

Tom Kelly
Chair

Aneshka Dickson
Commissioner

Mark Edlen
Commissioner

John C. Mohlis
Commissioner

Charles A. Wilhoite
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

This document represents the official meeting record of the January 21, 2015, Portland Development Commission (PDC) Board of Commissioners (Board) Meeting held at 222 NW Fifth Ave., Portland, OR 97209. The full video recording of this meeting can be found at <https://www.youtube.com/watch?v=1YupSrAvzza>.

1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 1:42 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

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

2. Commissioner Reports

Commissioner Mohlis

- On January 19, attended *The Skanner* Foundation's Martin Luther King, Jr. Annual Breakfast.

Commissioner Wilhoite

- On January 19, attended *The Skanner* Foundation's Martin Luther King, Jr. Annual Breakfast.

Commissioner Edlen

- On January 19, attended *The Skanner* Foundation's Martin Luther King, Jr. Annual Breakfast.
- On January 15, met with City of Portland (City) Commissioner Dan Saltzman.
- On January 13, went on a tour of the Lents Town Center Urban Renewal Area (URA) with PDC staff.
- On January 13, attended a meeting of the Planning and Sustainability Commission.

Chair Kelly

- On January 13, attended a briefing with Mayor's office.
- On January 15, attended a briefing with City Commissioner Nick Fish.

3. Executive Director Quinton Report

- On January 19, attended *The Skanner* Foundation's Martin Luther King, Jr. Annual Breakfast. Representatives from the Startup PDX Challenge winners sat at the PDC table: NoAppfee.com, Tiquebox, and Design + Culture.
- On January 20, the *Portland Business Journal* reported that Lucid Energy's in-pipe hydropower system is now up and running inside a City Water Bureau pipe.
- On January 9, Startup PDX Challenge participant RAFT Syrups won two awards at the Good Food Awards in San Francisco; they were selected from nearly 1,500 entries.

- Reported that the three Old Town Chinatown Holiday Pop-up Shops brought in nearly \$60,000 in revenues over six weeks.
- On January 14, former Mayor Sam Adams announced that he was leaving the City Club of Portland to work for the World Resources Institute as director of the United States Climate Initiative.
- On January 21, will be speaking at the second Techtown Portland video premier.
- On January 22, will be attending the Technology Association of Oregon Launch Party.
- PDC will be hosting two free business seminars regarding access to capital; the first one is on January 27 in the Lents Town Center URA, and the second one is on January 29 in the Gateway Regional Center URA. For more information and additional seminars go to: http://www.pdc.us/news-and-events/news-releases/news-detail/15-01-29/Business_seminars_kick_off_in_Lents_and_Gateway.aspx
- On April 18 – 24, PDC is hosting a trade mission to Japan for the Athletic & Outdoor industry. Applications are due January 23, 2015. For more information go to: <http://aoportland.com/event/aodesignermaker-trade-mission-to-japan/>.
- A Request for Qualifications for the PDC-owned property on NE 106th Avenue and Halsey Street is open until January 30. For more information go to: http://vmw.pdc.us/login/download_nologin.asp?i=1158.
- The Request for Information on six properties in the Lents Town Center URA closed and the selection committee (comprised of PDC and Portland Housing Bureau (PHB) staff, staff from the office of Mayor Charlie Hales, and Lents Town Center URA community members) have identified the ones that they want to proceed with. On January 27, there will be a meeting with the neighborhood and business associations to discuss the ideas.
- The Request for Proposal (RFP) for the selective demolition and salvage of Centennial Mills is open until February 3. For more information go to: http://vmw.pdc.us/login/download_nologin.asp?i=1159.
- On February 19, the *Portland Business Journal* will hold an event honoring the winners of Portland's Forty Under 40! Chris Harder, PDC's Economic Development Manager, is one of the recipients.
- In December 2014, PDC staff held its annual holiday donation drive and donated approximately \$450 for food and much needed items plus clothing to the [Human Solutions Family Winter Shelter](#).
- In November and December 2014, through the efforts of PDC's Wellness Committee, PDC staff participated in a pedometer challenge as part of a nine-team competition. One of the PDC teams won having walked almost 3,000 miles collectively.

4. Public Comment for Items Not on Agenda

No public testimony was presented.

At approximately 1:59 p.m. Chair Kelly adjourned the PDC Board meeting and convened the PDC Audit Committee.

5. **Action Item: Resolution 7090 – Accepting and Approving the Comprehensive Annual Financial Report for Fiscal Year 2013-14 and as Required by Oregon Revised Statutes 297.425, Portland City Charter Chapter 15-104, and Portland Development Commission Resolution No. 6112; Management Letter to the Audit Committee; Endorse Management's Responses to the Auditor's Letter**

PDC staff and others presenting this item:

Faye Brown, Chief Financial Officer

Catherine Kaminski, Accounting Manager

Mary Hull Caballero, City Auditor, City of Portland Audit Services

Brad Smith, Partner, Moss Adams, LLP

Stephen Sharpe, Sr. Manager, Moss Adams, LLP

With this action, the PDC Board, acting as the PDC Audit Committee, will accept and approve the completed Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended June 30, 2014, and in addition, accept the Communication of Certain Audit Matters Management Letter from Moss Adams, LLP (Moss Adams), and endorse PDC management's responses thereto. A link to the CAFR can be found here: <http://www.pdc.us/Libraries/Budget/CAFR - FY 2013-2014 pdf.sflb.ashx>.

Moss Adams gave an overview of the nature of services provided, audit opinions and reportable findings, significant audit areas, and best practice recommendations.

Commissioner Mohlis stated that any findings will go on a list that PDC staff will use to track and ensure that these items are followed up on through completion.

