

Tom Kelly
Chair

Gustavo J. Cruz, Jr.
Commissioner

Aneshka Dickson
Commissioner

Mark Edlen
Commissioner

William Myers
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

This document represents the official meeting record of the June 10, 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=s_NvzPTMqnE, <https://www.youtube.com/watch?v=-iilz1li9GA>, and <https://www.youtube.com/watch?v=0QBgVli8vaY>.

1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 3:06 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

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

2. Commissioner Reports

Commissioner Mohlis

- On May 19, attended the Portland Business Alliance (PBA) Annual Meeting.
- Has been spending a lot of time in Salem for the 2015 Legislative Session.

Commissioner Dickson

- On May 19, attended the PBA Annual Meeting.
- On June 4, spoke and presented the awards at the Better Bricks Commercial Real Estate Awards 2015.

Commissioner Edlen

- On May 15, attended a De La Salle High School meeting.
- On May 18, along with Chair Kelly, participated in a panel at the St. Mary's Future of Learning, Leading, and Innovation Forum.
- On June 9, met with the I Have a Dream group.
- On June 6, attended the Pacific Northwest College of Art Gala.
- On May 16, attended the Portland Institute for Contemporary Art Tadada! 20th Anniversary Benefit Gala.
- On May 12 – 15, participated in the Urban Land Institute meetings in Houston, Texas.
- On May 28, attended the Bicycle Transportation Alliance Alice Awards and Auction annual event.
- On June 4 – 5, attended the Ecotrust quarterly meeting.

Chair Kelly

- On May 20, along with Commissioner Edlen, had a meeting and tour with staff at the Leach Botanical Gardens.
- On May 18, participated in a panel at the St. Mary's Future of Learning, Leading, and Innovation Forum.

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- On June 10, along with Executive Director Quinton, had a meeting with staff from the City of Vancouver.

3. Executive Director Report

- From May 30 through June 7, on a trade and investment trip to China.
- Asked the PDC Board to think about any projects or professionals in the real estate industry that could be nominated for the 2016 Better Bricks Awards.
- On May 15, along with Chair Kelly, participated in the MAX Orange Line crossing of the Tilikum Crossing and the seven-mile stretch to downtown Milwaukie.
- On June 11, the Portland Streetcar is scheduled to have its first crossing of the Tilikum Crossing.
- On May 18, attended the PDC cohosted Celebrate Trade: Oregon International Business Awards & Consular Corps Scholarship Gala.
- On May 27, PDC issued a Request for Information for Professional Office Space for the potential new site of PDC. Responses are due by 5:00 p.m. on July 27. For more information go to: http://vmw.pdc.us/login/download_nologin.asp?i=1167.
- On May 26, Pensle and BMe announced a new four-week course for August 2015 designed to bring a more diverse workforce to the footwear industry. For more information go to: http://www.pensle.com/press_releases/pensle-and-bme-announce-trailblazing-inaugural-footwear-design-initiative/. PDC is working with its partners in the athletic and outdoor industry to provide scholarships for participants in this program.
- On May 26, NoAppFee.com, a 2014 PDX Startup Challenge Winner, held their rollout event.
- On May 27, as part of the City of Portland (City) budget allocation, PDC received a \$500,000 general fund award for its Inclusive Startup Fund; this will provide seed stage funding for entrepreneurs of color and women entrepreneurs. On June 10, will be testifying at the Multnomah County Budget Hearing wherein Commissioner Loretta Smith has proposed a matching fund of \$500,000.
- The June 2015 *Alaska Airlines Magazine* featured several of the Startup PDX Challenge companies: Yellow Scope, Seamus Gold, RAFT Syrups, and GlobeSherpa. For the online version go to: <http://www.paradigmcg.com/digitaleditions/aam-0615/index.html>.
- On May 31, the Lents International Farmers Market kicked off its summer season in the Lents Town Center Urban Renewal Area (URA) on PDC-owned property on 92nd Avenue and Foster Road.
- On June 26, Zenger Farms will have its Urban Grange Ribbon Cutting.
- On May 26, the 2nd International Jade District Night Market announced its August dates; they will be hosted at the Portland Community College Southeast Campus. The Night Market is currently recruiting vendors; to apply go to https://docs.google.com/a/apano.org/forms/d/1DjcKzhRgJBQ4fsW3JugjMKovWmFnMPngzvt_0S4W3s/viewform.

