions of this Plan and with all applicable codes, ordinances, policies, plans and procedures of the City.

[First Amendment, §604 (renumbering only)]

Section 605 - Relocation

The Development Commission will provide assistance to persons or businesses displaced in finding replacement facilities. All persons or businesses to be displaced will be contacted to determine such relocation needs. They will be provided information on available space and will be given assistance in moving. All relocation activities will be undertaken and payments made, in accordance with the requirements of ORS 281.045-281.105 and any other applicable laws or regulations. Relocation payments will be made as provided in ORS 281.060. Payments made to persons displaced from dwellings will assure that they will have available to them decent, safe and sanitary dwellings at costs or rents within their financial reach. Payment for moving expense will be made to businesses displaced.

The Development Commission has prepared and maintains information in its office relating to the relocation program and procedures, including eligibility for and amounts of relocation payments, services available and other relevant matters.

[First Amendment, §605 (renumbering only)]

SECTION 700 - METHODS FOR FINANCING URBAN RENEWAL ACTIVITIES

[First Amendment, §700]

Section 701 - General Description or the Proposed Financing Methods

The Development Commission may borrow money and accept advances, loans, grants and any other form of financial assistance from the federal government, the state, city, county or other public body, or from any sources, public or private, for the purposes of undertaking and carrying out this Plan, or may otherwise obtain financing as authorized by ORS Chapter 457 and Chapter XV of the Charter of the City of Portland. Upon request of the Development Commission, the Council of the City of Portland may from time to time issue revenue bonds, certificates, debentures or promissory notes to assist in financing project activities as provided by Section 15-106 of the Charter of the City of Portland.

The funds obtained by the Development Commission shall be used to pay or repay any costs, expenses, advancements and indebtedness incurred in planning or undertaking project activities or in otherwise exercising any of the powers granted by ORS Chapter 457 and Chapter XV of the Charter of the City of Portland in connection with the implementation of this Plan.

[First Amendment, §701 (renumbering only)]

Section 702 - Self-Liquidation of Costs of Project (Tax Increment)

The project may be financed, in whole or in part, by self-liquidation of the costs of project activities as provided in ORS 457.420 through ORS 457.450. The ad valorem taxes, if any, levied by a taxing body upon the taxable real and personal property situated in the Area, shall be divided as provided in ORS 457.440. That portion of the taxes representing the levy against the increase, if any, in assessed value of property located in the Area, or part thereof, over the assessed value specified in the certificate of amendment to the certificate filed under ORS 457.430, shall, after collection by the Tax Collector, be paid into a special fund of the Development Commission and shall be used to pay the principal and interest on any indebtedness incurred by the Development Commission to finance or refinance the implementation of this Plan. *No bonded indebtedness, as defined by applicable state law, for which taxes divided under ORS 457.440 are to be pledged, shall be issued under the Plan (and under any and all projects undertaken with respect to the Plan) after August 26, 2018. The maximum indebtedness, as defined in ORS 457.010(9), that may be issued or incurred under the Plan is \$104,979,000.*

[First Amendment, §702 (renumbering only); Third Amendment, §702; Fourth Amendment, §702]

Section 703 - Indebtedness

Any indebtedness permitted by law and incurred by the Development Commission or the City in connection with preplanning for this Urban Renewal Plan shall be repaid from tax increment from the Area when and if such funds are available.

[First Amendment, §703 (renumbering only)]

SECTION 800 - OTHER PROVISIONS

Section 801 - Non-Discrimination

In the preparation, adoption and implementation of this Plan, no public official or private party shall take any action or cause any person, group or organization to be discriminated against on the basis of age, race, color, religion, sex, marital status, or national origin.

[First Amendment, §801 (renumbering only)]

Section 802 - Conformance with City's Comprehensive Plan and Economic Development Plan

This Urban Renewal Plan *conforms to the Comprehensive Plan of the City of Portland and with City adopted plans and strategies for revitalization of the Area.*

[First Amendment, §802]

Section 803 - Annual Financial Statement Required

ORS Section 457.460 requires that the Development Commission, by August 1 of each year, prepare a statement containing:

- A. *The amount of money actually received during the preceding fiscal year under subsection (4) of ORS 457.440 and from indebtedness incurred under subsection (6) of ORS 457.440.*
- B. *The purposes and amounts for which any money received under subsection (4) of ORS 457.440 and from indebtedness incurred under subsection (6) of ORS 457.440 were expended during the preceding fiscal year.*
- C. *An estimate of monies to be received during the current fiscal year under subsection (4) ORS 457.440 and from indebtedness incurred under subsection (6) of ORS 457.440.*
- D. *A budget setting forth the purposes and estimated amounts for which the monies which have been or will be received under subsection (4) of ORS 457.440 and from indebtedness incurred under subsection (6) of ORS 457.440 are to be expended during the current fiscal year.*
- E. *An analysis of the impact, if any, of carrying out the Urban Renewal Plan on the tax rate for the preceding year for all taxing bodies included under ORS 457.430.*

The statement required by subsection 803 of this Section 800 shall be filed with the City Council and notice shall be published in a newspaper of general circulation in the City, that the statement has been prepared and is on file with the City and the Development Commission and the information contained in the statement is published once a week for not less than two successive weeks before September 1 of the year for which the statement is required. The notice shall summarize the information required under paragraphs A to D of this subsection and shall set forth in full the information required under paragraph E of this subsection.

[First Amendment, §803]

Section 804 - Citizen Participation

The construction of the Plan including the activities and project improvements identified; the preparation of implementation plans, policies, procedures, activities and regulations; and the adoption of amendments to this Plan shall not be undertaken or approved without the public's involvement.

[First Amendment, §804]

Section 805 - Recording of This Urban Renewal Plan

Pursuant to ORS 457.095, a copy of the City Council's ordinance approving this Plan shall be transmitted to the Development Commission. Following receipt of such ordinance, this Plan shall be recorded by the Development Commission with the Recording Officer of Multnomah County, Oregon.

[First Amendment, §805]

SECTION 900 - PROCEDURES FOR CHANGES OR AMENDMENTS IN THE PLAN

The plan will be reviewed and analyzed periodically and will continue to evolve during the course of project execution and ongoing planning. It is anticipated that this plan will be changed or modified from time to time or amended as development potential and conditions warrant, as planning studies are completed, as financing becomes available, or as local needs dictate. Where the proposed modification will change the *goals or planning principles of the Plan*, the modification must be duly approved and adopted by the City Council in accordance with the requirements of State and local law. *When the proposed modification will change the Plan area boundaries by more than one percent, or increase the amount of maximum indebtedness, notice of the modification must be provided in accordance with ORS 457.120.* The provisions of ORS 457.095 and ORS 457.220 shall apply.

[Seventh Amendment, §900]

Section 901 - Minor Changes

Minor changes, such as *changes to project activities which do not alter the basic character or scope of the project activity*, clarification of language, procedures or minor modifications in or to the Area's infrastructure which will not change the basic planning or engineering principles of this Plan, *and a statement of the benefits to be achieved by construction of public improvements* may be approved by the Development Commission.

Amendments to the City's Comprehensive Plan or to the codes, policies, procedures or ordinances which are established to implement such Comprehensive Plan and which affect the provisions of the Urban Renewal Plan, shall become a part of the Plan as if such amendments, modifications or approvals were herein stated in full.

Changes including, but not limited to major changes to project activities, revisions or project boundaries, acquisitions of real property not specifically authorized in the Plan, and changes which diverge from the basic principles of this Plan, or which entail changes to the goals of the Plan shall require review and recommendation by Planning Commission and approval by City Council as provided in ORS 457.095, but shall not require notice as provided in ORS 457.120.

[First Amendment, §901 (renumbering only); Seventh Amendment, §901]

Section 902 - Substantial Changes

Substantial changes or amendments shall include expansions of the Urban Renewal Area boundaries in excess of one percent (1%) of the existing Plan Area, or increases in the maximum indebtedness under the plan (excluding bonded indebtedness issued to refinance or refund existing bonded indebtedness). Any substantial amendments shall be approved by the City Council in the same manner as the Council's approval of the original plan and in compliance with the provisions of ORS 457.095, ORS 457.120, and ORS 457.220.

[First Amendment, §902 (renumbering only); Seventh Amendment, §902]

SECTION 1000 - VALIDITY OF APPROVED URBAN RENEWAL AREA

- A. Validity. Should a court of competent jurisdiction find any word, clause, sentence, section or part of Plan to be invalid, the remaining words, clauses, sentences, sections or parts shall be unaffected by such findings and shall remain in full force and effect for the duration of the Plan.

PART TWO - EXHIBITS

Figure 1 – Central Eastside Urban Renewal Area Renewal Area Boundary

Figure 2 – Central Eastside Urban Renewal Area Zoning

Figure 3 – Central Eastside Urban Renewal Area Land Use Plan (Comprehensive Plan)

Exhibit 4 – George Parcel Property Acquisition - Central Eastside Urban Renewal Area Boundary

[Eighth Amendment, Exhibit 4]



Tashman Johnson LLC
Consultants in Policy, Planning & Project Management

180316

**Report Accompanying
9th Amendment to the Central Eastside
Urban Renewal Plan**

**12 Years
\$51 million in resources**

New Maximum Indebtedness: \$104,979,000

Prepared by:

**Tashman Johnson LLC
Cascade Economic Planning**

April 26, 2006

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*REPORT ON 9th AMENDMENT TO CENTRAL EASTSIDE URBAN RENEWAL PLAN
12 Years "\$51 million"*

I. INTRODUCTION

The 9th Amendment to the Central Eastside Urban Renewal Plan (the "Plan") consists of changes to the existing Plan which will expand the boundary of the Central Eastside Urban Renewal Area (the "Area") and impact both the financing and the expected physical, social, economic and fiscal impacts of the Plan. Specifically, this Plan amendment will expand the existing Area boundary by 7.1 acres to include the former Washington Monroe High School site to 688.1 acres. In addition, this amendment will increase the Plan's maximum indebtedness to \$104,979,000 and extend the last date that bonded indebtedness can be issued under the Plan to August 26, 2018. Many of the reasons, rationale and purpose for these changes are guided by the 2006 Final Report of the CES URA Study Stakeholder Committee. This amendment exceeds the Final Report in both time and resources, primarily for economic development oriented investments. This Final Report includes a suggested investments, as well as expectation of the kind of benefits future investments should advance. These changes to the Plan will enable tax increment revenues generated within the Area to continue to finance projects and activities that support the goals and objectives of the Plan.

ORS 457.085(3) requires that an urban renewal plan amendment which is a significant change, requiring a substantial amendment to the plan, be accompanied by a report which describes:

- A. A description of physical, social and economic conditions in the urban renewal areas of the plan, and expected impact, including the fiscal impact, of the plan (or change) in light of added services and increased population;
- B. Reasons for selection of each urban renewal area in the plan;
- C. The relationship between each project to be undertaken and the existing conditions in the urban renewal area;
- D. The estimated total cost of each project and the sources of monies to pay such costs;
- E. The anticipated completion date for each project;
- F. The estimated amount of money required in each urban renewal area under ORS 457.420 to 457.460 and the anticipated year in which indebtedness will be retired or otherwise provided for under ORS 457.420 to 457.460;
- G. A financial analysis of the plan with sufficient information to determine feasibility;
- H. A fiscal impact statement that estimated the impact of the tax increment financing, both until and after indebtedness is repaid, upon all entities levying taxes upon property in the urban renewal area; and

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- I. A relocation report which shall include:
 - 1. An analysis of existing residents or businesses required to be relocated permanently or temporarily as a result of agency actions, under ORS 457.170;
 - 2. A description of the methods to be used for the temporary or permanent relocation of persons living in, and businesses situated in, the urban renewal area in accordance with ORS 285.045 - .105; and
 - 3. An enumeration, by cost range, of the existing housing in the urban renewal areas of the plan which are to be destroyed or altered, and of the new units to be added.

This report will address each of the required information categories.

The 9th amendment to the Central Eastside Urban Renewal Plan allows for notice pursuant to ORS 457.120 to be provided only when an amendment to the Plan will have the effect of either: (i) increasing the amount of maximum indebtedness authorized under the Plan, or (ii) adding land to the urban renewal area, except for an addition of land that totals not more than one percent of the existing area of the urban renewal area. This qualifies as such an amendment under both criteria because it increases the maximum indebtedness of the Plan and adds land totaling 1.04% of the Area's existing acreage.

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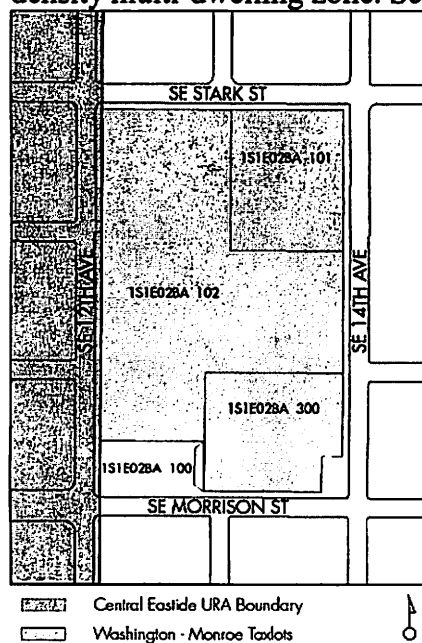
II. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS IN THE URBAN RENEWAL AREA AND THE EXPECTED IMPACT, INCLUDING THE FISCAL IMPACT, OF THE PLAN AMENDMENT ON MUNICIPAL SERVICES

As noted in the Introduction, this Plan amendment will expand the Area's boundary to include the 7.1-acre site of the former Washington Monroe High School. The addition will increase the size of the Area by 1.04 percent to 688.1 acres. Further, this amendment will increase the maximum indebtedness of the Plan to \$104,979,000 and extend the last date that bonded indebtedness can be issued to August 26, 2018. Accordingly, tax increment revenues generated under the Plan during the next twelve years will be used to finance projects and activities that will improve economic, physical and social conditions within the Area and generally further the goals and objectives of the Plan. At the same time, overlapping taxing districts will forgo revenues on the incremental assessed value generated under the Plan for an additional twelve years.

A description of existing conditions within the Washington Monroe expansion area is provided below, documenting the occurrence of "blighted areas" as defined by ORS 457.010(1). The conditions of blight within the remainder of the Area have been described in Reports accompanying the original Urban Renewal Plan and some subsequent amendments.