Chair Kelly called for a motion to approve Resolution 7090; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

AYES: Edlen, Kelly, Mohlis, Wilhoite

NAYS: None

At approximately 2:17 p.m. Chair Kelly adjourned the PDC Audit Committee and reconvened the PDC Board meeting.

REGULAR AGENDA

7. Information Item: Update on the Intergovernmental Agreement with Portland Bureau of Parks and Recreation for the Construction of Gateway Urban Plaza and Neighborhood Park in the Gateway Regional Center Urban Renewal Area

PDC staff presenting this item:

Susan Kuhn, Sr. Project/Program Coordinator

The purpose of this report is to provide the PDC Board with an update on the Intergovernmental Agreement (IGA) between the PDC and Portland Bureau of Parks and Recreation (PP&R) for the construction of Gateway Urban Plaza and Neighborhood Park (the Park) at the corner of NE 106th Avenue and Halsey Street in the Gateway Regional Center URA. On October 29, 2014, the PDC Board authorized the Executive Director to execute the IGA, subject to PDC Board review of the Park project budget. Since then, PDC staff has worked with PP&R to create a detailed project budget for construction of the Park. In addition, PDC and PP&R have agreed to amend the IGA to: i.) Ensure that PDC's \$1,000,000 contribution is provided on a reimbursement basis rather than lump sum, up-front, and ii.) Establish a mechanism whereby PDC and PP&R agree to how any cost savings may be used.

Commissioner Edlen expressed three concerns: (1) the amount of money for contingency, and looks forward to receiving updates from PP&R as construction gets underway; (2) the amount of staff and related costs charged to the project and dedicated to this, and looks forward to receiving an update on this; and (3) on schedule delivery of the project for the Gateway neighborhood.

Commissioner Mohlis asked about deadline for the RFQ for developer selection; Ms. Kuhn responded January 30, 2015. Executive Director Quinton added that PDC staff will return to the PDC Board with the real estate transaction piece to weigh in on the development agreement.

8. Information Item: Update on Discussions Regarding the Disposition of RiverPlace Parcel 3 in the North Macadam Urban Renewal Area

PDC staff presenting this item:

Lisa Abuaf, Central City Manager

Bruce Wood, Real Estate & Construction Manager

The purpose of this item is to update the PDC Board on discussions regarding disposition of the 2.01 acre PDC-owned site located at 2095 SW River Parkway (commonly known as RiverPlace Parcel 3 (Parcel 3)) in the North Macadam URA. These discussions have evolved from public stakeholder input during the URA amendments process regarding the need for affordable housing sites within the North Macadam URA, proposed amendments to that URA, and status of affordable housing development within the district.

At the January 21, 2015, meeting, PDC staff would like guidance from the PDC Board, with specific direction on the following questions:

- What are PDC parameters for property disposition (e.g., complementary development program, financials, phasing, schedule, other)?
- What are PDC parameters for partnership with the PHB (e.g., roles, responsibilities, other)?
- What is the guidance on the process for identifying a development partner to develop Parcel 3?

Chair Kelly asked when the last appraisal was performed. Mr. Wood responded that it was about two years ago.

Commissioner Wilhoite asked what the status of Parcel 8 is. Mr. Wood responded that construction is ready to begin. Commissioner Wilhoite added that there already are a couple of hotels in the area and Parcel 3 is a fair sized lot that has generated a lot of interest, but he would like to see affordable housing for the workforce of the area.

Commissioner Edlen stated that he would like to see a mixed-use project there, he heard of grocery store interest from the community which would help with other retail, and he is an advocate of affordable housing there. He would like to see a public-private partnership and maximize what PDC can do with the parcel. Workforce housing is essential and PDC does need to look at new ways to do things and funding these things, and the private partners need to have a lot of heart and believe in the City and its mission. He finished by stating that he would like for PDC to move on this quickly.

Commissioner Mohlis agreed that there needs to be a retail component, it would be a big deal to have a grocery store in the area, and there is a big need for affordable and workforce housing, and that the

public-private partnership is a must. He asked what the Portland Streetcar stops are nearby. Ms. Abuaf responded that there is the one on Lincoln and the one at Oregon Health & Sciences University (OHSU).

Commissioner Mohlis asked what the timeline for this is. Executive Director Quinton added that PDC staff wanted approval from the PDC Board before they proceeded any further, but would like to move on this quickly.

Chair Kelly stated that there has not been before as much consternation with affordable housing like there is now and this is an opportunity for PDC to step up. He added that he would like for PDC to get out of this site as much as possible. Mr. Wood responded that PDC staff will be creative and move forward quickly.

10. Information Item: Update on the Development Agreement with ZRZ Realty Company in the North Macadam Urban Renewal Area

PDC staff presenting this item:

Lisa Abuaf, Central City Manager

Bruce Wood, Real Estate & Construction Manager

The purpose of this item is to provide the PDC Board with an update on the ongoing negotiations between PDC and ZRZ Realty Company (ZRZ) related to the South Waterfront North District Project Development Agreement (DA) in the North Macadam URA. The DA anticipates ZRZ developing 1,500,000 square feet of mixed-use, employment-oriented commercial and residential development over three phases and PDC making investments spanning a 10-year period.

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

9. Action Item: Resolution 7092 – Approving the Eleventh Amendment to the Central Eastside Urban Renewal Plan; Resolution 7093 – Approving the Termination of the Education District Urban Renewal Plan; Resolution 7094 – Approving the Fourth Amendment to the North Macadam Urban Renewal Plan; Resolution 7095 – Approving the Second Amendment to the Willamette Industrial Urban Renewal Plan to Cease Collections of Tax Increment; Resolution 7096 – Approving the Eleventh Amendment to the Airport Way Urban Renewal Plan; Resolution 7097 – Approving the Fourth Amendment to the Amended and Restated River District Urban Renewal Plan

PDC staff presenting this item:

Kimberly Branam, Deputy Director

Lisa Abuaf, Central City Manager

With this action, the PDC Board will approve amendments to the following six City URAs:

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

PDC staff presented the proposed amendments to the PDC Board at its meeting on December 11, 2014. However, owing to stakeholder concerns about the approach to affordable housing in the North Macadam URA, the PDC Board elected to postpone any action until those concerns were addressed. Since then, staff from PDC and PHB has drafted an approach to addressing affordable housing concerns.