4. Public Comment for Items Not on Agenda

Chair Kelly called forward guests to testify. Commissioner Dickson introduced Nate McCoy as the new Executive Director for the [National Association of Minority Contractors Oregon](http://www.namco.org) (NAMCO).

Mr. McCoy stated that NAMCO is not a new organization; over the last three years younger leadership has emerged with a desire to work collaboratively with government agencies and private sector organizations to foster relationships and build contracting opportunities for those in the community that have historically been left out. Through Mr. McCoy's prior employment at PDC and the Portland

Housing Bureau (PHB), he has seen leadership's efforts to address the barriers of equity but sometimes people do not have the right connections or the resources to bridge those gaps; he looks forward to furthering the social equity goals and be a voice for NAMCO to work with the City and its project partners.

REGULAR AGENDA

6. Action Item: Resolution 7119 – Authorizing a Contract with the City of Portland for the Purpose of Operating and Administering the Economic Opportunity Initiative Program During Fiscal Year 2015-16; Resolution 7120 – Authorizing a Subrecipient Contract with Worksystems, Inc., to Implement Economic Opportunity Initiative Youth Workforce Development Services During Fiscal Year 2015-16; Resolution 7121 – Authorizing a Subrecipient Contract with Worksystems, Inc., to Implement Economic Opportunity Initiative Adult Workforce Development Services During Fiscal Year 2015-16

PDC staff presenting this item:

Kate Deane, Community Economic Development Manager

With this action, the PDC Board will authorize the Executive Director to sign three contracts for purposes of administering and implementing the Economic Opportunity Initiative (EOI) in fiscal year (FY) 2015-16.

The first contract is with PHB for the overall administration of EOI by PDC. The contract continues operational and administrative responsibility for EOI at PDC and will provide approximately \$2,141,840 in federal Community Development Block Grant (CDBG) funds to PDC for this purpose.

The other two contracts are with Worksystems, Inc. (WSI), for the purpose of implementing and managing the EOI youth and adult workforce development programs during FY 2015-16. This action will support the continuation of services to youth and adults including vocational case management, work experience opportunities, on-the-job training, and occupational training. Approximately \$1,403,954 will be provided for youth workforce development and \$1,294,462 for adult workforce development. Funding will come from CDBG funds and from City general funds allocated to PDC.

PDC Board authorization is required for the Executive Director to sign contracts exceeding \$500,000.

Chair Kelly and Commissioner Mohlis expressed interested in seeing the report on the numbers in the fall to gauge how the program is performing.

Commissioner Dickson asked the following questions:

- What industries are adult unskilled workers targeting for obtaining work? Ms. Deane responded that the goal is to get people into career-pathway jobs so there are ladder jobs where one can start at entry level and move up within one firm or anywhere in the industry as more job experience and skill is gained. PDC staff works with WSI to focus on PDC's target industries, and there are a lot of growth opportunities in the healthcare industry. PDC staff also works with Constructing Hope and Women in Trades for jobs in the construction industry.
- PDC is not specifically targeting people of color with these programs, correct? Is it just that the applicants in this lowest pool happen to be people of color? Ms. Deane responded that there are multiple goals; federal dollars target people with low and very low income, and from an

equity perspective PDC is trying to get dollars out to underserved communities, therefore targeting to have high utilization by people of color throughout all of PDC's programs.

- Looking at the numbers, it feels like the people of color population continues to be a large number and points to the disparities that are so grossly represented. Ms. Deane acknowledged that the disparities are there, they are real, and part of PDC's efforts is to launch people into jobs so that the City can reduce those disparities; the needs are great, the program is good and effective, but there is not enough money to reach everyone.