A. Physical Conditions and Infrastructure

The Washington Monroe site (the "Site") encompasses three individual properties. The City of Portland owns the larger 4.5-acre property and Portland Public Schools owns two smaller properties totaling 2.6 acres. The Site is zoned for residential use, with 5.8 acres in the City's R1 medium density multi-dwelling zone and 1.3 acres in the RH high density multi-dwelling zone. See map below.



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As noted above, the Site encompasses the former Washington Monroe High School and associated facilities, including a gym, cafeteria and administrative offices that are no longer in use, as well as a surface parking lot. In addition, while not actively use at this time, an athletic/playing field occupies a significant portion of the west side of the Site on 12th Avenue.

The Site is centrally located, close to the MLK/Grand corridor and Interstate 84 and accessible by several bus routes. It is bounded by SE Stark Street to the north, SE Morrison Street to the south, SE 14th Avenue to the east and SE 12th Avenue to the west. An unnamed accessway runs east-west through the southern portion of the Site, providing access to the parking lot and athletic field. With the exception of residential development on the east side of 14th Street, between Alder and Stark Streets, and a single family residence located at the corner NW corner of 14th and Morrison, the Site is adjacent to a broad mix of commercial and industrial development, including warehousing and light manufacturing uses.

Currently, the Site is served by public water, sanitary sewer and stormwater facilities. However, as a new community center and new medium- and high-density housing is developed on the site, in accordance with the February 2004 Final Report of The Washington Monroe Project Advisory Committee, upgrades to existing facilities may be needed.

B. Social Conditions

According to local land use data and the U.S. Census, the Site, which encompasses the former school facility and associated infrastructure, is unpopulated at this time. For this reason, the addition will not impact existing social conditions within the Area and a summary of existing social conditions is not provided in this Report.

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C. Economic Conditions

1. Taxable Value of Property Within the Area

The Site is tax exempt. Accordingly, the addition of the property to the Area will not impact the City of Portland's urban renewal assessed value limit.

2. Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property's improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the "Improvement to Land Ratio" or "I:L". The values used are real market values. In urban renewal areas, the I:L may be used to gauge the intensity of development or the extent to which an area has achieved its development objectives.

I:L ratios for healthy properties within the Site could range between 7.0 - 10.0 or more. For example, a property on a 54,600 square foot lot in the R1 zone would have a land value of \$2,184,000 million at \$40.00 per square foot. A three-story townhome/condominium development containing a total of 75 units and totaling 100,000 square feet would have an improvement value of \$19,000,000 at \$190.00 per square foot. The I:L ratio for this property would be 8.70.

Based on real market land and improvement values from the Multnomah County FY 2005-06 Assessment and Taxation database, the I:L for the site is fairly low at 4.4, a direct reflection of the age and substandard condition of the former school facility, which was built in 1923 and will require significant improvements if it is to be rehabilitated into new housing units.

*REPORT ON 9th AMENDMENT TO CENTRAL EASTSIDE URBAN RENEWAL PLAN
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D. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area ("affected taxing districts") is described in section X of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The development of medium- and high-density housing on the Site will generally result in higher demand for fire, life safety and public safety services. Additionally, population growth attributed to new residential development and the rehabilitation of the former high school building will increase the demand for municipal and social services.

The development of a new community center, swimming pool and athletic field on the Site will increase the need for maintenance. As noted above, however, these public recreational facilities will make the Site a more attractive location for new residential development, both on the Site and within the surrounding neighborhood.

III. REASONS FOR SELECTION OF THE EXPANSION AREA IN THE PLAN AMENDMENT

Under existing conditions, the Site is significantly underutilized, with no active uses. The former high school facility and associated facilities and administrative offices have been vacated. Amending the Area's boundary to include the Site will help improve and prevent the future occurrence of blighted areas as defined in ORS 457.010(1).

IV. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of a municipality's total assessed value and area that can be contained in an urban renewal area at the time of its establishment to 15% for municipalities with a population of 50,000 or greater. The current assessed value of the Area is \$224,605,349 and the current capacity available for urban renewal within the City of Portland is \$1,928,612,855 under the 15% limit. As noted above, the addition of the Site to the Area will not impact the Area's assessed value or the City's remaining capacity since the Site is tax exempt. However, the addition of the 7.1-acre Site will increase the Area's acreage by 1.04%, from 681.0 acres to 688.1 acres. This will reduce the City's current capacity for urban renewal from 1021 acres to 1013.9 acres, within the 15% area limit contained in Chapter 457 of Oregon Revised Statutes.

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V. **THE RELATIONSHIP BETWEEN EACH PROJECT TO BE UNDERTAKEN UNDER THE PLAN AMENDMENT AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA**

This section describes the relationship between the urban renewal projects called for in the Plan and conditions generally described in Section II of this Report and more particularly described below. The amendment increases and extends the urban renewal investments in the Area to support transportation and infrastructure projects, real estate initiatives, economic initiatives and projects that will improve quality of life within the Area. Such projects, which are authorized by the existing Plan, may include, but are not limited to the following:

A. **Burnside Bridgehead**

Assisting with the development of the Burnside Bridgehead project, a multi-block mixed-use development at the base of the Burnside Bridge, is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

The existence of older, underutilized commercial development along the Burnside commercial corridor and low-intensity uses detracts from its ability to attract private investment and higher intensity uses that are suitable for this close-in location and consistent with the long term development goals for the area. Using tax increment revenues to assist with the cost of developing a high intensity mixed-use development that will span several blocks and include retail, office and residential uses will facilitate the revitalization of the Burnside corridor and the broader Area by making it a more attractive place for investment.

B. **Washington Monroe High School**

The development of a new community center and pool on the Washington Monroe Site is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

The Site represents a significant redevelopment opportunity within the Area. The former high school and associated facilities are no longer in use and the Site's central location and proximity to residential neighborhoods and commercial corridors make it an ideal location for new housing development and community recreational facilities. Using tax increment revenues to assist with the cost of financing the development of a community center and pool on the Site will help catalyze the Site's redevelopment into more intensive, productive uses.

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C. Burnside/Couch Couplet

The creation of a Burnside/Couch couplet from East 14th to West 16th is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Under existing conditions, Burnside is characterized by poor traffic circulation and access constraints. Left hand turns are generally not permitted off Burnside, which results in poor connectivity and congestion. Further, Burnside lacks adequate pedestrian facilities, signalization and on-street parking, making it an unsafe environment for pedestrians. Developing the couplet will improve and redirect traffic movements, improve the development potential for nearby properties and improve access by allowing left hand turns on Burnside. Furthermore, increased signalization, wider sidewalks and the provision of additional on-street parking and pedestrian-oriented streetscape improvements will increase multimodal access and safety.

D. Site Redevelopment on MLK/ Grand

Investment in the redevelopment of low-intensity sites with underutilized buildings along the MLK/ Grand corridor is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Despite its central location, close to downtown Portland, the Lloyd Center and residential neighborhoods, the vitality of the MLK/ Grand corridor is weakened by the predominance of underutilized, older buildings and historic structures that will require seismic upgrades and other costly capital improvements to support higher intensity uses. Strategic investments in the redevelopment of high potential sites along the MLK/Grand corridor will serve as a catalyst for the broader redevelopment of the area.

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E. Transportation Improvements (from 2005 Freight Master Plan)

Improvements to the Area's transportation infrastructure are a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Currently, the Area's transportation infrastructure is inadequate. Access constraints, poor multimodal connectivity and inadequate signalization and left hand turn lanes impede truck safety and access and the movement of goods throughout the Area.. Improving the Area's transportation infrastructure, in accordance with 2005 Freight Master Plan, will ensure that it will continue to serve as a hub of employment and commerce in the central city. Transportation improvements will also enable the Area to support higher intensity development and increased job density, while providing a safe environment for both vehicular and non-vehicular traffic.

F. Economic Development Initiatives

Investment in economic development activities that facilitate job creation and increase the number of businesses in the Area is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Currently, many of the Area's commercial and industrial buildings are in need of redevelopment and/or rehabilitation and seismic upgrades to remain functional. In order to retain the existing character of the Area and to facilitate employment and business growth, tax increment revenues can be used to assist business and property owners with the cost of redeveloping and upgrading older buildings. While resources may be used to promote redevelopment and rehabilitation efforts throughout the broader Area, the SE Water Avenue sub-district is recognized as an area of emphasis, where investments should be targeted to encourage higher job densities and encourage new urban industrial office uses. These initiatives could also include resources for structured parking as the IG1 zone and other sub-areas get developed; assistance with storefront, facade and similar building improvements.

G. Install Sidewalks/Create Routes to the River

The installation of sidewalks and pedestrian accessways that will improve connections in and among the Area's neighborhoods and commercial/industrial corridors and connections to the Willamette River and the Eastbank Riverfront Park are a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Under existing conditions, pedestrian and bicycle access through the Area to the eastbank of the Willamette River is constrained by multiple physical barriers, including the MLK/Grand couplet, the I-5 freeway, the railroad tracks and the lack of adequate sidewalks and pedestrian amenities. Developing safe east/west pedestrian paths will benefit adjacent neighborhoods and increase access to the Area's commercial corridors from the Eastbank Riverfront Park.

H. Portland Streetcar

The extension of the Portland Streetcar along the MLK/ Grant commercial corridor is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Currently, the Area is characterized by poor connectivity to downtown Portland and the inner eastside. Extending the Streetcar to the Central Eastside will promote more intensive, higher density development along the MLK/ Grand commercial corridor and benefit adjacent residential neighborhoods by improving transit access to downtown and other areas along the Streetcar line.

I. Housing Investments

Investments in housing development within the Area that cater to a diversity of incomes and preferences are a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

Under existing conditions, residential development within the Area is very limited. Given the Area's central location and proximity to commercial activity, investments in ownership and rental housing projects that serve the needs of a variety of households and are compatible with existing neighborhoods will facilitate the revitalization of the Area.

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J. Hooper Detox Center

The redevelopment of the David P. Hooper Detoxification Center is a project within the scope of the urban renewal activities called for in the Plan.

Relationship to Existing Conditions

The Hooper Detox Center land and improvements were acquired by Central City Concern from Multnomah County in 2005. The existing facility, which dates back to 1954, is aging and will require rehabilitation in order to continue to provide services within Multnomah, Washington and Clackamas Counties. Redeveloping the facility to a multi-story facility with services on the lower floor and housing above is estimated to cost as much as \$25,000,000. Tax increment revenues could be used to provide to \$2,000,000 in gap financing for the redevelopment project.

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VI. THE STIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

Table 1 below shows the estimated urban renewal share of each the projects identified in Section V of this Amendment and the estimated sources of funds to address such costs, with capital costs in year-of-expenditure dollars (which take into account inflation). Table 2 provides a summary of the revenues by source for the urban renewal share of project costs in year of receipt dollars.

Table 1: Estimated Project Costs

Projects/Program	Estimated Share of Project Cost to be Funded by TIF
Burnside Bridgehead	\$1,450,000
Washington Monroe	\$5,100,000
Burnside/Couch Couplet	\$1,620,000
Site Redevelopment on MLK/Grand	\$4,250,000
Transportation Improvements	\$4,100,000
Economic Development Program	\$6,000,000
IG 1 Storefront	\$1,000,000
Parking Structure Program	\$3,000,000
Seismic/Tenant Assistance Programs	\$6,100,000
Rehabilitation IG1 Zone	\$7,000,000
Sidewalks/Routes to River	\$2,280,000
Portland Streetcar Extension	\$4,000,000
Housing Investments	\$3,100,000
David P. Hooper Detox. Center	\$2,000,000
Total	\$51,000,000

Table 2: Estimated Revenues

Indebtedness to be Repaid from Tax Increment Revenues	
Long Term Debt	\$18,185,000
Short Term Debt	\$32,815,000
Total	\$51,000,000

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Table 3: Shows costs, revenues and schedule of urban renewal projects throughout the duration of the Plan.

FY Ending	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Totals
REVENUES													
Beginning Balance		706,253	80,427	2,634	3,361	7,226,555	1,903,623	28,289	57,429	23,426	29,116	213,102	
Long Term Bonds		0	0	0	12,785,000	0	0	0	0	0	0	0	12,785,000
Line of Credit	2,200,000	1,900,000	1,300,000	0	0	0	0	0	0	0	0	0	5,400,000
Short Term Bonds	1,406,253	1,574,174	1,697,207	3,500,727	3,488,194	2,277,067	2,524,666	2,779,141	3,040,996	3,305,691	3,583,986	3,636,898	32,815,000
TOTAL REVENUES	3,606,253	4,180,427	3,077,634	3,503,361	16,276,555	9,503,623	4,428,289	2,807,429	3,098,426	3,329,116	3,613,102	3,850,000	51,000,000
	3,606,253	3,474,174	2,997,207	3,500,727	16,273,194	2,277,067	2,524,666	2,779,141	3,040,996	3,305,691	3,583,986	3,636,898	
EXPENDITURES													
Burnside Bridgehead	1,000,000	450,000	0	0	0	0	0	0	0	0	0	0	1,450,000
Washington Monroe	900,000	2,000,000	0	0	2,200,000	0	0	0	0	0	0	0	5,100,000
Burnside/Couch Couplet	0	0	700,000	920,000	0	0	0	0	0	0	0	0	1,620,000
MLK/Grand	0	0	75,000	500,000	500,000	1,000,000	500,000	550,000	575,000	0	0	550,000	4,250,000
Transportation Improvements	0	0	200,000	300,000	1,000,000	2,100,000	0	200,000	300,000	0	0	0	4,100,000
Economic Development Program	300,000	0	300,000	200,000	1,000,000	600,000	1,000,000	0	0	1,200,000	1,400,000	0	6,000,000
Seismic Programs	350,000	350,000	700,000	0	700,000	0	300,000	0	800,000	1,000,000	900,000	1,000,000	6,100,000
IGI Storefront	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	0	1,000,000
Rehabilitation IGI Zone	350,000	0	500,000	0	850,000	0	300,000	200,000	900,000	1,000,000	600,000	2,300,000	7,000,000
Sidewalks/Routes to River	0	1,000,000	500,000	780,000	0	0	0	0	0	0	0	0	2,280,000
Portland Streetcar Extension	0	0	0	0	0	1,500,000	800,000	1,300,000	0	0	400,000	0	4,000,000
Housing Investments	0	0	0	700,000	600,000	500,000	500,000	400,000	400,000	0	0	0	3,100,000
Center	0	200,000	0	0	600,000	600,000	600,000	0	0	0	0	0	2,000,000
Parking Structure Program	0	0	0	0	1,500,000	1,200,000	300,000	0	0	0	0	0	3,000,000
TOTAL EXPENDITURES	2,900,000	4,100,000	3,075,000	3,500,000	9,050,000	7,600,000	4,400,000	2,750,000	3,075,000	3,300,000	3,400,000	3,850,000	51,000,000