Subsequent to the PDC Board meeting on January 21, 2015, PDC staff will present the package of URA amendments to City Council City Council on January 29, 2015, for a public hearing; City Council is expected to take formal action through ordinances on each of the URA amendments and the ZRZ development agreement at City Council's February 4, 2015, meeting. Such action would statutorily codify the amendments for FY 2015-16. Should the PDC Board and City Council approve the amendments, the action is expected to result in releasing approximately \$122,000,000 in property taxes to taxing jurisdictions and providing \$97,000,000 to PDC to invest in projects that will compel economic growth and real estate development in the North Macadam and Central Eastside URAs.

Chair Kelly called forward guests to testify.

Kathy Briggs stated that affordable housing is overdue; it needs to be done right; and the City, PDC, and PHB need to lead the effort with a strong commitment.

Debbie Aiona, Action Committee Chair at [League of Women Voters of Portland](#). Ms. Aiona gave an overview of the letter submitted to the PDC Board, which is included in these minutes as Attachment 1.

Ruth Adkins, Policy Director at [Oregon Opportunity Network](#). Ms. Adkins gave an overview of the letter submitted to the PDC Board, which is included in these minutes as Attachment 2.

The PDC Board accepted additional letters from the public which are included in these minutes as Attachments 3 through 6.

Commissioner Mohlis asked how much money is going back to the taxing jurisdictions. Mr. Branam responded \$350,000,000 over the next three years.

Marion Haynes, Vice President, Government Affairs & Economic Development at [Portland Business Alliance](#) (PBA). Ms. Haynes stated that the PBA had proposed to the committee that some portions of the Downtown Waterfront URA be moved to the River District URA, and after several conversations, narrowed their request to only one block, Block 33, be moved to better align the resources with projects the PBA feels have better economic possibilities. She expressed disappointment in that this recommendation did not make it to the recommendations presented by PDC staff to the PDC Board for approval.

Commissioner Edlen stated that he had tried to reach out to the owner of that property but had not heard back from him with regards to the proposed changes. Ms. Haynes responded that she informed the owner of the committee's decision and he was pleased with the outcome.

Commissioner Edlen asked the following questions:

- It was stated that TIF needs to be generated in order to accomplish all of the objectives, like the affordable housing; what is the timeline? Ms. Abuaf responded that it assumes that in the first five years ZRZ would move forward with three projects, phase one, and the remaining funds would not be generated until phase two, approximately between 2020 and 2025.
- When will the affordable housing project in the Central Eastside occur? Javier Mena, Assistant Housing Director, responded that PHB is working with its partners for the St. Francis site, which is on 12th Avenue and Stark Street, and it is due to begin sometime in 2016.

Commissioner Edlen stated that new tools are needed for the provision of affordable housing; this is not necessarily PDC's responsibility, but as a city, new tools need to be developed in order to address the challenges the city faces.

Chair Kelly called for a motion to approve Resolutions 7090 – 7097; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

AYES: Edlen, Kelly, Mohlis, Wilhoite

NAYS: None

At approximately 3:19 p.m. Chair Kelly called for a break. At approximately 3:33 p.m. Chair Kelly called the meeting to order.

11. Information Item: Update on the Centennial Mills Project in the River District Urban Renewal Area

PDC staff presenting this item:

Will Thier, Sr. Project/Program Coordinator

The purpose of this item is to update the PDC Board on the status of the Centennial Mills project (Project) in the River District URA, focusing on:

1. Status of the emergency declaration contracts and selective demolition;
2. Current and future opportunities for public participation; and
3. High-level deal points of the disposition and development agreement with Harsch Investment Properties.

Chair Kelly asked when PDC staff will have an idea on the demolition cost. Mr. Thier responded that after the pre-construction period the selected contractor and PDC will have flushed out the scope of work and will sign a guaranteed final cost agreement. Phase One of the selective demolition cannot start before this information is set.

Commissioner Edlen asked who is representing PDC on the demolition contract. Mr. Thier responded Eric Iverson, PDC's General Counsel, and Scott Fradin, Principal, Much Shelist, who has extensive background in contract law.

Commissioner Mohlis stated that he is interested in a report on the results of the RFP. Mr. Wood responded that PDC will try to hold an open house prior to April as there has been a lot of interest in this.

At approximately 3:45 p.m. Chair Kelly made the following statement: “The PDC will now meet in executive session for the purpose deliberating with persons designated by PDC to negotiate a real property transaction. This executive session is held pursuant to ORS 192.660(2)(e). Only representatives of the news media and designated staff will be allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on any of the deliberations during the executive session, except to state the general subject of the session as previously announced. To remind you, the general subject of this session is deliberation with those negotiating a real property transaction. No decision may be made in the executive session.”

CONVENE EXECUTIVE SESSION

12. The Executive Session is Held in Accordance with Oregon Revised Statutes 192.660(2)(e) to Conduct Deliberations Concerning the Negotiation of Real Property Transactions

At approximately 3:46 p.m. Chair Kelly adjourned the regular meeting.

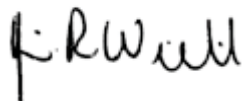
ADJOURN EXECUTIVE SESSION

At approximately 4:42 p.m. Chair Kelly adjourned the Executive Session.