Commissioner Edlen asked the following questions:

- Would like PDC to challenge its partners to go beyond the regular reporting and show what the career looks like for individuals three years and beyond.
- How large of an immigrant population is served through this program? Ms. Deane responded that for micro and small business, the demographic of 42 percent in limited proficiency might be indicative of the immigrant population. She does not have the numbers for the other programs, but they are presumably about the same percentage. She also noted that there are some barriers in the workforce as they do have to be eligible to work in the United States to participate in these programs.
- Is language a big barrier? Ms. Deane responded that it can be at first, but she has been impressed by their efforts to learn English and excel at their jobs.

Chair Kelly called for a motion to approve Resolutions 7119, 7120, and 7121; Commissioner Mohlis moved and Commissioner Dickson seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis

NAYS: None

7. Action Item: Resolution 7122 – Authorizing Revisions to the Economic Development Administration Program Guidelines

PDC staff presenting this item:

Jill Chen, Lending & Investment Manager

With this action, the PDC Board will adopt updates to PDC's Economic Development Administration (EDA) Program Guidelines (Program Guidelines) and authorize the Executive Director to execute any associated documentation including a fund management plan consistent with the adopted Program Guidelines. The proposed updated Program Guidelines have already been reviewed and accepted by the EDA.

At approximately 3:50 p.m. Commissioner Mohlis temporarily excused himself from the PDC Board meeting.

Commissioner Dickson asked what some of the criteria for small businesses to apply for the various programs are. Ms. Chen responded that PDC staff would really like to work more closely with the various business groups and banks in the city; PDC's relationship managers are actively working on this effort but also working on building business relationships with banks and business associations. These programs are particularly fitting for small and start-up businesses, especially those owned by people of color.

Commissioner Edlen asked if when a small business becomes more successful, are there resources available to help them manage their growth. Ms. Chen responded that there are such resources and success stories.

Voting on Resolution 7122 was delayed until later in the meeting (see page nine of these minutes).

8. Action Item: Resolution 7123 – Authorizing Intergovernmental Agreements with the Portland Housing Bureau to Provide Housing Programs and Support Services to the Portland Housing Bureau

PDC staff presenting this item:
Tony Barnes, Budget Officer
Courtney Cohn, Budget Analyst

With this action, the PDC Board will authorize the Executive Director to execute two intergovernmental agreements (IGAs) with PHB for i.) PHB's implementation of housing rehabilitation, finance, and development in URAs; and ii.) The delivery of support services from PDC to PHB for fiscal year (FY) 2015-16 conditioned upon the anticipated adoption of PDC's budget.

- 1) Housing Rehabilitation, Finance, and Development IGA: Provides for PHB implementation of urban renewal activities involving housing rehabilitation, finance, and development funded through urban renewal resources to be paid to PHB on an expense reimbursement basis. The IGA requires, as part of the reimbursement process, certification from PHB that the costs incurred are eligible urban renewal expenditures. The IGA also makes PHB responsible for certain other housing activities not financed by PDC.
- 2) Housing Support Services IGA: Provides for PDC's delivery of services to PHB to support PHB's urban renewal and non-urban renewal housing activities, including certain property management services, information technology services, and construction and environmental services.

Commissioner Dickson asked the following questions:

- What assistance does PDC still contribute to PHB? Mr. Barnes responded property management, appraisal services, and information technology (IT) services for loan servicing software. PHB is transitioning to a new loan system in the next FY so PDC's IT services will wind down over the coming year.
- Over the last couple of years, it has been noticed that PHB has been more efficient and PDC staff has had less oversight. Mr. Barnes responded that less involvement on PDC's part is more related to less activity from fewer properties to manage; the services could go up again if there are new properties purchased or new projects to work on.

Commissioner Edlen made the following two recommendations:

- Encouraged PDC staff to continue to work with partner bureaus in getting money out of the door; there is a critical need in the city for affordable housing.
- It is very clear that PDC has declining revenue, which affects PHB as they get about 58 percent of their money from PDC; the City does not have the adequate resources to fund the services that are needed in the community, which points to the need of being more creative beyond PDC and

PHB to come up with ways to creatively fund the needs of the community, especially when that 58 percent is gone.

Executive Director Quinton stated that he agrees that there is a great sense of urgency all around. PDC is embarking on several projects in partnership with PHB in which PDC will have more influence in the timing and how much money goes out the door.