*The total amount of long term bonds issued is projected to be \$18,185,00. The total is comprised of two sub-totals:
1) The payoff of the line of credit in the amount of \$5,400,000; plus 2) \$12,785,000 of "new money" bond proceeds.*

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12 Years "\$51 million"*

Table 4: Tax Increment Revenues, Debt Service and Debt Service Reserves

FY Ending	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES								
Beginning Balance	0	0	0	0	0	0	0	0
Tax Increment Revenues	4,128,073	4,305,321	4,594,270	4,798,144	6,775,907	6,759,095	7,023,374	7,294,261
Compression Loss	165,123	215,266	229,713	239,907	338,795	337,955	351,169	364,713
Tax Increment Revenues After Compression	3,962,009	4,090,055	4,364,556	4,558,237	6,437,112	6,421,140	6,672,205	6,929,548
Delinquencies	158,480	163,602	174,582	182,329	257,484	256,846	266,888	277,182
Truncation		40,000	40,000	40,000	40,000	40,000	40,000	40,000
Adjusted Tax Increment Revenues	3,803,529	3,886,453	4,149,974	4,335,907	6,139,627	6,124,294	6,365,317	6,612,366
TOTAL REVENUES		3,886,453	4,149,974	4,335,907	6,139,627	6,124,294	6,365,317	6,612,366
EXPENDITURES								
Line of Credit Debt Service	540,000	110,000	205,000	270,000	270,000	270,000	0	0
Long Term Bond Debt Service - 2006 Bonds		2,370,200	2,370,800	2,368,700	2,368,900	2,366,100	2,370,300	2,370,900
Long Term Bond Debt Service - 2011 Bonds							1,717,950	1,716,800
Short Term Bond Debt Service		1,406,253	1,574,174	1,697,207	3,500,727	3,488,194	2,277,067	2,524,666
Debt Defeasance								
TOTAL EXPENDITURES		3,886,453	4,149,974	4,335,907	6,139,627	6,124,294	6,365,317	6,612,366

*REPORT ON 9th AMENDMENT TO CENTRAL EASTSIDE URBAN RENEWAL PLAN
12 Years "\$51 million"*

Table 4: Tax Increment Revenues, Debt Service and Debt Service Reserves (Continued)

FY Ending	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES									
Beginning Balance	0	0	0	0	0	0	4,148,150	8,588,762	4,047,080
Tax Increment Revenues	7,571,920	7,856,520	8,148,235	8,447,243	8,753,727	9,067,872	9,389,871	9,719,920	10,058,221
Compression Loss	378,596	392,826	407,412	422,362	437,686	453,394	469,494	485,996	502,911
Tax Increment Revenues After Compression	7,193,324	7,463,694	7,740,823	8,024,881	8,316,040	8,614,479	8,920,378	9,233,924	9,555,310
Delinquencies	287,733	298,548	309,633	320,995	332,642	344,579	356,815	369,357	382,212
Truncation	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Adjusted Tax Increment Revenues	6,865,591	7,125,146	7,391,191	7,663,886	7,943,399	8,229,900	8,523,563	8,824,567	9,133,097
TOTAL REVENUES	6,865,591	7,125,146	7,391,191	7,663,886	7,943,399	8,229,900	12,671,712	17,413,330	13,180,177
EXPENDITURES									
Line of Credit Debt Service	0	0	0	0	0		0	0	0
Long Term Bond Debt Service - 2006 Bonds	2,367,900	2,366,300	2,370,800	2,365,800	2,366,600	2,367,600	2,368,500	0	0
Long Term Bond Debt Service - 2011 Bonds	1,718,550	1,717,850	1,714,700	1,714,100	1,715,700	1,714,150	1,714,450	1,716,250	1,714,200
Short Term Bond Debt Service	2,779,141	3,040,996	3,305,691	3,583,986	3,861,099				
Debt Defeasance								11,650,000	11,190,000
TOTAL EXPENDITURES	6,865,591	7,125,146	7,391,191	7,663,886	7,943,399	4,081,750	4,082,950	13,366,250	12,904,200

REPORT ON 9th AMENDMENT TO CENTRAL EASTSIDE URBAN RENEWAL PLAN
12 Years "\$51 million"

Table 5: Projected Incremental Assessed Value and Tax Rates

FY Ending	2006	2007	2008	2009	2010	2011	2012	2013
PROJECTED INCREMENTAL ASSESSED VALUE								
Prior Year Total			466,360,498	483,192,711	495,272,529	607,654,342	622,845,700	638,416,843
Growth Rate		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
AV, New Development	0	0	5,173,200	0	100,000,000	0	0	0
Current Year Total	454,985,852	466,360,498	483,192,711	495,272,529	607,654,342	622,845,700	638,416,843	654,377,264
Frozen Base	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349
Incremental AV	230,380,503	241,755,149	258,587,362	270,667,180	383,048,993	398,240,351	413,811,494	429,771,915
Tax Rate	17.9185	17.8086	17.7668	17.7271	17.6894	16.9724	16.9724	16.9724
Tax Increment Revenues		4,305,321	4,594,270	4,798,144	6,775,907	6,759,095	7,023,374	7,294,261
Tax Increment Revenues After Compression, Adjustments		3,886,453	4,149,974	4,335,907	6,139,627	6,124,294	6,365,317	6,612,366

Table 5: Projected Incremental Assessed Value and Tax Rates (Continued)

FY Ending	2014	2015	2016	2017	2018	2019	2020	2021	2022
Prior Year Total	654,377,264	670,736,695	687,505,113	704,692,741	722,310,059	740,367,811	758,877,006	777,848,931	797,295,154
Growth Rate	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
AV, New Development	0	0	0	0	0	0	0	0	0
Current Year Total	670,736,695	687,505,113	704,692,741	722,310,059	740,367,811	758,877,006	777,848,931	797,295,154	817,227,533
Frozen Base	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349	224,605,349
Incremental AV	446,131,346	462,899,764	480,087,392	497,704,710	515,762,462	534,271,657	553,243,582	572,689,805	592,622,184
Tax Rate	16.9724	16.9724	16.9724	16.9724	16.9724	16.9724	16.9724	16.9724	16.9724
Tax Increment Revenues	7,571,920	7,856,520	8,148,235	8,447,243	8,753,727	9,067,872	9,389,871	9,719,920	10,058,221
Tax Increment Revenues After Compression, Adjustments	6,865,591	7,125,146	7,391,191	7,663,886	7,943,399	8,229,900	8,523,563	8,824,567	9,133,097

VII. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

Table 3 shows the anticipated completion dates of the urban renewal projects authorized under this amendment.

VIII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Under this amendment, the Plan's maximum indebtedness will be increased by \$38,700,000 to \$104,979,000 to finance additional projects in the Area identified in this amendment.

Table 4 shows the yearly tax increment revenues and their allocation to debt service and debt service reserve funds. It is anticipated that all debt will be retired by the end of FY 2021/2022. The estimated amount of tax increment revenues required to service debt is \$109,314,278

IX. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues of \$109,314,278 are based on projections of the assessed value of development and appreciation of existing property within the Area and the addition of the Washington Monroe Site. The projections generally assume 2.5% annual growth in assessed value and additional increases in assessed value from the redevelopment of the Holman Building and the Burnside Bridgehead project. The 2.5% includes 2% growth on the base (less than the 3% maximum allowed by law) and 0.5% in unspecified new development.

Table 5 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues. These in turn provide the basis for the projections in Table 4.

*REPORT ON 9th AMENDMENT TO CENTRAL EASTSIDE URBAN RENEWAL PLAN
12 Years "\$51 million"*

X. IMPACT OF THE TAX INCREMENT FINANCING, BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAID, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA

This Amendment authorizes the extension of the last date for issuance of bonded indebtedness under the Plan for an additional 12 years. In addition, as described above, a maximum of \$38,700,000 more in bonded indebtedness may be issued before August 26, 2018. These changes to the Plan will impact overlapping taxing districts.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. (Very small increases in property tax rates for General Obligation bonds will occur as a result of tax increment financing.) Table 6 shows the property tax revenue foregone by overlapping taxing districts during the use of tax increment financing, in terms of average revenues foregone per year through FY 2021/2022 in current dollars. No impacts are shown for the K-12 School District or Educational Service District, because under the current K-12 and ESD financing system, property tax revenues foregone by the districts would be offset by additional revenues from the State School Fund.

Table 6: Revenues Foregone

Present Value Taxes Foregone	Total	Average Annual
Multnomah County	23,271,785	1,454,487
City of Portland	24,523,406	1,532,713
Metro	517,579	32,349
Port of Portland	375,593	23,475
Portland Community College	1,515,232	94,702

Table 7 shows the increases in permanent rate levy revenues that would occur in the years after termination of the tax increment financing, from FY 2022/2024 through FY 2035/2036, when the projected additional value in the Area would result in a "break even" point. During FY 2035/2036 the value in current dollars of the revenues foregone would be exceeded by the value in current dollars of the additional revenues gained.

REPORT ON 9th AMENDMENT TO CENTRAL EASTSIDE URBAN RENEWAL PLAN
12 Years "\$51 million"

Table 7: Revenues Gained After Termination of Tax Increment Financing, FY 2022/2023 through FY 2035/2036

Present Value, Taxes Gained	Total
Multnomah County	21,209,866
City of Portland	22,350,591
Metro	471,721
Port of Portland	342,315
Portland Community College	1,380,980

XI. RELOCATION METHODS

This Amendment does not change the original analysis for relocation which was provided when the Plan was adopted.

**CES URA Study
Stakeholder Committee
Final Report**

(Dated January 26, 2006)

Chair's Letter

Central Eastside Urban Renewal Study Stakeholder Committee

Stakeholder Committee

Doug Blomgren (Chair),
PDC

Debbie Aiona,
League of Women Voters

Mike Bolliger,
CEIC

Pam Brown,
Ptd. Public Schools

Kelly Bruun,
CES URAC

Doug Butler,
Mult. County

Tim Holmes,
CEIC

Jim Kautz,
Kerns

Wayne Kingsley,
Ptd. Bus. Alliance

Susan Lindsay,
ES URAC

Don MacGillivray,
Buckman

Susan Pearce,
HAND

Ingrid Stevens,
Planning Commission

Dee Walsh,
Housing Rep.

Lead Staff:
Keith Witcosky,
PDC

Joe Zehnder,
Planning Bureau

Arianne Sperry,
Planning Bureau

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

The last date for the Central Eastside (CES) Urban Renewal Area to issue debt is August 26, 2006. Since June 2005, a PDC Commission appointed Stakeholder Committee has been researching whether the Central Eastside Urban Renewal Plan (Plan) should end as scheduled, or whether an extension/amendment to the Plan should occur.

The Committee was composed of the following people:

- Doug Blomgren (Chair), *Portland Development Commission*
- Debbie Aiona, *League of Women Voters*
- Mike Bolliger, *Central Eastside Industrial Council*
- Pam Brown¹, *Portland Public Schools*
- Kelly Bruun, *Central Eastside Urban Renewal Advisory Committee*
- Doug Butler, *Multnomah County*
- Tim Holmes, *Central Eastside Industrial Council*
- Jim Kautz, *Kerns Neighborhood*
- Wayne Kingsley, *Portland Business Alliance*
- Susan Lindsay, *Central Eastside Urban Renewal Advisory Committee*
- Don MacGillivray, *Buckman Neighborhood*
- Susan Pearce, *Hosford Abernethy Neighborhood*
- Ingrid Stevens, *Portland Planning Commission*
- Dee Walsh, *Housing Representative*

PDC intentionally sought to bring together a group of individuals with potentially different perspectives: residents and property/business owners who possess local knowledge; representatives from taxing jurisdictions which set public policy; and representatives of citywide organizations which frequently play a role in influencing policy. It should be noted, participation by representatives of the Portland Public Schools and Multnomah County does not imply support from the publicly-elected officials they represent.

The Committee's process led to a greater understanding of the impacts of using tax increment financing as well as the unfulfilled objectives of the district. The committee is supportive of the recommendations and the investment strategy listed in the report. Nevertheless, reservations still exist regarding the overall impact and additional burden an extension and expansion of the urban renewal plan would have on the taxing jurisdictions. Members agreed these issues should be identified up front in this transmittal letter.

¹ At times, Doug Capps served in Pam Brown's place.

The Committee strived to develop a list of potential investments that allowed tax increment financing to be used to address priorities, and fulfill unmet objectives within the district (transportation improvements, upgraded facilities for the delivery of social services, development that attracts families through housing and community centers). The final investment strategy excludes a number of other possibilities discussed by the Committee, such as structured parking, greater funding of the streetcar resources for emerging opportunities adjacent to the district, and more. The strategy reflects serious consideration of initiatives which are most likely to contribute to increases in the assessed value of the area while also addressing needs which concern Multnomah County, the City of Portland, Portland Public Schools, and the inner eastside.

This report is a product of eight months of healthy and at times, intense debate regarding the level of need and the appropriate use of urban renewal in the CES. The resulting recommendation illustrates great compromise and varying levels of satisfaction. For example, The League of Women Voters would have preferred an increase in maximum indebtedness of no more than \$18,000,000² due to concerns about taxing jurisdictions' current fiscal condition. Similar views were expressed by other representatives on the committee, some of whom also encouraged an investment strategy which balanced local needs with regional priorities.

Some of the members, who are actively involved in improving the district, believe there was a compelling need for closer to \$60,000,000 in resources to assist in existing and emerging initiatives. Those initiatives could include industrial investment in the southern end of the district (the southern triangle); transportation improvements related to southbound connections to Interstate 5 via the Ross Island Bridge, and potential opportunities at the 7-Up Bottling Company near 14th and Sandy³.

Ultimately the Committee balanced these various perspectives. Everyone worked together to find an appropriate trade-off between the short- and long-term impact of continuing to use tax increment and the short- and long-term benefits that could be achieved by the investments.

The resulting recommendation requests an eight-year extension of the Plan, and an increase in maximum indebtedness of \$22,700,000. These combined actions will provide up to \$35,000,000 in new resources for the Central Eastside.

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

Respectfully,



Douglas C. Blomgren, Chair
Central Eastside Study Stakeholder Committee

² This would allow property taxes to be returned to other jurisdictions two years earlier (in 2018) which results in about \$2,000,000 - \$3,000,000 annually for each of the City, the County and statewide education, beginning in 2018.