13. Adjourn

There being no further business, Chair Kelly adjourned the meeting at approximately 4:42 p.m.

Approved by the Portland Development Commission on April 8, 2015



Gina Wiedrick, Recording Secretary

From: [Wiedrick, Gina](#)
To: [PDC-DL Commissioners](#)
Subject: public testimony letter 3 of 3
Date: Tuesday, January 20, 2015 2:29:02 PM
Attachments: [LWW U.R. PDC bd. 1-15.pdf](#)

Do let me know if you're unable to open this attachment; it's a three-page letter that I can convert to images.

-----Original Message-----

From: Debbie Aiona [<mailto:mdjaiona@aracnet.com>]

Sent: Tuesday, January 20, 2015 8:41 AM

To: PDC Commissioners

Subject: Memo to PDC board

To Whom it May Concern:

Please find attached a memo to the PDC board members regarding the proposed urban renewal modifications on their Wednesday agenda. We would appreciate it if you would share it with them.

Thank you for your assistance.

Sincerely,

Debbie Aiona
League of Women Voters of Portland



The League of Women Voters of Portland

310 SW 4th Avenue, Suite 520, Portland, OR 97204

(503) 228-1675 • info@lwvpdx.org • www.lwvpdx.org

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Liz Conroy-Yockim
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Ann Dudley
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Kris Hudson
Budget

DATE: January 19, 2015
TO: PDC Board Chair Tom Kelly and PDC Commissioners
FROM: League of Women Voters of Portland
Kathleen Hersh and Margaret Noel, Co-presidents
Debbie Aiona, Action Committee Chair

Proposed Urban Renewal Amendments

The League of Women Voters of Portland has been involved in the city's use of urban renewal since the 1990s. Over the years, we have tracked the North Macadam Urban Renewal District closely. In 2005, we served on a Portland Development Commission-led Central Eastside advisory committee considering the expiring district's future. More recently, the League participated as a member of the Urban Renewal Area Amendment Advisory Committee examining the Mayor's proposed modifications to Portland's urban renewal areas.

NORTH MACADAM

The proposed North Macadam amendment is a sensible solution for addressing the inappropriate creation of the Education URA and the desire to support the University District's vitality.

Our primary concern in this district relates to the affordable housing goals and achievements. Portland's Comprehensive Plan Housing Policy (4.7, Objective 1) calls for housing production in new redevelopment areas to match the citywide income profile. At the time the district was in the planning stages, concerns arose that there would be insufficient funds to meet all the district goals, including housing. Compromise affordable housing goals were established and incorporated into a Housing Development Strategy adopted by City Council in 2003 that also included a commitment to match the city's income profile for all units produced in excess of 3,000.

1999 Framework Plan
Summary of Income Distribution of Proposed Build-out Scenarios as compared to Citywide

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

Source: North Macadam Urban Renewal Area Housing Development Strategy, 2003

The League appreciates that the 1999 housing goals are in the current draft of the amended North Macadam Urban Renewal Plan and Report, however, more specifics are needed before the Portland Development Commission board approves the proposed amendment. Oregon’s urban renewal statute requires that area plans include a description of each project, estimated total cost with sources of moneys to pay such costs, and anticipated completion dates. This information is available for transportation, parks, commercial redevelopment, and other anticipated projects, but there are no details on the timing, location, or cost of affordable housing development in this draft. In light of the city’s history of abandoning affordable housing commitments in development agreements with North Macadam Investors, OHSU, and PSU, including specifics in the amended urban renewal plan would not only comply with state law, but also help rebuild public trust.

North Macadam Urban Renewal Plan Amendment

We urge you to direct staff to incorporate the following into the amended North Macadam plan as a condition of your approval:

- An affirmation of the North Macadam Housing Development Strategy provision, and consistent with the Comprehensive Plan, that units will match the income profile of the city as a whole once 3,000 units have been produced.
- A commitment to meet the income profile of the city as a whole for any housing units developed in the expansion area.
- Specifics on the expected timing and cost of projects needed to accomplish the district housing goals.

ZRZ Realty Development Agreement

The affordable housing information in the ZRZ Realty Development Agreement PDC staff memo (1-21-15) contains items of concern. Portland Housing Bureau spending is limited to rental housing affordable to 0 – 60 percent median family households. It should be made clear that the housing units described in the agreement are affordable to that income range. Furthermore, if 479 affordable units have been produced at the time the Phase 2 ZRZ development begins, it still will be necessary for the city to acquire property from ZRZ for affordable housing in order to meet the income profile of the city as a whole. The agreement should stipulate that the land will be

purchased at a price no greater than the value before the city's infrastructure investments.

With the five-year extension, more time and resources will be available. It will take more than money to implement the housing strategy, however. In addition to ZRZ Realty, entities benefiting from the substantial public investment in North Macadam, including OHSU and PSU, must be required to incorporate affordable housing into their developments or help pay for it on other sites. Furthermore, PDC and the Housing Bureau will need to work together if the city is going to realize the vision for a new neighborhood accessible to all.

Portland has a deficit of over 20,000 units affordable to very low-income households and experts cite the lack of units as a significant contributor to the city's homeless problem. Our urban renewal districts can contribute to meeting the need, but specifics must be built into the North Macadam urban renewal plan that will guide district development over the next decade.

CENTRAL EASTSIDE

The proposed amendment would add 16 acres to the Central Eastside to fund streets and sidewalks around the new light rail station in the Clinton Triangle and to provide development assistance. Since the city owns a significant portion of the area, making it suitable for private development should be a manageable undertaking without using money that otherwise would be spent in classrooms or providing mental health services. It is the League's position that the district should end in 2018, as currently planned, and the city should use its own resources to complete the projects outlined in the proposed amendment.