Voting on Resolution 7123 was delayed until later in the meeting (see page 10 of these minutes).

9. Information Item – Fiscal Year 2015-16 Budget Development: Review of Portland City Council Approved Budget

PDC staff presenting this item:

Tony Barnes, Budget Officer

The purpose of this item is for PDC staff to provide an update to the PDC Board on PDC's FY 2015-16 budget prior to the public hearing.

The PDC FY 2015-16 Proposed Budget was presented to Portland City Council (City Council), acting as PDC's Budget Committee, on May 13, 2015. This was followed by public testimony on the PDC Proposed Budget on May 20, 2015, and City Council approval of the PDC Proposed Budget on May 27, 2015.

Moving forward, PDC staff has identified recommended technical changes that will be requested for inclusion in the Adopted Budget and are preparing for the Tax Supervising and Conservation Commission review and public hearing to be held on June 24, 2015, prior to adoption by the PDC Board.

Commissioner Dickson asked the following questions:

- It was presented to the PDC Board some time ago that PDC staff was implementing a new accounting software program; has that happened, and has it made reporting easier? Mr. Barnes responded that PDC is in the middle of implementation and anticipates going live in February or March 2016 but in the meantime PDC staff is working on streamlining the process.
- The \$6,000,812 housing dollars that is being carried over to the new FY, is that a project carry-over? Mr. Barnes responded that it is an on-going carry-over; it is an allocation where through the URA amendment process PDC staff identified funds that could be added to the housing set-aside to be used for a project at a later date; about \$5,000,000 is for the South Park Blocks.

Commissioner Edlen asked the following questions:

- Is there a reason why a project was not identified for those funds? Mr. Barnes responded that these are primarily new resources that PDC staff identified over the last year. Javier Mena, Assistant Director at PHB, added that there are not enough resources in the South Park Blocks so PHB staff has been holding off on a project until there was enough money to proceed.
- When would the money go out the door? Mr. Mena responded that it will be in FY 2016-17.

5. Action Item: Resolution 7117 – Authorizing the Executive Director to Enter into a Development Agreement With ZRZ Realty Company within the North Macadam Urban Renewal Area and Recommend Portland City Council Adopt the Development Agreement and Direct the Bureaus Of Transportation, Parks & Recreation, Environmental Services, Housing, Planning & Sustainability, and Development Services to Work with PDC to Develop

Intergovernmental Agreements to Implement Public Obligations as Specified in the Development Agreement; Resolution 7118 – Authorizing an Intergovernmental Agreement with the Portland Bureau of Transportation for Design of Bond Avenue in the North Macadam Urban Renewal Area; Providing Funding in an Amount Not to Exceed \$500,000

PDC staff presenting this item:

John Jackley, Director, Communications & Social Equity

Lisa Abuaf, Central City Manager

Geraldene Moyle, Sr. Project/Program Coordinator

With these two actions, the PDC Board will i.) Authorize the Executive Director to enter into a South Waterfront North District Project Development Agreement (DA) with ZRZ Realty Company (ZRZ) and recommend City Council approve the DA, and ii.) Authorize the execution of an IGA with the Portland Bureau of Transportation (PBOT) in an amount not to exceed \$500,000 for the design of improvements to SW Bond Avenue in the North Macadam URA.

If approved, the DA would establish an agreement for City support of ZRZ development of 1,500,000 square feet of mixed-use, employment-oriented commercial and residential property.

PDC's investment under the DA is estimated to be \$23,700,000. The estimate is based on projected availability of tax increment financing (TIF) from the amended North Macadam URA Plan recently approved by the PDC Board and City Council and the planned scale of private development. PDC TIF investment is directed to economic development, transportation, infrastructure, greenway, and open space improvements. The DA also establishes opportunities for PHB investments for affordable housing. Implementation of particular components of the DA, e.g., transportation, parks, and stormwater control, are anticipated to occur via subsequent IGAs between PDC and partner bureaus within 120 days of DA approval by City Council.

If approved, the IGA with PBOT will fund preliminary design of improvements to SW Bond Avenue. Subsequent IGAs with PBOT may address construction of the total estimated \$8,200,000 transportation investment.