³ See Appendix A Committee Extension Proposals

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**Stakeholder
Committee**
Doug Blomgren
(Chair), PDC

Debbie Alona,
League of Women
Voters

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Housing Rep.

Lead Staff:
Keith Witcosky,
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Joe Zehnder,
Planning Bureau

Arianne Sperry,
Planning Bureau

Committee Report and Recommendations

Section I: Summary

The Central Eastside Urban Renewal Area Study Stakeholder Committee (Committee) recommends the Portland Development Commission (PDC), the Planning Commission and the Portland City Council amend the Central Eastside Urban Renewal Plan (Plan) as follows:

- ▶ **Extend** the last date to issue debt of the Plan to August 26, 2014. Allows the ability to access \$12,300,000 within the current remaining indebtedness.
- ▶ **Increase** maximum indebtedness for the district to \$88,974,000. Authorizes up to an additional \$22,700,000 in tax increment resources.
- ▶ **Expand** the size of the district by 7.10 acres. Allows for the incorporation of the Washington Monroe High School site near SE 12th and Stark⁴.

The Committee also recommends:

- PDC staff annually report on the progress and performance of the investment strategy proposed in this report according to the expected public benefits and desire to complete unfinished goals in the 1988 *Central City Plan* and the 1986 *Plan*⁵.
- Investment of new resources should focus on the implementation of existing adopted plans such as the *Central Eastside Industrial Zoning Project* (for Water Avenue); the *Central Eastside Urban Renewal Area Housing Strategy*; and *Central Eastside Commercial Corridor Strategy*. There is a strong preference to limit the amount of new resources spent on additional studies to three percent (about \$1,000,000). Eligible studies would include improvements to Interstate 5 and other work which benefits the district.

Investing \$35,000,000⁶ in tax increment resources into the Central Eastside is expected to increase assessed value within this district by 91 percent by the time all debt is projected to be retired and taxes are returned to overlapping taxing jurisdictions in 2020/2021⁷. Without additional tax increment resources (TIF), assessed values are expected to grow by 71 percent over the same time period. This growth translates into an additional \$1,600,000 in property tax revenues for overlapping taxing jurisdictions beginning in FY 2020/21⁸.

⁴ See Appendix B for map of site.

⁵ See Appendix C for an example of the benefits that should be measured. Staff should also track property tax generation comparing the year before and the year after completion (for projects which directly generate property tax).

⁶ Assumes \$17,000,000 (net) in spring 2006, and another bond issue in 2014, with draws on line of credit through 2012 and du jour through 2014. Amounts of line of credit draws are generally in the \$1,000,000 - \$2,000,000 range per year. Final bond sale is estimated at \$12,000,000, which would include amounts to retire outstanding amounts on line of credit. Du jour total is about \$23,000,000 (amounts per year range from about \$1,500,000 to \$4,000,000).

⁷ See chart on page 32 for debt retirement schedule.

⁸ See Appendix D for growth assumptions and Appendix E for other key assumptions. Does not include the additional \$2,000,000 increase associated with Burnside Bridgehead and Holman projects (part of existing plans).

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The Committee will participate in public discussions of these recommendations with local elected and appointed officials, as well as the community, before requesting formal action to amend the Plan be taken by the PDC in April 2006. The amendment will be considered by the Portland Planning Commission in May with the final decision occurring at the Portland City Council in June 2006.

These recommendations allow for the implementation of a strategy which places a priority on projects and activities essential for securing the success of investment in the district to date and preparing it for a time when tax increment is no longer available. This strategy is based upon an expectation of \$35,000,000 in resources (\$12,300,000 plus \$22,700,000 of new debt).

Priorities were guided by a preference to allocate new resources on a percentage basis, across four categories. The category approach is important to assure any tax increment resources associated with an extension have the best possible chance to complete unmet objectives and goals of the *Central City Plan* and the *Urban Renewal Plan*, objectives which are still incomplete after nearly twenty years of investment.

Transportation & Infrastructure	35%	=	\$12,000,000
Real Estate Initiatives	30%	=	\$10,750,000
Economic Initiatives	25%	=	\$ 8,750,000
Quality of Life	10%	=	\$ 3,500,000
TOTAL:	100%	=	\$35,000,000⁹

Collectively this strategy will lead to a growth in tax increment, a growth in the tax rate, growth in jobs and additional amenities for adjacent neighborhoods, while addressing three main barriers to the future economic success of the Central Eastside. These barriers are:

- The existence of many older un-reinforced masonry buildings not able to be economically renovated.
- Traffic growth threatening the capacity and movement of local traffic and limits redevelopment and investment.
- Weak commercial corridors dotted with surface parking lots and dilapidated structures in need of upgrade.

The implementation of these recommendations and interplay among the investment categories will lead to the CES reaching its unique potential. By the end of the Plan extension in 2014 the area will have improved transportation systems which benefit the older distribution and industrial roots while also allowing higher capacity development in the featured industrial and commercial corridors.

The corridors of MLK/Grand; Burnside/Couch; and Water Avenue will be thriving with more quality jobs, improved buildings and compatible services enhancing the adjacent neighborhoods and industrial zoned lands. Buffers will exist between the neighborhoods and employment zones with amenities for families which provide improved pedestrian access to points of interest, such as OMSI and the Willamette River. This combination of job growth, improved transportation, revitalized corridors and healthy adjacent neighborhoods will generate momentum to carry the entire area towards a future without tax increment.

⁹ See Appendix F for map of Investment Strategy Projects.

Transportation & Infrastructure

35% of resources = \$12,000,000¹⁰

<u>Key Project</u>	<u>TIF Expense</u>
<ul style="list-style-type: none"> • Burnside/Couch Couplet Provides important transportation circulation and safety improvements while leveraging a 10 to 1 ratio from federal and other non-TIF resources. The total project cost for the eastside is approximately \$16,200,000. 	\$1,620,000
<ul style="list-style-type: none"> • Install Sidewalks/Routes to the River Provides long sought after family friendly pedestrian connections from the neighborhood near SE 12th to the Willamette River. Improvements cost about \$190,000 per block, with an estimated twelve blocks in need of improvement and upgrade. 	\$2,280,000
<ul style="list-style-type: none"> • Transportation Improvements Leverages other transportation resources and addresses a backlog of infrastructure projects improving circulation, capacity and traffic movements. Primary importance is completing the Tier 1 projects from the 2005 <i>Freight Master Plan</i>. These include street improvements on 4th between Caruthers and Ivon; new street connections on SE 7th/8th; bridgehead improvements on SE Grand near Hawthorne and an extension of Water Avenue from SE Caruthers to Division; thereby reducing the amount of regional traffic on MLK/Grand. Other notable projects include repaving of SE Water and SE 2nd Avenues¹¹. Total cost of these projects is \$5,140,000. Tier 2 projects cost about \$2,850,000. 	\$4,100,000
<ul style="list-style-type: none"> • Extension of the Portland Streetcar Provides \$4,000,000 towards the extension of the Portland Streetcar across the Broadway Bridge, through the Lloyd District, south through the Central Eastside. The alignment along MLK/Grand is critical in order to create synergy with investments related to the 2005 <i>Commercial Corridor Strategy</i>. Estimated project cost is about \$165,000,000 (this includes both the Lloyd and CES). 	\$4,000,000

Real Estate Initiatives

30% of resources = \$10,750,000¹²

<u>Key Projects</u>	<u>TIF Expense</u>
<ul style="list-style-type: none"> • Burnside Bridgehead Completes a 5-block redevelopment which creates a gateway to the eastside and adds nearly \$2,000,000 in property tax generation for the area in the anticipated year of completion (2010). The total project cost is estimated at about \$175,000,000, including \$10,150,000 from TIF (including the \$1,450,000). This additional \$1,450,000 investment is primarily for relocation of commercial tenants in existing structures. 	\$1,450,000
<ul style="list-style-type: none"> • Site Redevelopment on MLK/Grand Provides gap financing for large-scale redevelopment of two of the three key sites in the vicinity of SE Stark and the MLK/Grand Commercial Corridor. Redevelopment would create more commercial space, shared parking, and over 100 units of workforce housing¹³. 	\$4,200,000

¹⁰ The Committee approved Transportation Category projects which total about 34% of the \$35,000,000 requested. The percentage was intentionally rounded up.

¹¹ Source: September 2005, Freight Master Plan, Portland Office of Transportation

¹² The Committee approved Real Estate Category projects which total about 31% of the \$35,000,000 requested. The percentage was intentionally rounded down.

¹³ Source: July 2005, Central Eastside Commercial Corridor Strategy, ECONorthwest.

Real Estate Initiatives Cont.

30% of resources = \$10,750,000

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<u>Key Projects</u>	<u>TIF Expense</u>
<ul style="list-style-type: none"> • Housing The 2003 <i>Central Eastside Housing Strategy</i> set priorities for the funding and implementation of housing investments. Housing resources should be invested in projects which serve a variety of household needs and are compatible with the existing neighborhoods. Among the opportunities are locations along the commercial corridors and the Washington Monroe expansion area. Emphasis is on the following uses and populations (MFI = Median Family Income): <ul style="list-style-type: none"> • New Development (50% - 100% MFI) • Mixed - Use Rehabilitation (50% - 100% MFI) • Existing Single-Family Properties (homeowner/buyer assistance) • Multi-Family Rental Rehabilitation (0% - 60% MFI). 	<p>\$3,100,000</p>
<ul style="list-style-type: none"> • The David P. Hooper Detoxification Center In 2005, Multnomah County transferred the land and aging building associated with this social service to Central City Concern with hopes it could continue to evolve as a long time Portland institution serving an important function for Multnomah County and the Portland Police Bureau. These resources provide \$2,000,000 toward construction of a replacement facility which includes housing and other amenities to improve service delivery. 	<p>\$2,000,000</p>

Economic Initiatives

25% of resources = \$8,750,000

<u>Key Project</u>	<u>TIF Expense</u>
<ul style="list-style-type: none"> • Seismic (\$875,000 yr./5 yrs. worth of resources) The Central Eastside has over 1,300 buildings. Nearly half of these are masonry structures built before the 1950's. Typically any change of use or increase in occupancy triggers seismic and fire life safety improvements costing about \$25 per square foot (in addition to another \$20 p.s.f for basic rehabilitation.). These costs can rarely be recouped through higher rents. Funding this program assumes about five buildings over eight years. This re-engineered program, along with other economic initiatives, should be used to increase job density, increase assessed values of buildings, and attract businesses in an aggressive effort to double the number of jobs in the district to 34,000 and the number of businesses to 2,000. 	<p>\$4,375,000</p>
<ul style="list-style-type: none"> • Rehabilitation along SE Water Avenue (\$875,000 yr. /5 yrs.) Provides resources for rehabilitation and redevelopment in the SE Water Avenue sub-district. In 2006, this area will receive final approval for a more flexible IG1-zoning designation intended to encourage higher-per-building job density by allowing new urban industrial office use. Resources should be used to assist with seismic and other costs associated with redevelopment and tenant assistance programs along the corridor. Rehabilitation costs, including tenant improvements, average about \$50 per square foot. Funding assumes about five buildings over eight years. 	<p>\$4,375,000</p>

Quality of Life

10% of resources = \$3,500,000

<u>Key Project</u>	<u>TIF Expense</u>
<ul style="list-style-type: none"> • Washington Monroe High School Provides the ability to facilitate the development of a community center and other neighborhood benefits. Resources would assist in off-setting the City's outstanding loan obligation of \$5,390,550 for purchasing 4.5 of the 7.1 acres in July 2004¹⁴. 	\$3,500,000

GRAND TOTAL: \$35,000,000

These projects were selected based upon their ability to achieve at least one of the following:

- Directly leverage other non-TIF resources.
- Directly generate significant increases in assessed value.
- Completes unmet objectives in the *Central City Plan* and the *URA Plan*.
- Achieve measurable results and benefits due to an extension.

See the summary table on page 23 for more details on how each project listed in the investment strategy addresses these goals.

¹⁴ Action done through City of Portland Ordinance No. 178635. The Council action impact statement identified potential funding sources as: Parks SDC \$1,000,000; One-time General Fund contribution \$1,000,000; Proceeds from sale of Park assets up to \$2,000,000 - \$3,000,000; Central Eastside urban renewal not less than \$1,500,000, grants \$500,000 requested.

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Section II: Introduction

Purpose of Study:

The CES Urban Renewal Area (URA) Plan was created in August 1986, and will no longer be able to issue debt after August 26, 2006. Since June 2005, a PDC appointed Stakeholder Committee has been working to determine whether the Plan should end as scheduled, or an extension/amendment to the Plan occur. The Committee was chaired by PDC Commissioner Doug Blomgren and comprised of Central Eastside and citywide interests.

Doug Blomgren (Chair), *Portland Development Commission*
Debbie Aiona, *League of Women Voters*
Mike Bolliger, *Central Eastside Industrial Council*
Pam Brown, *Portland Public Schools*
Kelly Bruun, *Central Eastside Urban Renewal Advisory Committee*
Doug Butler, *Multnomah County*
Tim Holmes, *Central Eastside Industrial Council*
Jim Kautz, *Kerns Neighborhood*
Wayne Kingsley, *Portland Business Alliance*
Susan Lindsay, *Central Eastside Urban Renewal Advisory Committee*
Don MacGillivray, *Buckman Neighborhood*
Susan Pearce, *Hosford Abernethy Neighborhood*
Ingrid Stevens, *Portland Planning Commission*
Dee Walsh, *Housing Representative*

This purpose of this report is to identify and recommend why an extension to the Plan is desirable, the financial impacts of the extension, and suggest an investment strategy for specific priority projects.

Project Background:

The 681-acre Central Eastside Urban Renewal Area (CES) was created by PDC Resolution No. 3472, in July 16, 1986, and City Council action through Ordinance No. 158940, adopted August 27, 1986. The URA is legally permitted to issue up to \$66,274,000 in debt. Proceeds are used to invest in projects and programs which advance the goals of the 1986 *CES Urban Renewal Area Plan* in conjunction with the 1988 *Central City Plan*. The CES is expected to have about \$12,300,000 in remaining indebtedness by the time the Plan reaches its last date to issue debt in August 2006.

The following options existed for this district:

1. Allow the end date to pass without extending.
2. Extend the date (in order to allow it to reach maximum indebtedness).
3. Extend the date and increase maximum indebtedness.
4. Extend the date, increase maximum indebtedness, and modify the acreage of the district.