Of particular concern is the fact that this district has been in existence since 1986 and, in 2006, was extended 12 years. According to the proposed plan amendment, taxing jurisdictions will not see full recovery of their foregone revenue until halfway through the century (2051/52). If the district ended in 2018, per the last amendment, the "break even" point would occur in 2032/33. In light of the significant unmet needs in our community, it is difficult to justify extending the life of a district created in the 1980s for the purpose of installing transportation infrastructure and subsidizing private development. We urge the PDC board to reject the proposed amendment.

January 21, 2015

To: Portland Development Commission
From: John Miller and Ruth Adkins, Oregon Opportunity Network
on behalf of our organization plus an informal coalition of housing advocates
RE: Housing Affordability in the North Macadam URA

Dear Commissioners:

In December, we expressed significant concerns about lack of progress and accountability in reaching the housing affordability goals for the North Macadam Urban Renewal Area (NMAC URA). We felt that the City was violating the public trust by backing away from commitments it made to ensure that this heavily subsidized District would be home to people of a wide variety of income levels. We asked the Planning and Sustainability Commission and Portland Development Commission to delay their consideration of the proposed expansion of the URA and to require specific commitments to the development of affordable housing in the plans and development agreements for the area.

We appreciate the opportunity for additional discussion and consideration, and that staff has responded to our concerns with some additional detail, primarily around the proposed development of Parcel 3. However, the proposals before you today regarding North Macadam URA still fall short. Neither the original plan, nor the current amendment, are in conformity with the Comprehensive Plan. The proposed development of Parcel 3 is a step in the right direction, but concentrating poverty in one building is less than ideal; we also need a plan that commits to creating mixed-income buildings, or mixing properties serving lower-income people into diverse blocks. In addition, the lack of any guarantee or up-front commitment to affordable housing in the ZRZ or PSU development agreements falls short of the goals established in the Comprehensive Plan.

As a City, we have taken major steps backward in terms of our planning for affordable housing in urban renewal areas. We have done a dismal job of implementing even the reduced goals set forth in the North Macadam URA, an area which has such great opportunity will now be a publicly funded enclave devoted almost entirely for the wealthy.

While we considered the TIF Set Aside for affordable housing as a major win for affordable housing, it has actually resulted in less strategic implementation within the URAs. We need to re-establish the role affordable housing once had in the planning of urban renewal areas. The TIF Set Aside should not be used as an excuse for PDC to disengage from affordable housing, and rely solely on the Housing Bureau

to implement. As a community we are smarter than that. We need to look back at our successes in the River District between 1999-2009, and we need to see evidence of the City and PDC are coordinating on affordable housing implementation in a structured, ongoing manner.

The recommendations in this memo address the specific decisions about the North Macadam URA coming before you today. However, these issues are linked to the larger crisis of housing access and affordability in our community.

As you know, Portland's supply of housing affordable to low and very low-income people is utterly inadequate, and the crisis is getting worse. This is particularly true for people with incomes below 30% of median family income (MFI), where the shortage is over 20,000 homes. This is a foundational cause of homelessness in our community, and the cost of addressing the other problems homelessness brings is often far greater than the cost of creating an adequate supply of affordable housing.

The history of North Macadam has shown that without specific commitments and plans up front, the development of affordable housing falls by the wayside. We often hear that it is "too expensive" to build the needed affordable housing in areas like North Macadam. In reality, this area presents a vital opportunity for the City to add a significant number of affordable homes to the City's infrastructure – *but only if we act now to make specific plans and commitments to do so*. There is undeveloped land that is zoned for high density. And, since landowners are benefiting from massive public investments, both past and future, the City has leverage to require that affordable housing be incorporated now as part of the infrastructure of the neighborhood.

Other tools and resources can be helpful in the future, including incentive zoning, inclusionary zoning (if the statewide ban is lifted), short-term rental tax revenue, and any other new local sources of funding for housing. We are committed to working with the City to pursue these additional tools. For now, we have the following recommendations for the North Macadam URA.

Basic Recommendations for City Council and the Portland Development Commission:

1. As part of amending the North Macadam URA Plan, affirm the current urban renewal area goals, including that the district match the income-mix of the City as a whole at build out, and include specific plans to meet those goals.
2. Identify and secure multiple sites where the affordable housing will be developed to meet the numerical and income level goals.
3. Conduct an Environmental Review on sites considered for affordable housing to ensure that sites selected meet federal standards and would be good places for people to live.

4. Re-engage OHSU in contributing to meeting affordable housing goals in the district, including reassessing the availability of Block 33 for affordable housing development.
5. Require in the Development Agreement between PDC and ZRZ Realty Company that in each phase of development one lot be made available for affordable housing at no more than the assessed value of the land prior to the City's infrastructure and transportation investments.
6. Re-establish the provision in the original Development Agreement with Portland State University that required 150 units of affordable housing at the University Place project.

The rest of this memo provides the specifics of these recommendations.

1. **As part of amending the North Macadam URA Plan, affirm the current urban renewal area goals, including that the district match the income-mix of the City as a whole at build out, and include specific plans to meet those goals.**

In 1999, the City of Portland adopted the Comprehensive Plan Housing Policy (Comp Plan) updating Goal 4 of the Comp Plan: "Enhance Portland's vitality as a community at the center of the region's housing market by providing housing of different types, tenures, density, sizes, costs, and locations that accommodate the needs, preferences, and financial capabilities of current and future households." Major redevelopment decisions and urban renewal areas are required to be consistent with the Comprehensive Plan. The Comprehensive Plan calls for striving for livable mixed-income neighborhoods.

One objective of the Comprehensive Plan is to achieve a distribution of household incomes in the Central City that reflects the distribution citywide. Our investments in Central City urban renewal areas are crucial to achieving this City policy. As lack of affordable housing has become a larger issue throughout our City, this is not the time to back down on achieving our original goals. Rather, mandating that affordable housing be included in our urban renewal districts, and enforcing its development, is one of the few tools the City has to ensure that the communities created by its massive public investments are home to people of all incomes.