At approximately 4:26 p.m. Commissioner Mohlis rejoined the PDC Board meeting.

The PDC Board thanked PDC staff and especially the Zidell family for their efforts and for working with the City on this project.

Commissioner Dickson added that the consequences for not following the PDC Equity Policy is not a burden, but rather an opportunity to show commitment to the goals of the Equity Policy and the communities of Portland that it serves.

Commissioner Edlen asked the following questions:

- With regards to the affordable housing, is PHB purchasing the land and then building affordable housing, or is PHB purchasing the finished product? Ms. Moyle responded that PHB is purchasing the land and the development rights.
- With regards to outreach, is there a particular group that has raised concerns of the project as presented today? Ms. Moyle responded that there are members of the community present who are ready to provide their input today.

- Is the Oregon Health & Science University (OHSU) solidly behind this? Ms. Moyle responded yes, and a representative from OHSU is also present at this meeting.
- It was presented that there was \$75,000,000 of assessed value and that TIF would kick in for the greenway; is that when that phase of the developed begins, or when it is completed? Ms. Moyle responded that ideally construction would happen concurrently.
- On the Phase 3 infrastructure, it sounds as if this is yet to be determined; how do you envision that happening? Ms. Moyle responded that the private parties would be ZRZ and any of their development partners, the public parties would be PDC and the appropriate City bureaus. For kick-off, the way it is structured is that if Phase 3 begins before the URA sunsets in 2025, and if additional TIF is available PDC could apply dollars at its discretion for the projects, but if TIF is not available, then funding would fall to the private development.

Chair Kelly called forward guests to testify.

Dennis Allen, Director of Planning and Development at [ZRZ](#). Mr. Allen stated that the teams have worked hard with an outcome that is favorable to all and is excited about moving forward.

Margaret Bax, formerly the Housing Policy Manager for the City Bureau of Housing and Community Development. Ms. Bax gave an overview of the document she handed out, which is included in these minutes as Attachment 1.

Debbie Aiona, [The League of Women Voters of Portland](#) Board of Directors. Ms. Aiona gave an overview of the document she handed out, which is included in these minutes as Attachment 2.

Laura Campos, lives approximately eight blocks from the site, and is a member of the Native American community. Ms. Campos expressed concern over what she perceives as government corruption and the illegal filling of the Willamette River to expand the site which ultimately affects fishing practices of the Native American community.

Commissioner Dickson asked the following questions:

- Will there be additional opportunities for the public to further weigh in? Ms. Abuaf responded that each development will go through its own public process. Ms. Moyle added that the open space concept plan is a process where PDC, Portland Parks & Recreation (PP&R), and ZRZ will enter into once the DA is signed. Based on the parks in the URA, the overall goals for parks and open space in the URA, and the input received to date plus what will be received throughout the process, will determine the location, size, and programming of the park. This will be part of Phase 3.
- How does PHB feel about the agreements? Mr. Mena responded expressed excitement with this partnership and thanked all of the parties for the work and willingness to negotiate this agreement.

Commissioner Edlen asked the following questions:

- With regards to the greenway and the concern brought up by Ms. Campos, will it be developed similarly to the one in the central district where a lot of thought process was given to what is in the river? Ms. Moyle responded that the improvement does not anticipate doing any river work on top of bank, but to focus on trails and vegetation; if additional docks or river access are needed, that will need to go through the required federal and state level reviews. Ms. Abuaf

added that when ZRZ completed the work near the Ross Island Bridge, it was done with an U.S. Army Corps of Engineers permit that required Oregon Department of Fish and Wildlife sign-off.

- The mechanisms for valuing the parks land versus the housing land are two different mechanisms; could someone speak to that? Ms. Moyle responded that these are two different mechanisms and they are being purchased by two different bureaus. Similar to the PHB affordable housing process, the open space concept process ends with the option for PP&R to acquire that property; probably with a market value based on the highest and best use of that land at this time and with an escalation in price for when it might be acquired.
- Would PP&R negotiate now for what the market rate is for that land now with a price escalation, or negotiate for a future market price? Ms. Moyle responded that ideally PP&R would negotiate with a current market rate and a set escalation rate, and a timeline for construction.