Any PDC Commission action to extend the Plan would require formal review by the Portland Planning Commission and approval by Portland City Council, as well as conversations with other taxing jurisdictions receiving property taxes revenues within the Portland city limits.

Methods:

The CES URA Study was led by a Stakeholder Committee (Committee) which directed the work of a Research Team. Two phases of research occurred between March 2005 and January 2006. 180310

The Phase 1 Research Report completed in May 2005 served as an objective assessment of the history of the district, the role and accomplishments of urban renewal, and the legal and financial issues which control the operation of the CES¹⁵. The research and findings of Phase 1 were used to educate and inform the Stakeholder Committee in order for them to direct Phase 2.

Phase 2 required the Committee to determine: (1) if additional project and program objectives are important to Central Eastside stakeholders. If so, determine potential costs and measure how they achieve goals from the 1986 *Plan* and the 1988 *Central City Plan*; and (2) the financial impacts their recommendations would have on other taxing jurisdictions which receive property tax revenues within the city of Portland; as well as identify how an amendment to the Plan would put the district in a position where it would no longer require tax increment funds in the future.

The \$35,000,000 investment strategy on page 23 is a product of eight months of healthy and at times, intense debate regarding the level of need and the appropriate use of urban renewal in the CES. Some members of the committee vociferously argued for far fewer resources, while others argued equally for far more. The resulting recommendations illustrate great compromise and varying levels of satisfaction among Committee members. However, it also led to an elevated understanding on the impacts of using tax increment financing and the unfulfilled objectives of the district.

¹⁵ See Appendix G for complete Phase 1 Report.

Section III: Evaluation

Overview of the Central Eastside:

Unlike other Central City URAs the CES is characterized by a large base of industrial jobs and businesses. Over 480 acres are zoned industrial; another 170+ acres are commercial. The district provides over 17,000 jobs to the Central City and over 1,100 businesses. The area has successfully sustained job growth throughout the 1970s, 80s and 90s. In addition to the industrial and commercial uses, it spans three neighborhoods: Buckman, Kerns, and Hosford Abernethy. There are nearly 1,000 housing units in the district.

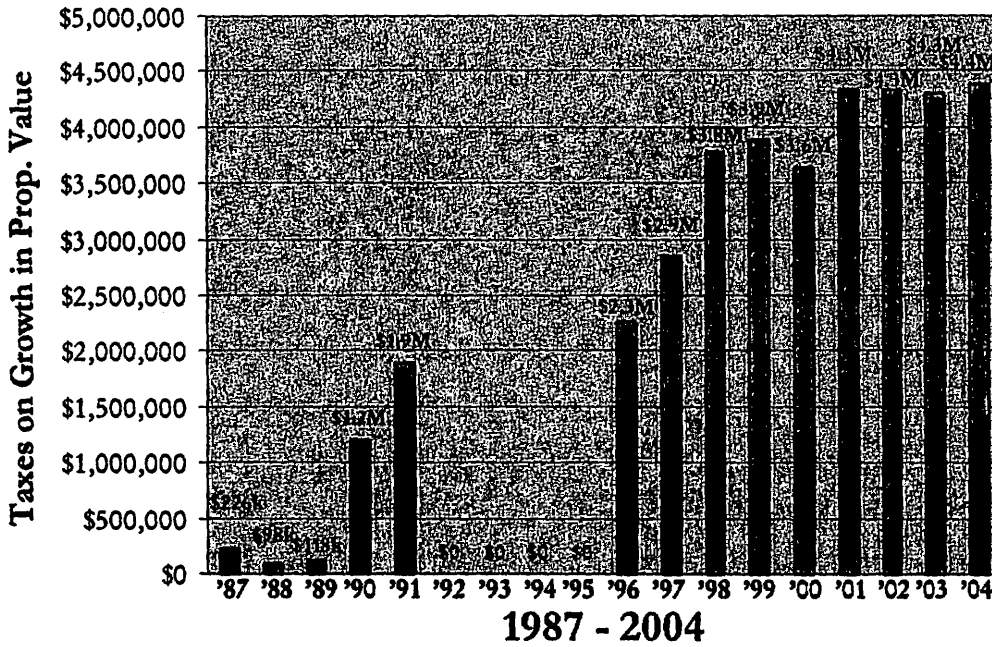
While areas such as the Pearl District have outgrown their manufacturing and distribution roots, the CES remains a steady mover of goods and center of commerce. Transportation access and connections continue to be important, as well as maintaining the recent redevelopment momentum and opportunities to improve the quality of life in the area.

The district today has much the same infrastructure it had 30 years ago. Nearly half of its 1,300 buildings were built before 1954. These largely masonry structures require expensive seismic upgrades to serve the needs for future job growth and business expansion. Many streets are also in need of repair, while sidewalk connectivity from the neighborhoods to the Willamette River is unreliable at best.

Since its creation, the CES has received over \$33,000,000 in taxes on growth in property value (see chart on following page). These are resources which would have gone to overlapping taxing jurisdictions if urban renewal was not an approved tool for financing capital projects. The district received no resources from 1992-1993 through 1995-1996 due to the effects of State Ballot Measure 5 which limited the amount of taxes that could be collected on assessed value of property, and created a phenomenon known as compression¹⁶.

¹⁶ The district received no money between FYs 1992-93 through 1995-96 due a decision by the City and PDC to limit the effects of State Ballot Measure 5 on the City's General Fund revenues. Measure 5 requires that local government property taxes for individual properties be no more than \$10.00/\$1,000 and school property taxes be no more than \$5.00/\$1,000 of Real Market Value. If taxes on a property exceed these amounts, then the tax rate for each corresponding taxing jurisdiction is proportionately reduced until the Measure 5 cap is reached. This reduction in taxes to the Measure 5 limit is called "compression."

An Oregon Supreme Court ruling in 1992, *City of Portland v Smith*, held that tax increment revenue was not exempt from the Measure 5 tax limit and should be categorized as a local government tax subject to the \$10.00 local government property tax limitation of Measure 5. The result of this court decision was that local governments now competed with urban renewal districts for revenue under the \$10.00 limit. Higher collections for urban renewal during this time would have increased compression on the City's General Fund and other local government operating tax levies, reducing revenues available for programs and services. The City chose to not collect urban renewal tax revenue until such time as tax increment collections could be resumed without compressing local government tax levies. This occurred in FY1996-97.



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 ← Annual amount of tax increment collected by the CES.

While the CES has received over \$33,000,000 in tax increment financing, the agency has invested over \$41,000,000 throughout the district. The difference is attributed to use of other resources such as federal funds, and program income (proceeds from land sale, rent, etc.).

Investments have gone towards the implementation of the four 1986 *Plan* goals:

Goal 1: Urban Development: Support development of underutilized land - benefit a diverse range of people - retains the character of the district.

Goal 2: Business Retention & New Business Development: Support existing businesses, new businesses and create stable quality jobs.

Goal 3: Central Eastside Revitalization Program: Support a diverse, thriving, and evolving central-city industrial district.

Goal 4: Riverfront Access: Implement the Willamette River Greenway Plan and increase access to the river.

Policy 20 of the 1988 *Central City Plan* also has 18 actions specifically directed toward the Central Eastside. Of the 18 actions in, seven are incomplete¹⁷.

¹⁷ See page 29 in Appendix G.

Historic Objectives, Guiding Policies and Plans:

In order to fully understand why urban renewal was viewed as a necessity of the district in the 1980's, and why the Committee is recommending its continued use in the future, it is necessary to revisit how the area has evolved since the late 1800's.

The area now known as the CES was originally incorporated as East Portland in 1870. Early industries included shipping and distribution, lumber and flour mills, smelting plants and foundries. The area was favored for industrial uses because of rail service, proximity to river service, the nearby labor force, and the developing road system.

In the 1970s and 1980s the CES was described as a regionally significant industrial employment district with concentrations of commercial uses in the northern central area and residential uses on the eastern edge. Industrial uses were mainly warehousing and distribution, with manufacturing on the decline. Urban block configurations and physical constraints such as the Southern Pacific Main Rail line limited industrial redevelopment opportunities. Many older buildings still exist (nearly half of the 1300+ buildings were constructed prior to 1954)¹⁸.

During this period the district identified a number of challenges – some of which remain today. While it is centrally located and considered a transportation hub, traffic congestion/circulation, parking within the district and access to I-5 were problematic. Also during that era, street lighting and pedestrian amenities were lacking, as was public access to and along the east bank of the Willamette River. Compatibility was sought between the industrial, commercial and residential areas. Overall, the predominantly industrial employment district was stable but needed to leverage resources for public and private investments.

Since the 1970s numerous plans, studies, and reports have helped craft a vision for the Central Eastside. Two that have arguably done the most to shape the area are the 1986 *Urban Renewal Plan for the Central Eastside Urban Renewal District*, and the 1988 *Central City Plan (CCP)*¹⁹.

The table to the right demonstrates the economic and market stability of the industrial district over the past 30 years. Such stability is rare for centrally located industrial sanctuaries.

Central Eastside Key Facts			
	Total Jobs	Businesses	Rent per Square Foot for B & C Buildings
1976/78	>15,000	800	\$1.20 - \$1.60
2002/04	>17,000	+/- 1,100	\$9.00 - \$13.00

1988 Central City Plan:

The 1988 CCP created a vision for the future of Portland's downtown core and adjacent inner-city neighborhoods. It is one of the City's most esteemed and referenced planning documents. The CCP sets actions intended to position Portland's Central City as a hub of commerce and cultural activities, recognizes its unique environmental setting and historic precedence, integrates residential and business characteristics of the individual districts, and preserves the integrity of adjacent neighborhoods.

Policy 20 in the CCP directs actions for the Central Eastside. The Policy says the City should preserve the CES as an industrial sanctuary while improving freeway access and expanding the area devoted to the Eastbank Esplanade.

¹⁸ See page 65 in Appendix G for details.

¹⁹ See page 81 in Appendix G for details.

It furthermore list:

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- A. Encourage the formation of incubator industries.
- B. Reinforce the district's role as a distribution center.
- C. Allow mixed use developments, which include housing in areas already committed to non-industrial development.
- D. Preserve buildings which are of historic and/or architectural significance.
- E. Develop MLK Blvd. and Grand Avenue as the principal north-south connection and commercial spine of district for transit and pedestrians.
- F. Continue implementation of the CES Economic Development Policy.

Urban Renewal Related Accomplishments:

Since 1986 PDC has invested over \$41 million²⁰ into projects and programs throughout the Central Eastside. The investments have focused on "New Development", "Public Infrastructure", "Rehabilitation", and "Economic Development Assistance":

Activity	URA Plan Goal ²¹	Amount
New Development	Goal # 1/Goal # 2	\$10,500,000
Public Infrastructure	Goal # 4	\$22,500,000
Rehabilitation	Goal # 2/Goal # 3	\$ 5,200,000
Economic Assistance	Goal # 2/Goal # 3	\$ 3,150,000
TOTAL		\$41,350,000

► New Development: \$10,500,000

Many of PDC's New Development resources have been spent on land assembly, the provision of land resources, and occasionally financial assistance required for new private investment, the creation of jobs and improving the environment for businesses. The Produce Row and Belmont/Main redevelopment projects highlight this activity.

Collectively, PDC has brought together over 14 acres of land to capture more than 300,000 square feet of industrial space for companies such as TAZO Tea, Pacific Coast Fruit, Platt Electric and others. These investments have directly leveraged over 500 jobs for the district.

► Public Improvements: \$22,500,000

Investments in public infrastructure have improved vehicular and pedestrian connections in an area of the city with an aging street and sidewalk infrastructure. A vast majority of these resources went toward the Eastbank Riverfront Park (Esplanade). However PDC also assisted in transportation system improvements which paved, extended, and otherwise upgraded 2nd Avenue, Water Avenue, and the Grand/Burnside/MLK area.

²⁰ Includes tax increment debt proceeds as well as allowable non-TIF resources. See page 93 in Appendix G for list of accomplishments.

²¹ See page 91 in Appendix G.

► Rehabilitation: \$5,200,000

There are two fundamental strategies for building rehabilitation investments. One is to create opportunities for affordable housing such as the Logus Building, the Grand Oaks, and the Wilshire apartments. The second purpose is to provide resources for commercial renovation of multi-story under-utilized buildings. These projects include the Bosco-Milligan Foundation, the conversion of an old bank for the Oregon Ballet Theater, and more recently the purchase and upgrade to the Holman building at the east end of the Hawthorne Bridge. In total, over 100 rental housing units and over 120,000 square feet of commercial space have been rehabilitated. Very little of the housing investments were done with tax increment resources.

► Economic Dev. Programs: \$3,150,000

The CES is one of the most active URAs for Economic Development programs. Since 1996, the Storefront Improvement Program has approved over 70 grants for local businesses. The sum of these grants exceeds \$750,000. There were also more than 40 other economic development assistance loans totaling in excess of \$2.4 million dollars. These business oriented programs have led to over 250 jobs being created and retained. Recent efforts include NW Incorporated, Hippo Hardware, Portland Roasting, Media Systems, Stock Options, the Lippman Company, Wentworth, Twenty-Four Seven, Produce Row, and Pratt and Larson.

Work in Progress:

The PDC Adopted Budget for FY2005/06 and FY06/07 has over \$17,000,000 identified for projects and programs in the CES.

Capital projects from PDC Adopted

- The Holman Building will convert a tired, blighted structure into an activity area where over 250 jobs will bring sidewalk activity and life to the southern end of the district. The Burnside Bridgehead project takes an abandoned and intimidating section of East Burnside and develops it into a gateway to the Central Eastside. Combined property taxes generated in the area are forecasted to be almost \$2,000,000 higher in 2010 as a result of these projects²².

Project	Total: 2005/2006 – 06/07
Pre Development	\$50,000
Wentworth Place Redevelopment	\$225,000
Burnside Bridgehead Redevelopment	\$6,400,000
Eastside Streetcar Feasibility	\$317,000
Burnside/Couch Study	\$360,000
Eastbank Park/Holman Building	\$720,000
Holman Building Ec. Dev. Assistance	\$2,400,000
Storefront Grants	\$184,000
Business Finance Tools	\$4,552,000
Housing Programs: Preservation	\$2,100,000
PROJECT TOTAL	\$17,308,000

- Budgeted project also address the community's interest to prepare for the future. Resources are included for studying a massive infrastructure upgrade to East Burnside (Burnside Couch Couplet). Stakeholders in the district are also hopeful of extending the Streetcar across the river through a connection with the Oregon Convention Center urban renewal area.