In the 1999 North Macadam District Framework Plan, consistent with the Comprehensive Plan, a goal was established to ***"Develop quality housing in a manner that provides housing opportunities for a profile of household incomes that are representative of the city as a whole; including low and very low-income households, consistent with City policy."***

At that time, it was estimated that the district would have a build-out of 3,000 units. And, it was recognized early that there would be both limited urban renewal tax increment financing resources and competing priorities in the district. The table below compares the Citywide Profile Policy Objective based on the NMAC URA build out, with the downsized Affordable Housing Goals that were eventually

adopted for the NMAC Strategy which are called the “Constrained Funding Model Goals.” Based on funding constraints, affordable housing goals for phases 1 and 2 were reduced by a drastic 63%, with the understanding that once the district exceeded 3,000 units, achieving the Citywide Income Profile became the goal for the district.

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

The City already made a huge compromise when it adopted a housing strategy with goals that were 63% lower than what would have been required if compliance with City policy had been mandated for the NMAC URA, as was previously set for the River District Urban Renewal Area. And yet, as the project moved forward, even those minimal housing goals were disregarded. Only 209 units have been developed in the district in its first 15 years. Comparing just to the phase 1 and 2 goals on the chart above, the district is short 270 units of housing affordable to people with incomes below 60% MFI, including 124 units for those with incomes below 30% MFI. Contrary to the statement on page 10 of Exhibit A of the resolution before you to adopt the North Macadam Amendment, neither the original plan nor the current amendment are in conformity with the Comprehensive Plan.

The City needs to establish a concrete plan for achieving at least the Constrained Funding Model Goals for affordable housing in the near term (5-6 years). This plan should identify specific sites, financial resources, a timeline and process for development. There must be priority placed on providing housing for those most vulnerable and with incomes below 30% MFI. It should be noted that Table 9 - Affordable Housing on page 28 of Exhibit B of the resolution before you, which claims to be confirming the targets for affordable housing development in the “Original Report” do not do so - setting as a target 659 affordable units, in differently broken down income categories, as opposed to the 788 sited in the chart we provided above. This table should be corrected before adoption of the resolution.

In addition, the district is either nearly at, or has already exceeded the 3,000 residential units first contemplated in the plan, depending on which figured from the documents you use, and more housing

will certainly be built in the URA. Therefore, to be in compliance with the Comprehensive Plan, the City needs to establish a plan for achieving the adopted goal of matching the citywide income distribution in North Macadam. According to the demographic data in the amendment package, the average household income in the 4,006 housing units in the District cited on that table, is \$82, 223, the average per capita income is \$50,567, and the District population is 79.9% white. This is utterly inconsistent with the Comprehensive Plan goals around housing, balanced communities, and diversity. It also begs larger equity questions around investments in the District in open spaces, transportation, infrastructure and other amenities that will disproportionately benefit residents who are largely white and upper income. The current affordable housing section of the URA amendments, and the original agreement itself, are weak on commitments and plan specifics – in sharp contrast to many other sections of the plan. We request that the urban renewal amendments not simply affirm the affordable housing goals we've identified above, but include detailed strategies for meeting those goals, including:

- specific sites to be developed for affordable housing,
- plans for funding that development, and
- language requiring that affordable housing commitments be included in all development agreements in the district (see below).

We are all clear that meeting these goals will require a variety of tools and resources beyond the TIF affordable housing set-aside. Recommendations about some such strategies are included below, and we look forward to partnering with the City to identify additional tools and resources moving forward.

2. Identify and secure multiple sites where the affordable housing will be developed to meet the numerical and income level goals.

Multiple City and PDC owned sites have been discussed as potential affordable housing locations, including Parcel 3 and the ODOT/PDOT Blocks along Naito Parkway. Both of these sites, however, have significant development challenges, which we address in #3 below.

We also recommend reassessing Block 33 as a site for affordable housing (see #4 below).

It is critical that development agreements in the district include specific goals for affordable housing, including sites (see #5 below), and inclusionary housing requirements to meet the goals for units between 60 and 120% of MFI, which should not require public subsidies beyond those being provided for infrastructure, transportation, parks, etc.

3. Conduct an Environmental Review on sites considered for affordable housing to ensure that sites selected meet federal standards and would be good places for people to live.

We ask that the City conduct full Environmental Reviews, which would be required by HUD and lenders before offering sites for affordable housing for development. The City must understand whether these sites are truly developable and identify any site preparation and/or environmental mitigation costs that might be associated with such sites. The costs for environmental assessments and any required remediation should not be paid for with scarce affordable housing funds, which are needed to provide homes for low-income members of our community. In addition, the City should ensure that the affordable housing built is on sites that are good places to live, and should be cautious about concentrating huge numbers of units on one or two sites; there are economies of scale that can be gained by building large buildings, and localizing services to a few sites, but high concentrations of poverty have been demonstrated again and again to be detrimental. Creating mixed-income buildings, or mixing properties serving lower-income people into diverse blocks, are generally preferable where possible.

4. Re-engage OHSU in contributing to meeting affordable housing goals in the district, including reassessing the availability of Block 33 for affordable housing development.

In May 2010, the Ninth Amendment to the South Waterfront Central District Project Development Agreement between PDC, NMI, and OHSU eliminated the requirement of OHSU to provide Block 33 for development of affordable housing. The 400 units of affordable housing that were to be developed on this Central District site were the cornerstone of the original housing strategy for the district. The City/PDC paid over \$6 million of affordable housing funds to secure this site for affordable housing and related uses. Over 10 years later, there is no affordable housing, no plan for housing there, and no replacement site. If one considers the time-value of money the loss is even greater since now, 15 years after the NMAC URA was established, land is scarce and much more expensive. This compromise of the public trust highlights the need for transparency in the spending of public funds.