Commissioner Dickson asked about the status of the affordable housing project on Parcel 3. Ms. Moyle responded that the Request for Proposal was issued in April 2015 and four submittals are being reviewed; this project will require 400 units of affordable housing.

Chair Kelly asked that the question of OHSU owing PDC money be addressed. Executive Director Quinton responded that OHSU and PDC entered into an agreement in which PDC provided \$6,000,000 to OHSU to purchase the air rights of Block 33, a superblock, and OHSU purchased half of the block with \$3,000,000 going towards the prepayment of the parking that would be constructed. The project was meant to be a parking garage with two towers, one for affordable housing and the other an administrative building for OHSU. This was negotiated at a time when it was believed that it was possible to build this project. When the recession hit and other realities came to light, of what TIF funds would be available, it was mutually agreed to unwind that deal. Ultimately, both parties had obligations that both would be unable to meet; PDC had an obligation of \$4,000,000 for parking, as well as paying for the construction of the affordable housing. PDC received \$3,000,000 back, as well as \$1,000,000 in transportation system development charges credits, and there is still \$2,000,000 that OHSU has that can be repaid under certain circumstances.

Chair Kelly asked if PDC could pursue a request that OHSU donate land for affordable housing. Executive Director Quinton responded that there is a fair set of both contributions and obligations on both sides. What OHSU is contributing from the buildout of their campus is significant, they are the city's largest employer and benefit the city significantly in terms of employment and the public benefits from their work; it is in the city's best interest to contribute to accommodate their expansion in the city.

Chair Kelly took receipt of a letter from Leah Greenwood; included in these minutes as Attachment 3.

Chair Kelly called for a motion to approve Resolutions 7117 and 7118; Commissioner Edlen moved and Commissioner Dickson seconded the motion.

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

Chair Kelly called for a motion to approve Resolution 7122; Commissioner Dickson moved and Commissioner Mohlis seconded the motion.

AYES: Edlen, Dickson, Kelly, Mohlis

NAYS: None

Chair Kelly called for a motion to approve Resolution 7123; Commissioner Dickson moved and Commissioner Edlen seconded the motion.

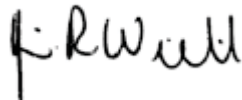
AYES: Edlen, Dickson, Kelly, Mohlis

NAYS: None

10. Adjourn

There being no further business, Chair Kelly adjourned the PDC Board meeting at approximately 5:23 p.m.

Approved by the Portland Development Commission on July 16, 2015



Gina Wiedrick, Recording Secretary

Testimony Portland Development Commission

June 10, 2015

PDC/Zidell Development Agreement

Good Afternoon, my name is Margaret Bax. I am currently retired, however, I was the Housing Policy Manager for the PDC from 1998 until 2001, overseeing the development and implementation of the River District URA Housing Implementation Strategy, the Interstate Corridor URA HIS, and eventually housing strategies for all URA's except Airport Way and Willamette URA's. Working with the communities in each URA we also developed reporting and monitoring systems to track progress.

I later served as Housing Policy Manager for the City of Portland from 2003-2008. In that position I was responsible for coordinating housing policy, program development and implementation among all city agencies which had a role in housing, including PDC, and with the Portland Housing Authority, now called Home Forward.

I appreciate the challenges and frustrations of juggling multiple agencies roles, missions and budgets. I also understand and appreciate the value of having multiple perspectives and approaches to addressing large public policy issues such as the inadequate supply of affordable housing, gentrification/displacement, and the ever growing number of families whose jobs don't pay a living wage. I believe that these difficult systemic problems require not just public financial investment but collaboration among and commitment of government agencies AND the private sector, both for-profit and non-profit organizations.

Although I do not know all of the details of the development agreement with Zidell, it appears that the partners have agreed to a reasonable process and timeline for securing an appropriate site for development of housing for people with incomes below 60% mfi and a reasonable method for determining the price. Using the CPI is a more objective and measurable approach than the one we established in 1990's with Hoyt Street Properties. I think your staff and the representatives for Zidell are to be commended for their persistence and thoughtful deliberations. I am happy to see people learn from mistakes we made in the past.