²² See chart on page 32.

- Adopted Budget projects and many of the investment strategy priorities in this report reflect the goal to implement actions associated with recently completed area-specific planning efforts:
 - *Development Opportunity Strategy along SE Water Avenue - 2005*
Focused on 30 acres of under-utilized land along Water Avenue between Caruthers and the Morrison Bridgehead. Zoning in this area (the definition of “industrial jobs”) is proposed to be made more flexible in order to encourage increased employment density by attracting “cutting-edge” urban industrial businesses (graphic arts, engineers, etc.).
 - *Commercial Corridor Redevelopment Plan - 2005*
Targeted to fulfilling the potential of a high capacity mixed use zoning area (EX) between Clay and Everett along MLK and Grand. The strategy for this commercial corridor identified three opportunity sites where over 300,000 square feet of redevelopment could occur.
 - *Central Eastside Urban Renewal Area Housing Strategy - 2003*
Set priorities for the funding and implementation of a variety of housing investments with emphases on a variety of uses and populations. The strategy strives to achieve five primary goals:
 - Job and Housing Balance
 - Vitality and Livability
 - Rental Housing Supply
 - Home Ownership Opportunity
 - Displacement Prevention

Recommendation:

Given this context and current status of development and condition of the area the CES URA Study Stakeholder Committee recommends the following actions:

- ▶ **Extend** the Urban Renewal Plan for a period of 8 years
- ▶ **Increase** maximum indebtedness by \$22,700,000
- ▶ **Expand** the size of the district by 7.10 acres

These actions will result in the following:

- Plan end date (last date to issue debt) of August 26, 2014 (previously August 26, 2006)
- New total maximum indebtedness of \$88,974,000(previously \$66,274,000)
- District size of 688.3 acres (previously 681 acres)

An eight-year extension and a \$22,700,000 increase in maximum indebtedness will allow the district to access approximately \$35,000,000 in additional tax increment resources (\$12,300,000 in remaining maximum indebtedness plus \$22,700,000 of new debt).

The Committee recommends expanding the boundary of the Central Eastside URA to include the 7.10-acre Washington Monroe High School site. The purpose of this expansion is to encourage the creation of a mixed-use development with a community center for inner SE Portland. This would reduce the amount of land available for urban renewal citywide from approximately 1,046.5 acres to 1,039.4.

The Committee also recommends:

- PDC staff annually report on the progress and performance of the investment strategy proposed in this report according to the expected public benefits and desire to complete unfinished goals in the 1988 *Central City Plan* and the 1986 *CES Urban Renewal Plan*.
- Emphasis during the extension should be placed on the implementation of existing adopted plans such as the *Central Eastside Industrial Zoning Project* (for Water Avenue); the *Central Eastside Urban Renewal Area Housing Strategy*; and *Central Eastside Commercial Corridor Strategy*. There is a strong preference to limit the amount of new resources spent on additional studies to three percent (about \$1,000,000). Eligible studies would include improvements to Interstate 5 and other work which benefit the district.

Investing \$35,000,000 in tax increment resources is expected to increase assessed value within this district by 91 percent by 2020/2021. Without this resource, assessed values are expected to grow by 71 percent over the same time period. This growth translates into an additional \$1,600,000 in property tax revenues beginning in 2020/2021.

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Vision for Continuing the Central Eastside:

The Committee measured the potential for additional urban renewal investment to achieve substantive progress of unmet Central Eastside objectives. These objectives are outlined in Policy 20 of the 1988 *Central City Plan* and the existing *Plan*.

- Increase Jobs
- Increase Job Density
- Increase Industrial Investment
- Increase Housing
- Increase Commercial Development
- Improve Transportation
- Provide Benefit to Adjacent Neighborhoods
- Improve Open Space and Riverfront
- Preserve Historic Character
- Improve District Appearance & Conditions
- Leverage Children and Families to the Area

The Committee also based the evaluation on the premise that urban renewal activity should have a finite and limited timeframe for achieving measured results. Urban renewal districts should not exist in perpetuity.

Through research and deliberation it was concluded an eight-year extension of the Plan, guided by a specific investment strategy will produce substantial, measurable and accelerated results in meeting the adopted objectives for the Central Eastside. After such time, the benefits of urban renewal investments will leave the district well positioned for the future and additional debt issuance will not be necessary or requested.

The CES has the unique potential to succeed because of the interplay between investment strategy elements – job growth, improved transportation, healthy commercial corridors and healthy adjacent neighborhoods. If the momentum generated can be extended into the next decade the CES can thrive as a unique, healthy, and prosperous area.

Section IV: Proposed Use of Tax Increment Resources

The purpose for these recommendations is to allow for the implementation of an investment strategy which places a priority on \$35,000,000 in projects and activities which are essential for securing the success of the City's investment in the CES to date and prepare it for a time when tax increment is no longer available. The strategy is comprised of a series of deliberate, inter-related activities.

Priorities were guided by a preference to allocate new resources on a percentage basis, across four categories. The category approach is important to assure any tax increment resources associated with an extension have the best possible chance to complete unmet objectives and goals of the *Central City Plan* and the *Plan*, objectives which remain incomplete after nearly twenty years of investment.

Transportation & Infrastructure	35%	=	\$12,000,000
Real Estate Initiatives	30%	=	\$10,750,000
Economic Initiatives	25%	=	\$ 8,750,000
Quality of Life	10%	=	\$ 3,500,000
TOTAL:	100%	=	\$35,000,000²³

Projects were selected due to their ability to address at least one of the following:

- Directly leverage other non-TIF resources.
- Directly generate significant increases in assessed value.
- Completes unmet objectives in the *Central City Plan/URA Plan*.
- Achieve measurable results through an extension.

The vision is achieved by addressing the following primary barriers to the Central Eastside's long-term success:

Traffic growth which threatens the capacity and movement of local traffic and limits redevelopment and investment. Increasing congestion makes it important to find ways to move through traffic off MLK/Grand and to ensure CES businesses can access I-5 North and South. Extending the Streetcar, as well as creating the Burnside/Couch couplet create a synergy through their relationship to serving mixed-use developments along MLK/Grand and increased traffic capacity to serve the Burnside Bridgehead project.

The existence of many older, un-reinforced masonry buildings which cannot be economically renovated. Investing in transportation solutions while providing seismic assistance for outdated buildings, combined with assistance for firms wishing to expand and more flexible zoning, will result in the district's ability to handle increased density of quality, family wage jobs. The future of the CES is as an inner city sanctuary for jobs and employment. Such a sanctuary maintains close-in sites for distribution, light manufacturing and new urban industrial firms.

Weak commercial and industrial corridors dotted with surface parking lots and dilapidated structures in need of upgrade. The two primary commercial corridors are MLK/Grand and Burnside, with an emerging new urban industrial corridor along SE Water Avenue. Strategies exist to stimulate larger catalytic projects at the intersection of MLK/Grand and Burnside, at MLK/Grand and SE Stark, and along Water Avenue. Together these initiatives create a triangulation of investment and redevelopment which will aid each corridor.

²³ See Appendix F for map of Investment Strategy Projects.

Collectively this strategy addresses barriers to the future economic success of the CES while increasing family friendly amenities and the viability of adjacent neighborhoods through better pedestrian access and the creation of a community center. The component parts build upon each other: Transportation projects improve the flow of freight traffic for industrial uses while also increasing capacity and transit alternatives adjacent to three key corridors targeted for investment through programs which attract quality jobs to upgraded and rehabilitated older structures leading to higher employment density and more housing in the mixed-use zones.

The table on the following page summarizes how investment strategy projects help to achieve synergy among the investment categories and advance adopted goals.

INVESTMENT STRATEGY KEY PROJECTS

	Estimated TIF Needed	Total Cost	Leverage Capability	Direct Initial increase in Property Taxes ²⁴	Relevance to Adopted Plans ²⁵
Burnside Bridgehead	\$1,450,000	\$175,000,000	Very High	\$1,800,000	<u>Central City Plan</u> Goals: C, F Items: 8, 9 <u>Urban Renewal Plan</u> Goals: 1, 3
Washington Monroe High School	\$3,500,000	unknown	Moderate		<u>Central City Plan</u> Goals: C, D Items: 1 <u>Urban Renewal Plan</u> Goal: 1
Burnside Couch Couplet	\$1,620,000	\$16,200,000	High		<u>Central City Plan</u> Goals: C Items: 8, 9, 10 <u>Urban Renewal Plan</u> Goals: 1, 3
Site Redevelopment on MLK/Grand	\$4,200,000 Site 1: \$2,500,000 Site 2: \$1,700,000	\$33,700,000	High		<u>Central City Plan</u> Goals: C, D, E Items: 9 <u>Urban Renewal Plan</u> Goals: 1, 2
Transportation Improvements (from 2005 Freight Master Plan)	\$4,100,000	\$7,950,000	Moderate		<u>Central City Plan</u> Goal: B Items: 2, 6, 9, 10 <u>Urban Renewal Plan</u> Goal: 3
Economic Development Initiatives	\$8,750,000 Seismic \$4,375,000 Water Ave. \$4,375,000	unknown	High		<u>Central City Plan</u> Goals: A, E, F <u>Urban Renewal Plan</u> Goals: 1, 2, 3
Sidewalks/Routes to the River	\$2,280,000	\$2,280,000	Low		<u>Central City Plan</u> Goals: 1 Items: 5 <u>Urban Renewal Plan</u> Goals: 4
Portland Streetcar	\$4,000,000	\$165,000,000	Very High		<u>Central City Plan:</u> Goal: E <u>Urban Renewal Plan:</u> Goals: 1, 3
Housing Investments	\$3,100,000	unknown	High		<u>Central City Plan</u> Goals: C, D, E Item: 1 <u>Urban Renewal Plan</u> Goals: 1
Hooper Detox Center	\$2,000,000	\$25,000,000	Moderate		<u>Central City Plan:</u> Goal: C <u>Urban Renewal Plan</u> Goal: 1
TOTAL TIF:	\$35,000,000				

²⁴ Figures are only included where project detail is beyond the conceptual stage. Data should be tracked throughout the implementation of the strategy.

²⁵ Related to the 1986 Plan and the 1988 Central City Plan.

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Investment Strategy Project Details (by category):

Transportation and Infrastructure:

The Central Eastside is served by the major north/south arterials of MLK/Grand, Burnside, Interstate 84 and Interstate 5, and four bridges emptying traffic directly into its core. The efficient transfer of goods, services and people to/from, and through the district will play a large role in its future health.

In the 1990's, urban renewal was used to improve the transportation system and streetscapes along Second Avenue, Water Avenue and the Grand/Burnside/MLK area. These investments have helped the district, but much more needs to be accomplished to stimulate job growth, business growth and private investment.

Stakeholders are eager to see tax increment financing (TIF) leverage transportation resources at the local, state and federal levels. These types of activities should lead to increases in jobs, industrial investment, and provide benefits to the adjacent neighborhoods. There is an expectation by many members of the community that transportation improvement projects will leverage resources to improve sidewalks, make it safer for pedestrians, and begin a trend to invest in better connections from the neighborhoods to the river and central eastside jobs and services.

Benefits from Transportation and Infrastructure \$12,000,000				
Expected Benefits (Central City Plan objectives)	Burnside /Couch	Streetcar	Routes to the River	Transportation Improvements
	\$1,620,000	\$4,000,000	\$2,280,000	\$4,100,000
Increase Jobs	++	+		++
Increase Industrial Investment	++	+		++
Increase Job Density	++	+		++
Increase Housing	++	++		++
Increase Commercial Development	+++	++		++
Improve Transportation	+++	+++	++	+++
Provide Benefit to Adjacent Neighborhoods	++	+	+++	+
Improve Open Space & Riverfront			++	
Preserve Historic Character		+		+
Improve District Appearance & Conditions	++	++	+++	++
Leverage Children and Families to the Area			++	

Legend	
+++	Will significantly advance benefit
++	Will moderately advance benefit
+	Will minimally advance benefit
blank	Will not directly advance benefit

Burnside/Couch Couplet (\$1,620,000)

The *Burnside Transportation and Urban Design Plan* includes the creation of a Burnside/Couch couplet from East 14th to West 16th - with increased signalization, wider sidewalks, additional on-street

parking, improved and redirected traffic movements, improved access by allowing left turns on Burnside, and the introduction of more street trees and ornamental lighting. The FY2005/06 – 2006/07 Adopted Budget includes \$360,000 for feasibility and engineering of the couplet and the urban design effort. The total cost, including capital construction and improvements for the eastside project (Burnside to East 14th) is estimated at \$1,620,000. Approximately ten percent (\$1,062,000) would need to come from local resources (such as tax increment financing). The ten percent leverages a ninety percent federal match.

Install Sidewalks/Create Routes to the River (\$2,280,000)

One of the longstanding commitments associated with the Eastbank Riverfront Park was to improve connections from the neighborhood to the Willamette River.

Currently, pedestrians and bicyclists trying to access the eastbank of the Willamette River through the CES have to contend with many barriers, including the MLK/Grand couplet, the I-5 freeway, the railroad tracks, and a lack of sidewalks. The *Central City Plan* proposed improving district pedestrianways on Clay, Ankeny, Morrison, Main, Stephens, Caruthers, Division, Grand 12th, and 3rd. Some of the work on these has been completed, but no clear east/west pedestrian paths to the river have yet emerged. Streetscape improvements cost about \$190,000 per block. Improvements should include signage related to the Esplanade and other destinations.

These connections in and among the neighborhoods and commercial/industrial properties, including links to the commercial corridors, connections across the busier streets of MLK and Grand Avenues, and connections to the Eastbank Riverfront Park will provide significant benefit to adjacent neighborhoods and allow Esplanade users to access the eventual amenities in the MLK/Grand corridor. The links can be achieved by installing sidewalks, upgrading and adding crosswalks, adding directional signage and other improvements. While some of the streets have received investment, many have not. Total cost is in the range of \$2,280,000.

Portland Streetcar (\$4,000,000)

The PDC FY2005/2006 Adopted Budget includes \$317,000 to study the feasibility of the eastside streetcar connection. The vision is to extend the existing Portland Streetcar across the Broadway Bridge, through the Lloyd District, south through the Central Eastside (via the MLK/Grand commercial corridor) to the Oregon Museum of Science and Industry and back across the Willamette to RiverPlace, where it will join the existing line. The new leg will strengthen ties between downtown Portland and the inner eastside. This item provides \$4,000,000 toward the estimated project cost of about \$165,000,000 (this includes both the Lloyd and CES). Having the Streetcar in the Central Eastside, with an MLK/Grand alignment, provides benefits to the adjacent residential neighborhoods, and also would have an impact on the density of development that could be achieved for sites along the commercial corridor.