OHSU has benefited greatly from the multiple public investments in infrastructure, including the Tram, and will continue to benefit from future public improvements in transit, street improvements, parks, the Greenway, etc. We request that the City re-engage OHSU in conversations about the availability for Block 33 for affordable housing as was planned in the original Development Agreement. The site is large enough to accommodate a diverse affordable housing project that could include units to serve OHSU employees and clients. If this site is no longer viable for affordable housing development, we ask that the City ask OHSU to provide another site that can meet the same need. Perhaps affordable housing could be included on the 20

acres OHSU has received as a land donation from the Schnitzer Family, which removed that land from tax rolls in 2004. Getting OHSU to fulfill their original housing commitments presents a significant opportunity to rebuild trust in public and quasi-public agencies.

5. Require in the Development Agreement between PDC and ZRZ Realty Company that in each phase of development one lot be made available for affordable housing at no more than the assessed value of the land prior to the City's infrastructure and transportation investments.

The 33-acre site owned by the Zidell family presents a wonderful opportunity to develop a mix of uses within the urban renewal area in exchange for the planned \$27.4 million PDC investment in their land holdings. Affordable housing can and should be a foundational part of that mix. However, instead the current draft development agreement contains a weak set of strategies which could easily result in either (a) a small number of extremely expensive (to the taxpayers) subsidized units scattered through some of any residential properties the landowners choose to develop, (b) a single property, purchased by the City at a cost that has not been determined, for the development of subsidized housing or (c) no affordable housing at all on the 30 acres of developable land in the District owned by ZRZ Realty. With so few options for meeting the City housing goals in North Macadam, this 30 acres must contribute to meeting those goals. The City must act now to avoid missing this critical opportunity to require landowners to be part of the solution.

We request that the City require ZRZ to set aside one property (or site) in each phase of their development for affordable housing for site control by the City or a nonprofit housing developer.

To achieve the greatest "bang for our public buck," we recommend requiring that the property should be of an appropriate size to accommodate approximately 200 units in a standard 5-over-1 construction type (estimated at a standard 40,000 square-foot full block). This is the most efficient and cost-effective development pattern for affordable housing. There are also specific efficiencies that can be achieved by having experienced affordable housing developers and operators design and build affordable housing.

If the City desires greater density, a taller building, or a more complex mixed-use development that changes the construction type, then the City should allocate resources – outside of the TIF set aside for affordable housing or other affordable housing-dedicated funds – to achieve that development type.

We request that PDC conduct an Environmental Review of each site to assess their viability using traditional HUD funding, to ensure the sites identified can be effectively developed and financed.

The City must obtain site control of the property designated for affordable housing in each phase as a condition of infrastructure investment. The Development Agreement must establish a property

valuation methodology that ensures that the City (or nonprofit housing development partner) is paying the “pre-infrastructure” value of the land, or less.

Alternatively, the City could request that ZRZ donate the parcels to the City in the development agreement, as a quid pro quo for the infrastructure investments that are dramatically increasing their property values and as a reflection of their commitment to a diverse community. The City would still need to ensure that the parcels donated meet the criteria listed above, and commit the resources to develop those sites.

6. Re-establish the provision in the original Development Agreement with Portland State University that required 150 units of affordable housing at the University Place project.

The University Place project was acquired by Portland State University and taken off the tax rolls many years ago. One commitment that was originally included in the Development Agreement was that the large parcel would contribute to the affordable housing goals of the district, beyond the traditional student housing goals. There are numerous types of projects that could achieve the goals of both PSU and City’s affordable housing policies. We would welcome speaking with PSU about different affordable housing development concepts.

Conclusion and Call to Action

It’s time to get serious about bringing more tools to bear to meet the City’s affordable housing goals; tools that will pay dividends in multiple ways. In addition to the goal of “providing housing of different types, density, sizes, costs and locations that accommodates the needs, preferences, and financial capabilities of current and future households,” the City has strong goals around:

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

If we are serious about these goals, affordable housing can’t be seen as something we do “if we can find the resources.” Portland must act now to stay true to the vision of North Macadam as a diverse neighborhood, rather than let it become a neighborhood where only the wealthy can afford to live.

A deep and diverse mix of housing throughout the City, one that remains diverse over time, is necessary if any of those other goals are going to be met. The City should not pass the proposed North Macadam amendment, nor should it approve new development agreements with property owners, including ZRZ Realty and OHSU, before taking the time to consider what sorts of additional tools need to be

incorporated into them. It is essential that these agreements clearly identify and secure 2 to 5 significant and viable sites for affordable housing. This is the only way to ensure that development in the North Macadam district will support, rather than take away from, the City's critical sustainability and equity goals.

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

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

Thank you very much for considering our comments.

-----Original Message-----

From: Barbara Ross [<mailto:bross@exchangenet.net>]
Sent: Friday, January 16, 2015 9:01 AM
To: PDC Commissioners
Cc: Commissioner Fritz; nick@portlandoregon.gov
Subject: UR amendments

To: Tom Kelly, Commission Chair
Portland Development Commission

From: Barbara Ross
2034 NE 40th Ave #217
Portland, Oregon 97212
503 281-2034
bross@exchangenet.net

Re Central Eastside Urban Renewal area amendment
Agenda item, January 21, 2015

Dear Chairman Kelly,

There are many positive components in the proposed changes to the Urban Renewal areas. However I am strongly opposed to the extension of the time line for the Central Eastside UR area. As you know this UR district has already been extended for 12 years in addition to the 20 years that were authorized in the beginning. The additional five years that are proposed in the current draft of the amendments would mean that this district would be in existence for 37 years. For all these years the other taxing districts would be deprived of there increases in taxes that are needed for essential services. Urban Renewal districts are intended to be temporary, with the other taxing entities benefiting from an increase in property values as a result of the improvements during the life of the UR district.