This DA with Zidell represents progress towards meeting the affordable housing goals and targets established for North Macadam URA and towards providing access to housing for workers in the area with lower wages. I want to thank you and the PDC staff, along with the Portland Housing Bureau and Zidell family for working collaboratively over the last few months on this agreement. It is definitely encouraging and welcome progress.

Again, I am not familiar with all of the details of the DA, as I just got a chance to review it quickly last night, but I do want to express concerns about the timeline for actually securing the property. Given the poor history of securing and holding on to sites for affordable housing in North Macadam it would be preferable to get the agreed upon site under public or even non-profit ownership sooner than 2021, even if you do not have the funds to complete a housing project.

Here is why I think the taxpayers of the City would benefit by having land secured sooner. Ten years ago, PDC paid \$6M to secure rights to build affordable housing on Block 33. This money, along with funds shifted from other uses, was used by OHSU to help pay their share of the Tram which ended up costing well over \$50M. Although the Tram was very expensive and way over budget it was completed, and has been a very successful infrastructure improvement and one which primarily benefits OHSU.

However, shifting funds to complete the Tram left very little funds available for other uses, including funds to buy another site for affordable housing or to develop housing at block 49. Because the City had secured air rights at Block 33 to build 400 units of affordable housing there, other sites were not pursued and secured.

City Council and the public were assured that the \$6M was a sound investment and a hedge against inflation and rising land costs. And, that if housing was not built there, PDC would get more than \$6M back to be used for affordable housing development elsewhere in URA. This did not happen. In fact, OHSU was released of its affordable housing obligation in 2010 and returned only a portion of the funds to PDC. OHSU never paid any interest and still owes the City \$2M.

OHSU has benefited greatly from the public investments in this urban renewal district over last 15 years and the street, sewers, parks and greenway improvements the city is agreeing to finance in the Zidell DA will also incur significant benefits to OHSU and its adjacent properties.

I strongly urge you to remind the leadership at OHSU of their previous commitments and their ongoing responsibility to be an active partner in meeting the housing needs of their own employees. OHSU employs not only doctors, researchers, and high paid executives, but also hundreds of lower paid workers such as nurses aids, janitors, security guards, kitchen and housing keeping staff, transportation aids, parking attendants, secretaries and admission staff. Because OHSU is a long way from where many of these folks can afford to live, these essential workers are traveling longer and longer distances every day to get to work. Not only do they have increasing transportation costs but this also means longer times away from their families, making it difficult to volunteer at their children's school or attend sports, drama, music activities.

In lieu of paying the city the \$2M they owe , I suggest that OHSU deeds an acre of land to the City, or to a non-profit housing developer with the agreement that housing will be built for families making less than 60% mfi. This land could be either at Block 33, the original affordable housing site, or from their other 20 plus acre holdings in the URA. This would secure the third site needed to meet adopted housing goals in the URA and benefit OHSU and their employees. Since OHSU does not pay property taxes this approach would not be removing any land from the tax base.

Thank you for the opportunity to speak to you today and for the many hours of your personal time dedicated serving on this board. And thanks again to PDC and PHB staff and to the Zidell family for their commitment to making the North Macadam URA a place where people of all income levels can live.



The League of Women Voters of Portland

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Portland Development Commission Board of Commissioners South Waterfront North District Development Agreement June 10, 2015

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The League of Women Voters of Portland appreciates the opportunity to comment on the draft South Waterfront North District Development Agreement (D.A.). We want to express our disappointment, however, that the late release of the agreement did not give the public and perhaps the PDC Commissioners adequate time to consider the D.A.

The League's comments will focus on affordable housing and the park.

The D.A. places deadlines on the city's acquisition and development of the park (7.7.2.1) and the affordable housing (2.3.2). Tax increment proceeds will be needed to finance those projects. The availability of TIF depends entirely on when ZRZ develops its properties. It is important to keep in mind that there is no obligation under the D.A. for ZRZ to develop anything (9.8). The League believes it is not advisable to tie the city's right to buy and develop these sites to a time frame over which the city has no control. Affordable housing and the park are really the primary benefits that the city and other taxing jurisdictions are getting in return for their very substantial investment in the ZRZ property. These are too important to the district's success to risk losing them due to the unpredictable timing of real estate development.