Transportation Improvements (\$4,100,000)

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The Portland Office of Transportation has an on-going list of improvements and projects to be completed in the Central Eastside. These projects are very important in order to reinforce the district's role as a near-in employment/distribution center and inner city hub of commerce; to prepare the district for increased job density and development intensity; as well as removing regional through traffic off the MLK/Grand corridor.

The September 2005 *Freight Master Plan* identifies two tiers of projects totaling \$7,990,000. The \$4,100,000 in TIF should be used to leverage other transportation resources which allow for the completion of Tier 1 and Tier 2 projects. Tier 1 projects have a goal for implementation within five years; Tier 2 projects within ten years.

Tier 1 (\$5,100,000):**4th Ave (Caruthers – Ivon) - Multi-modal street improvements**

Improve geometrically constrained 4th and Caruthers intersection to facilitate truck turning movements. Construct urban standard street improvements for traffic, and pedestrian and bike facilities connecting the Springwater Corridor. \$250,000

7th/8th - New Street Connection

Construct new street connection from SE 7th and 8th Avenue at Division to improve local street connectivity for industrial properties. \$500,000

Grand Avenue - SE Hawthorne Bridgehead Improvements

Reconstruct west edge of SE Grand at the Hawthorne bridgehead to provide sidewalks and urban standard turn lanes. Improves truck safety and access. \$4,100,000

Water Avenue (Caruthers – Division Place) - Street Extension Phase II

Provide a new roadway connection with sidewalks, bike lanes, landscaping, and access to Willamette Greenway to improve access and circulation for industrial district. \$250,000

Tier 2 (\$2,850,000)**11th/12th/Railroad Crossing (West of Division) - Intersection Improvements**

Reconstruct intersection to upgrade traffic signalization and establish bike and ped routes to improve safety and reduce delay at intersection. \$400,000

Belmont Ramps (Eastside of Morrison Bridge) - Ramp Reconstruction

Reconstruct ramp to provide better access to the Central Eastside. \$1,500,000

Stark Street (2nd – Grand) - Safety & Capacity Improvements

Improve safety and capacity at the SE Stark/Grand intersection by re-striping the street to add eastbound lane, revising Stark to one-way eastbound between King-Grand, or implement a Stark-Oak one-way couplet between 2nd and Grand. \$50,000

Water Avenue (Stark – Clay) - Road Reconstruction

Reconstruct street to meet industrial needs and provide pedestrian enhancements. \$900,000

The Committee is hopeful TIF will leverage at least a two to one match from other resources (one dollar TIF to two dollars other).

Real Estate Initiatives:

180316

There are 681 acres within the current boundaries of the Central Eastside Urban Renewal Area. Nearly 500 acres are zoned industrial and slightly over 170 are zoned commercial. It is a unique industrial district located in the heart of the Central City between the Willamette River to the west and the older residential neighborhoods of Kerns, Buckman and Hosford Abernethy to the east. The area also has several emerging mixed-use corridors in the EX zoned areas along Burnside, MLK/Grand and SE 11th/12th; as well as the evolving industrial corridor along Water Avenue.

Land assembly and support for new development are basic urban renewal strategies for removing barriers to development. In an urban renewal area where returns on investment are uncertain, public sector investment is frequently needed for redevelopment of land. This has been successful in the CES. The most recent example is PDC's efforts to purchase and redevelop land associated with the Burnside Bridgehead. By 2010, an investment of tax increment resources will transform this blighted property into a project which increases the annual property tax revenues in the area by almost \$2,000,000 and creates a gateway to Portland's inner eastside.

The Committee's recommendation to increase maximum indebtedness was, in part, based on the principle that careful investing could boost property tax revenues beyond the typical annual citywide growth of 2.5 percent while leveraging at least two or three more signature projects for the district. The focus should be on the commercial corridors and the industrial corridor particularly along Water Avenue. These investments have the greatest impact on increasing future returns to overlapping taxing jurisdictions.

Given the large number of older buildings in the Central Eastside, increasing job density, attracting new businesses, and developing new housing units frequently requires new development in addition to rehabilitation. Depending upon the size and scope of the project public investment can range from a few hundred thousand dollars into the millions.

There are numerous site specific factors which affect the appropriate level of public financial involvement. Many of these include project "gap" costs related to the potential provision of structured parking to accommodate increased density, seismic retrofits, fire and life safety requirements, environmental cleanup, associated transportation improvements, and desired public amenities. Some factors to consider are²⁶:

Land in the CES:	\$25 - \$40 per square foot (about \$1M to \$2M per block).
Environmental clean-up:	\$100,000 - \$500,000 per block on average.
Seismic upgrades:	\$25 per square foot.
Structured parking:	\$25,000 per space above grade/\$35,000+ below
Housing:	\$10,000 - \$20,000 construction cost gap per unit depending upon income range.

²⁶ August 2005 estimates based on conversations with PDC staff, property owners and developers.

Benefits from Real Estate Initiatives				
\$10,750,000				
Expected Benefits (Central City Plan objectives)	Burnside Bridgehead	Housing	MLK/Grand/ Water Ave	Flopper Center
	\$1,450,000	\$3,100,000	\$4,200,000	\$2,000,000
Increase Jobs	++		+++	
Increase Industrial Investment	+		+	
Increase Job Density	++		+++	
Increase Housing	+++	+++	+++	++
Increase Commercial Development	+++	+	+++	
Improve Transportation	+		+	
Provide Benefit to Adjacent Neighborhoods	++	+++	+++	++
Improve Open Space & Riverfront		+++		
Preserve Historic Character		+	+++	
Improve District Appearance & Conditions	+++	+++	+++	++
Leverage Children and Families to the Area	+	+++	+	

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Burnside Bridgehead (\$1,450,000)

The Burnside Bridgehead project is envisioned to be a five-block development at the base of the Burnside Bridge on the east side of the Willamette River. The proposal being pursued with Opus Northwest consists

of a high intensity mixed use development containing retail, office, residential – both for sale and rental units, and light industrial and manufacturing space, all served by a four block underground parking structure. PDC is expected to invest \$8,700,000 from the Adopted Budget. This includes resources to purchase the land and address the expected gap in construction costs. The project may require up to an additional \$1,450,000²⁷. A completed project with an assessed value of \$100,000,000 would add nearly \$2,000,000 to the property tax rolls in its initial year of assessment. The project is expected to be complete in FY2009/2010.

MLK/Grand Commercial Corridor (\$4,200,000)

In July 2005, ECONorthwest assisted PDC in developing a strategy to encourage investment in an area of historic structures, vacant storefronts and underutilized buildings and sites along Grand Avenue and Martin Luther King Boulevard. This area is within a large “EX” zoned corridor between Clay and Everett. It represents some of the highest capacity for new development in Portland’s eastside. The strategy specifically recommended redeveloping three high potential sites on SE Stark, as well as associated improvements to vehicle infrastructure and improved pedestrian connections.

The report emphasizes:

“The district’s older buildings are considered an asset because of their ability to contain multiple uses...but they are also a liability because of seismic and other building code issues. Many of the vintage commercial buildings in the Corridor will require expensive upgrades for life-safety and circulation. Unfortunately, industrial uses in the Corridor do not typically support the rents needed to finance necessary improvements. Public assistance may be beneficial in certain cases...where there is a public desire to retain the building while enforcing the building code.”

²⁷ Negotiations with the community and the prospective developer (Opus NW) are still in progress at the time of this report.

The two low intensity sites clustered along SE Stark with the best redevelopment potential are: **180316**

1. East of MLK between SE Stark and SE Oak (3/4 block)
2. East of MLK between Stark and Washington (western portion of block)

The public financing gap, based on the 2005 *Commercial Corridor Strategy*, is \$1,700,000 for one site and up to \$4,200,000 for both sites. The gap ranges by site, from 11 to 13 percent of the total construction costs (depending on development assumptions such as on-site parking). It is projected to leverage nearly \$34,000,000 in direct private investment and over 245,000 square feet of programmable space. The study also identified transportation improvements and the presence of the streetcar on MLK/Grand as elements that help alleviate congestion by moving people through the corridor and could play a role in generating demand in an area with strong potential for redevelopment. Should these sites not develop due to lack of owner interest or other obstacles, resources should become eligible for other initiatives which increase jobs, jobs density and similar benefits.

Housing (\$3,100,000)

The 2003 *Central Eastside Housing Strategy* set priorities for the funding and implementation of a variety of housing investments. The strategy strives to achieve five primary goals:

- o Job and Housing Balance
- o Vitality and Livability
- o Rental Housing Supply
- o Home Ownership Opportunity
- o Displacement Prevention

Opportunities exist along the commercial corridors of Burnside/Couch, properties near MLK/Grand, and some of the land associated with the Washington Monroe acreage addition (WAMO). The WAMO site in particular provides an opportunity to develop housing which includes units and amenities which attract families with children.

The David P. Hooper Detoxification Center (\$2,000,000)

In 2005, Multnomah County transferred ownership of this 1954 facility to Central City Concern with hopes it could continue to evolve as a long time Portland institution which provides an important function for the Multnomah, Washington and Clackamas Counties; as well as the Portland Police Bureau. There are 14,000 annual admissions serving approximately 6,000 people.

Central City Concern is interested in a redeveloped multi-story facility with services on the lower floors and housing above (up to 65 units). Construction costs could be as high as \$25,000,000. TIF resources would provide \$2,000,000 toward any financing gap which may occur.

Economic Initiatives:

The CES is a close-in hub for jobs and businesses for Portland's Central City. Over the past thirty years, the predominantly industrially zoned district has maintained economic stability and is currently home to over 17,000 jobs and 1,100 businesses. While industrial activity in other cities in the United States has been steadily decreasing, Portland prides itself on the industrial character of the CES and recognizes its benefit as a centrally-located job generator.

Investment in economic development activities, through TIF or other means, is intended to increase the number of jobs and businesses in the district. Stakeholders encourage an aggressive target of doubling the number of jobs to 34,000 and number of businesses to 2,000.

Part of the strategy for the CES is to expand the presence of both "new urban industry" businesses in the district and support the growth and evolution of the existing industrial base. This should be a priority for urban renewal funds due to the lack of alternative sources for these kinds of investments at the City, State or Federal levels.

Four primary public benefits can be achieved through economic development investments:

- Increase Jobs
- Increase Industrial Investment
- Increase Job Density
- Increase Commercial Development

In the Central Eastside there is particular need and opportunity to invest in economic development by helping bridge the financial gap encountered by building owners in the redevelopment and seismic upgrade of many older un-reinforced masonry structures. There is also continued opportunity and need for other programs to provide grants and loans to business and employers in exchange for job creation. The potential risk of not addressing these problems is that the character of the district will change if older, non-historic, buildings are demolished in favor of more cost effective construction.

Over the past years a number of building rehabilitation projects has occurred in the district. Pratt & Larson Tile used \$500,000 in funding from PDC's Quality Jobs Program, Economic Opportunity Fund and direct tax increment financing loan to offset the \$1,050,000 cost of renovations to their 40,000 square foot building. The PDC contribution to this project resulted in 130 total jobs with 90 retained and 40 additional jobs added to the Central Eastside. The cost of this rehabilitation was \$26.00 per square foot (p.s.f).

Benefits from Economic Initiatives \$8,750,000		
Expected Benefits (Central City Plan objectives)	Seismic	Water Ave DOS Zoning
	\$4,375,000	\$4,375,000
Increase Jobs	+++	+++
Increase Industrial Investment	+++	+++
Increase Job Density	+++	+++
Increase Housing	+	
Increase Commercial Development	+++	+++
Improve Transportation		
Provide Benefit to Adjacent Neighborhoods	+	
Improve Open Space & Riverfront		
Preserve Historic Character	+++	++
Improve District Appearance & Conditions	+++	+++
Leverage Children and Families to the Area	+	

The Eastbank Commerce Center located at 1001 Water Avenue is another example of a multi-tenant building with a percentage of them utilizing tax increment programs to renovate space. The building was rehabbed by Beam Development and “warm shells” were provided to be built out by the tenants. Over the past two years, seven tenants (out of the 30 in the building)

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have applied for PDC funds to build out their respective spaces. Of those seven tenants, three relocated to Portland from outside of the area. The total TIF investment in the project to date is about \$310,000, generating 94 jobs. Cost p.s.f for the Eastbank Commerce Center averaged \$50 including initial rehab and finished tenant improvement (TI's). Total project cost was \$5,000,000.

More recently, the B&O Warehouse is in the process of a complete seismic upgrade and rehabilitation. Estimated cost p.s.f. is \$35 to \$40 for seismic and an additional \$20 for rehab. Total estimated cost for this project is \$13,000,000 with financing coming from the developer, Bank of America, and New Market Tax Credits provided through the lender. No PDC funding is available for use on this project.

Based on these case studies two programs, seismic and rehabilitation on Water Ave., are proposed as part of the investment strategy. These programs could be augmented to a lesser extent by continued availability of funds for storefront programs and other business retention and recruitment tools. However, the primary focus should be on these two initiatives. It should be noted, even though the extension requested is for eight years, only five years worth of dollars are suggested given the complexity of the transactions, uncertainty of demand and in the interest of limiting the total resource request.

Seismic Programs (\$875,000 per year for five years = \$4,375,000)

The Central Eastside has over 1,300 buildings. Nearly half of these are masonry structures built before the 1950's. Typically, any change of use or increase in occupancy triggers seismic and fire life safety improvements at about \$25 p.s.f. (in addition to another \$20 p.s.f. for basic rehab.). This premium translates into about \$1,000,000 on a 40,000 square foot building that typically contains 100 - 150 employees. These costs can rarely be recouped through higher rents. Large scale projects can usually absorb the cost through higher debt service, but small scale (\$500,000 to \$1,000,000) renovations have a more difficult time. PDC should aggressively pursue a seismic program for the CES which provides funding in exchange for increases in jobs and job density and recognizes the premiums associated with seismic upgrades and other “change of occupancy” costs. Funding for this program assumes about five buildings over eight years.

Rehabilitation along SE Water Avenue (\$875,000 per year for five years = \$4,375,000)

This provides resources for building owners and tenants in the rehabilitation and redevelopment in the rezoned SE Water Avenue sub-district. In 2005, the Portland Planning Commission approved a more flexible IG1-zoning designation intended to encourage higher per building job density by allowing new urban industrial office uses²⁸. These users are less-service oriented and more production-oriented, with the term production being expanded to include digital products such as software, design work, and advertising materials. These businesses tend to serve other businesses, as opposed to the general public.