It is decisions like this that cause the public to be cynical about government actions. The next time an urban renewal district is proposed and the financial implications are projected based on 20 years, skeptical citizens will point to this district and ask what will keep the city from indefinitely extending the time that districts take money from the city, the county and the school district. To the public it seems that the PDC views Urban Renewal areas as a source of ongoing free money.

Please study this issue carefully and reconsider the recommendation that the central easts side be extended for another 5 years.

I want to thank the commission members for their thoughtful work on all the proposed changes to the Urban Renewal Districts. These are not easy decisions and I appreciate you service.

Sincerely,

Barbara Ross

From: ruth bryant [mailto:ruthsramblins@yahoo.com]
Sent: Saturday, January 17, 2015 4:34 AM
To: PDC Commissioners
Subject: Central east side extension

Attention Justin Douglas

I am against the extension of the Central Eastside District. At first it was authorized for the standard 20 years. Then it was extended for 12 more years. Now they want to add an additional 5 years. ENOUGH!! I want the Central Eastside district property values be put back on the tax rolls at their current value. These over due taxes would benefit the city, county, and the school district. Urban renewal districts are meant to be temporary - not "temporarily permanent". Thank you for your attention.

Sincerely,
Ruth M Bryant
Eastmoreland neighborhood

From: [Scotty Ellis](#)
To: [PDC Commissioners](#)
Subject: PDC Board of Commissioners Meeting - Written Testimony
Date: Wednesday, January 21, 2015 10:01:28 AM
Attachments: [CLF N Macadam URA Jan 2015 final.pdf](#)
[ATT00001.htm](#)

Hello,

We are submitting written testimony for today's Board of Commissioners meeting. Please find our testimony attached. The testimony is in relation to agenda item nine regarding the North Macadam URA.

Thank you and please let me know if you have any questions.

Best,

Scotty Ellis

[CLF Logo](#)



Scotty Ellis, Equity Program Manager
503.294.2889 • scotty@clfuture.org
[Coalition for a Livable Future](#)

A major research and education project, the [Regional Equity Atlas](#) promotes widespread opportunity for a stronger, healthier, and more sustainable region.



January 21, 2015

RE: Affordable Housing in the North Macadam URA

Dear PDC Board of Commissioners:

The Coalition for a Livable Future (CLF) is a diverse partnership of organizations working together for healthy, equitable and sustainable communities. CLF was deeply involved in the negotiations that resulted in housing, transportation, and economic development strategies for the North Macadam Urban Renewal Plan, as well as in developing the city's 30% set-aside for affordable housing in Urban Renewal Areas.

We are concerned with the lack of progress and accountability in meeting affordable housing goals for the North Macadam Urban Renewal Area.

The cost of securing adequate housing is one of the largest economic burdens that people face. As housing costs located close to the city center continues to rise, communities living on low-incomes will continue to have less access to these neighborhoods and be forced to relocate further away from job opportunities, public transportation, and healthy food options.

North Macadam is hundreds of units short of even the compromise minimum affordable housing goals for the URA. Despite the City's substantial concession to adopt housing goals for the North Macadam URA that were 63% lower than what would have been mandated by the citywide income profile objective, only 209 affordable housing units have been developed in the URA over 15 years.

Additionally, it was understood that once the URA exceeded 3,000 residential units, the district would be more aggressive in terms of affordable housing development by reverting the goal back to the citywide income profile objective. Although the district has exceeded the 3,000 residential units, there has yet to be any increased affordable housing efforts.

Portland is in the midst of a major housing affordability crisis where many low-income communities face a scarcity of available housing. To highlight one community in particular, there is a shortage of over 20,000 homes for families with incomes below 30% median family income.

Prior to adopting the proposed amendments to the North Macadam Urban Renewal Area, the Coalition for a Livable Future asks that the Portland Development Commission and the Portland City Council affirm the affordable housing goals for the district and develop specific plans as to how these housing goals will be met.

Affordable housing is integral to meeting the City's aspiration of broadly accessible household prosperity and to creating livable and vibrant communities for all. If the North Macadam URA is to support this aspiration, its affordable housing goals must be clearly articulated and supported. Thank you for considering our comments.

Sincerely,



Mara Gross
Executive Director

Linda Fields
4741 N. Michigan Ave.
Portland OR 97217
linda.lindafields@gmail.com

PDC Chair Tom Kelly
Portland Development Commission
222 NW Fifth Ave
Portland, OR 97209-3859

January 15, 2015

Re: Testimony on Urban Renewal Plan Amendments

Dear Mr. Kelly

You have already received recommendations from housing advocates regarding the need to have strong requirements to develop more affordable housing in the urban renewal areas.

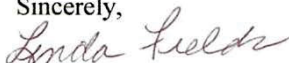
I want to urge you to study their recommendations and do everything in your power to assure that the amendments that are adopted will guarantee that the housing goals that are set will be achievable. It is critical that you and the city council work with stake holders agree on strategies to make real progress in providing more housing that meets the needs of our lowest income groups.

The urban renewal areas have achieved many wonderful objectives, but they have fallen woefully short in providing the number of affordable housing units promised.

We need to learn from our past mistakes and make sure that the new development agreements are strong and specific enough to result in the desired number of affordable housing units. This will not be easy. Achieving the housing goals will take courage, imagination and determination. Now is the time to take action. If weak or ambiguous amendments to urban renewal plans are accepted we will never be able to provide the mix of housing we need to accommodate a population that matches the city wide income profile.

Thank you for your consideration.

Sincerely,


Linda Fields