The League recognizes the efforts PDC staff made to strengthen the affordable housing provisions. The deal could be improved, however, by basing the property's value on its worth before creation of the urban renewal district. At a minimum, the agreement should place a fair market value cap on the escalating price (2.3.1.5) so that the housing bureau pays whichever is less.

Development of affordable housing on the site will be a significant step forward in meeting the district's housing goals. The League encourages the city to require OHSU to identify a parcel for low-income housing as well. They stand to benefit from construction of Bond Ave. and still owe the city \$2 million on the abandoned Block 33 project. What better way to pay their debt to the city than by providing a parcel either on Block 33 or elsewhere in the district?

The city anticipates considerable residential growth in South Waterfront, and residents will need recreational opportunities. The planned park is key to meeting those needs. Following are our questions:

- Why are the park's location and acreage undetermined (7.7.1)? This is a very risky approach as development may limit the park's size and location.
- Why does ZRZ have so much control over programming, maintenance, and security in the park when the city will own it, either through purchase of the site (7.7.2) or because ZRZ donates it (7.7.4) and presumably receives Parks SDC credits?
- Why base the purchase price on the market value for commercial development at time of sale (7.7.2)? The same approach taken with the affordable housing parcel should be applied to the park.
- Why is there no firm commitment for active recreation or habitat (7.7.1); both are still needed in the district?

The public is investing hundreds of millions of dollars in South Waterfront. Residents and visitors should have access to a park that is owned and operated by the city.

Thank you for considering our comments and questions.

HALSTEAD GREENWOOD CONSULTING

June 10, 2015

Commissioners
Portland Development Commission
222 NW Fifth Avenue
Portland, OR 97209

RE: Zidell Development Agreement

Commissioners and PDC staff,

Thank you for going back to Zidell and renegotiating the development agreement to have stronger and more specific language for affordable housing. Identifying and securing a parcel for additional affordable housing will have such a long term impact on meeting the goals of the North Macadam Urban Renewal Area.

We also thank you and Zidell for identifying a parcel of land for development which is actually viable. In the past, affordable housing had been planned for sites that were undesirable, had development obstacles making development very expensive, or were contingent on other development (i.e. parking garage). The site identified in the development agreement has great access to the street car and the Central District amenities.

Thank you for establishing a fair method for valuing the land. Setting the price today with a clear Consumer Price Index escalator eliminates the challenges the City has recently faced with Hoyt Street Properties.

I would request that PDC and PHB act sooner rather than later in the securing the land and moving forward on development. In the past, we as a community have negotiated land for affordable housing in South Waterfront which was later reneged on through various development agreement amendments. This includes Block 33 and the significant delay in the development of Block 49. Please do not renege on this development agreement and please put measures in place so future PDC Commissioners, Councils and staff recognize the importance of this provision in the development agreement.

I also ask that you continue to involve affordable housing in strategic planning in all of Portland's urban renewal areas. I feel strongly this should have been included in the Development Agreement in the very beginning without having to have the last minute advocacy efforts pushing the Commission and the City Council.

Portland has a strong history of including affordable housing in its strategic planning of urban renewal areas. Almost every urban renewal area has an adopted housing strategy and in the past PDC reported on the progress of these URA strategies and TIF expenditures annually.

I ask that you:

- have Portland Housing Bureau (PHB) at the table when you are conducting strategic planning, specifically around master planning large redevelopment areas,
- hold PHB accountable for meeting the URA housing strategy goals, and
- work with PHB annually to report on housing activities in the URAs as it both relates to the TIF Set Aside for Affordable Housing and in meeting the adopted goals.

Thank you again in your leadership in negotiating this groundbreaking Development Agreement with Zidell. I know this has been a desire of PDC and the City Council for over 20 years and imagine the staff at PDC and the City worked very hard to get this Agreement where it is today.

It now makes the planning for the South Waterfront complete, and we won't look back and view it as a urban renewal project that excluded low income people from its benefits.

Sincerely,



Leah Greenwood