Resources should be used to assist with seismic and other costs associated with redevelopment and tenant assistance along the corridor. Rehabilitation costs, including tenant improvements average about \$50 p.s.f. Funding assumes about five buildings over eight years

Quality of Life:

Washington Monroe (\$3,500,000)

The Washington Monroe High School is owned by Portland Public Schools. The City of Portland has a loan outstanding on the purchase of a portion of the property. Tax increment resources are anticipated to be used to facilitate the development of a community center on this site. While TIF puts the property in the path of opportunity for such a center, other financing tools will likely be needed to realize the vision. The 7.1 acre site is located at SE 12th and SE 14th, between SE Stark and SE Alder and SE Morrison.

The purpose of the project would be to facilitate a development in accordance with a project plan from 2004 that includes²⁹:

- Market-rate, owned-occupied condominiums at SE 14th/Morrison.
- The existing high school building being converted to market rate apartments or condos.
- An athletic field running east/west on the property and preservation of existing mature trees on the site.
- A new community center with a pool at SE 12th/SE Stark.
- A 135 space parking garage underneath the athletic field.

Benefits from Quality of Life \$3,500,000	
Expected Benefits (Central City Plan objectives)	Washington Monroe \$3,500,000
Increase Jobs	
Increase Industrial Investment	
Increase Job Density	
Increase Housing	+++
Increase Commercial Development	
Improve Transportation	+
Provide Benefit to Adjacent Neighborhoods	+++
Improve Open Space & Riverfront	+++
Preserve Historic Character	+
Improve District Appearance & Conditions	+++
Leverage Children and Families to the Area	+++

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²⁸ The Zoning recommendations are in the process of receiving transportation impact analysis and then will proceed to Portland City Council in early 2006.

²⁹ Source: February 17, 2004; Final Report of the Washington Monroe Project Advisory Committee.

Section V: Impacts and Issues Considered

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In addition to evaluating the needs and benefits from urban renewal in the CES, the Stakeholder Committee also considered several other critical questions:

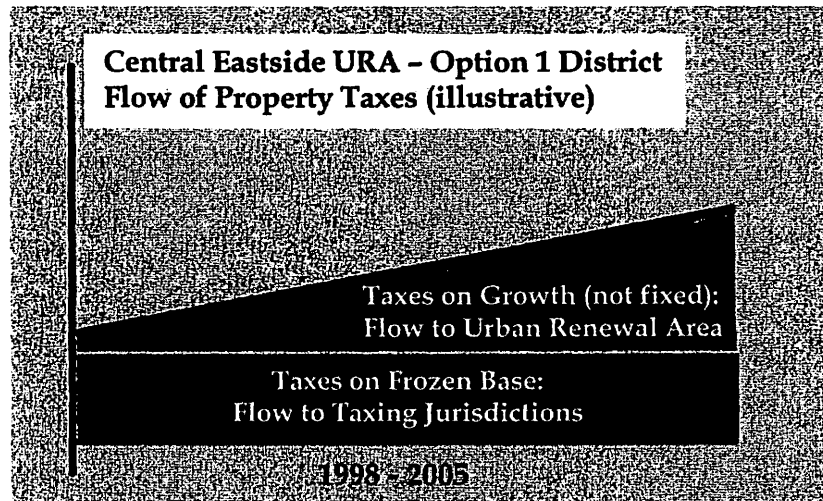
- What is the impact of an extension on overlapping taxing jurisdictions?
- How do Central Eastside investments support citywide and regional needs and priorities?
- Is urban renewal essential for continued private investment in the CES?

Serious consideration was given to these factors in the development of this report. The recommended duration of and increase in maximum indebtedness reflect considerable compromise among Committee members, many of whom began the consensus-making process at opposite sides of the spectrum³⁰.

Impacts to Taxing Jurisdictions:

In 1997, PDC and City Council designated the CES as an Option 1 district³¹ this means it operates in a manner where all property tax revenues generated above the "Frozen Base" flow to urban renewal until all of the debt is retired/defeased. All taxes within the "Frozen Base" flow to other taxing jurisdictions (City of Portland, Mult. County, Educational districts, and others). The tax revenues generated by the Frozen Base are about \$4,000,000 per year. In 2004/05, the CES generated about \$4,400,000 in tax increment revenues above the Frozen Base.

This operating structure differs from other urban renewal areas which were in existence prior to 1996. These other older districts function in a manner where a fixed amount of revenue above the Frozen Base is used for urban renewal, and all revenues above the fixed amount flow to overlapping taxing jurisdictions (in addition to the taxes within the Frozen Base)³². Therefore only a portion of the taxes on growth in property value is used for urban renewal. The



remainder of growth in value generates taxes for other jurisdictions. For example, Downtown Waterfront was recently extended to April 2008, and releases about 60 cents on the dollar of incremental assessed value to overlapping taxing jurisdictions (it releases more than it keeps). For the CES decisions to increase maximum indebtedness and extend the last date to issue debt postpone the return of all taxes above the Frozen Base. The Committee was very sensitive to this issue, and closely studied the impacts of multiple extension options³³.

³⁰ See Appendix A "Committee Extension Proposals".

³¹ In 1997 PDC and City Council collectively determined "Existing Urban Renewal Plans" should collect no more than \$40 million annually in combined tax increment revenues and special levy revenues. The taxes on growth were capped at \$25M annually; with a "Special Levy" that began at \$10M and grew to \$15M. The decision was based upon: anticipated costs to complete the plans; an effort to minimize impact to taxpayers; an interest in sharing tax increment revenues with other taxing jurisdictions. The Central Eastside is eligible to receive Special Levy; however in 1998 City Council and PDC agreed it would not receive/request any, in exchange for receiving all taxes on the growth in the district.

³² See Subsection A in Appendix G for details.

³³ See Appendix H for details.

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If the district had already expired and paid off remaining debt, the previously mentioned \$4,400,000 would have been distributed to other taxing jurisdictions as follows (this allocation applies to the Frozen Base as well):

- City of Portland 41%
- Multnomah County 26%
- Education 32%
- Other (Port, Tri-Met, Metro, etc.) 1%

PDC is currently scheduled to request that the City of Portland issue approximately \$27,000,000³⁴ in bonds for the Central Eastside before August 2006. This debt is expected to be retired/defeased by FY2013/14 assuming the district is not extended. Over this period, overlapping taxing jurisdictions will forego about \$41,100,000 in property taxes. The \$41,100,000 is the baseline foregone taxes against which extension options were measured.

Urban renewal investments in catalytic projects such as the Burnside Bridgehead is an example of how the growth in taxes on assessed value can be accelerated through the presence of tax increment financing (compare FY 2008/09 with FY 2009/10 in the table below).

For example, if a 2.5 percent growth rate is applied to the assessed value from 2006/07 the amount of annual tax increment revenues would grow to \$8,800,000 by 2020/2021 (it was about \$4,400,000 in 2004/05). However, investing \$35,000,000 of tax increment resources into the CES is expected to increase assessed value within this district by 91 percent by 2020/2021. Without this resource, assessed values are expected to grow by 71 percent over the same time period. This growth translates into an additional \$1,600,000 in property tax revenues.

In the study of extension options, as durations in time and maximum indebtedness increased, so did the amount of taxes foregone to other jurisdictions. By reaching agreement on an eight-year extension and a \$22,700,000 increase in maximum indebtedness the net increase of taxes foregone over the baseline is about \$46,700,000. This assumes debt is retired in 2019/20.

Total Taxes Foregone 2006/07 through 2019/20	\$87,800,000 ³⁵
Minus Taxes Foregone without extension	\$41,100,000
Net Increase in Taxes Foregone created by Plan extension	= \$46,700,000 ³⁶

Fiscal Year (in millions)	2006-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	Total
City of Portland	\$1.5	\$1.7	\$1.7	\$2.5	\$2.5	\$2.6	\$2.7	\$2.8	\$2.9	\$3.0	\$3.1	\$3.2	\$3.3	\$2.1	\$35,600,000
Mult. County	\$1.0	\$1.1	\$1.1	\$1.6	\$1.6	\$1.6	\$1.7	\$1.8	\$1.8	\$1.9	\$2.0	\$2.0	\$2.1	\$1.3	\$22,400,000
Schools	\$1.2	\$1.3	\$1.4	\$2.0	\$2.0	\$2.1	\$2.1	\$2.2	\$2.3	\$2.4	\$2.5	\$2.6	\$2.7	\$1.6	\$28,500,000
Other	\$0.1	\$0.1	\$0.1	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$1,300,000
Total	\$3.9	\$4.1	\$4.3	\$6.1	\$6.1	\$6.4	\$6.6	\$6.9	\$7.1	\$7.4	\$7.7	\$7.9	\$8.2	\$5.1	\$87,800,000

Taxes foregone FY 2006-2007 through FY 2019-2020

³⁴ Approximately \$17,000,000 will be available for new projects and about \$10,000,000 will be used to pay off an existing line of credit.

³⁵ Based on analysis in December 2005.

³⁶ 41% goes to the City of Portland, 26% to Multnomah County, 32% to Education, and 1% to Other (Tri-Met, Port, Metro, etc.). The education portion goes to the State of Oregon who reallocates it to districts statewide based on per student formulas, the impact is not dollar for dollar for local Portland school districts.

Recognizing the needs; and deficits facing other overlapping taxing jurisdictions, the Committee opted to limit the amount of the proposed increase in indebtedness to estimated costs for only the most vital projects needed for the district's future success. The district's capacity to generate the increase in maximum indebtedness is expected to occur within a five to six year time period. However, the Committee also realized many projects in the investment strategy will require more than five-six years to be completed. It debated whether duration of seven years or eight years was more appropriate. The reason for extending the district eight years is three-fold:

Time:

- The ultimate goal is to invest the resources and increase returns and social benefits to taxing jurisdictions. Eight-years allow time for complicated projects to leverage non TIF resources, receive permits, and be completed (many of which are not under the direct control of PDC).

Financial Capacity:

- It provides greater assurance that the full maximum indebtedness of the district will be able to be reached by allowing time for potential delays in increment generating projects such as the Burnside Bridgehead.

Minimal Additional Taxes Foregone to Taxing Jurisdictions:

- Regardless of whether debt is issued over a seven year period or an eight-year period, the impact to taxing jurisdictions should not be materially different. In either scenario, debt should be completely defeased or retired by FY2019/2020 assuming growth in assessed value of 2.5 percent and the Holman Building and the Burnside Bridgehead project being added to the tax rolls by FY 2010. The 2.5 percent growth rate is a modest forecast. To the extent growth in property values in the district are higher than forecasted; debt could be repaid more quickly.

The Committee had a lengthy discussion about the impact of urban renewal in the Central Eastside on schools, education, and other taxing jurisdictions which collect property taxes within the Portland city limits. If urban renewal in the CES ended (and all debt was retired), the amount of property taxes released to the City and County would be dollar for dollar from what currently flows to the CES (if the district stopped using \$100; \$100 would go back to the City/County/Port, etc.). This one to one relationship in taxes foregone does not exist with Portland Public Schools (PPS).

Under the current system of school financing, the State of Oregon projects the schools share of aggregate property taxes and then based on this information, the legislature develops a per student amount of money (statewide). The State then adds enough money from the State's common fund to achieve that target. Therefore, if property taxes from PPS tax code areas flow to urban renewal instead of to state education, the PPS loss is not dollar for dollar (it is probably less than 20 cents). If a dollar is returned from one urban renewal agency or area the local effect may be insignificant.

The collective annual impact of the statewide use of urban renewal is in excess of \$40,000,000 on Oregon's educational system. The single year impact on PPS from the use of tax increment in the CES was approximately \$123,000 in taxes foregone in 2002/03³⁷. Statewide this impact was about \$1,200,000. This will increase over time by the average growth in assessed value of 2.5 percent. Therefore, while an examination of an individual URA might yield a relatively small impact, collectively the taxes foregone on a statewide basis are significant.

While the Committee is recommending an extension to the district, it believes the City should be conservative about its use of urban renewal, as should other jurisdictions.

³⁷ Source: Presentation to the Committee by Jeff Tashman: August 3, 2005.

Support for Citywide and Regional Priorities:

While the need for resources in the CES exceeds what is available through an 8-year Plan extension, the Committee agrees an extension of an urban renewal district must be justified by achieving citywide and regional benefits as well as to address critical local needs. Urban renewal investments in the Central Eastside must also be able to leverage regional public projects. The Committee was able to identify important transit and transportation projects of local and regional significance including support for extension of the Portland Streetcar system on MLK/Grand, the Burnside/Couch couplet, about \$5,000,000 for transportation improvements that would typically fall to the burden of the City budgets, and resources that could be available for studying improvements to Interstate 5.

Supporting regionally significant projects is not new for the Central Eastside. In the 1990's, the CES contributed a little more than \$17,000,000 in tax increment resources toward the \$34,000,000 Eastbank Riverfront Park (the esplanade). This reflects almost half of the \$41,400,000 million in resources invested by PDC in the CES since 1986.

Prospects for Development Without an Extension:

As part of the evaluation, the Stakeholder Committee was asked to consider whether or not urban renewal support was essential to meet the development objectives of the district. The Committee invited presentations by economic experts from Urban Land Economics and ECONorthwest. The presentations argued private investment is occurring, and will continue to occur in the area without tax increment financing³⁸. References were made to companies who located and expanded in the CES given its proximity to a quality workforce, and the synergy created by similar businesses.

Though it is not affluent, it is clearly delineated from areas of the city where blight is more prevalent, such as Old Town/Chinatown. The focus of the presenters was purely on economic development activity and did not suggest private market forces would cover costs associated with transportation improvements, quality of life projects or other similar investments.

While the market, acting alone, will undoubtedly produce development in the CES the market is likely to transform the CES into a place that is very different from what inner southeast stakeholders desire, and what current government policy envisions. If the interests of SE Portland and the community are to be served, something other than just "the market" and government regulations will need to be present in order for the CES to have a positive future which reflects its employment based roots.

This knowledge informed the Committee on how to best apportion new resources based on the categories discussed earlier in the report. While the presenters identified strong economic conditions, Committee members believed it was important to use some future TIF to leverage major redevelopment opportunities, as well as having resources available for economic development programs and unforeseen opportunities which may arise over the next eight years.

³⁸ See Appendix I for details.