

This document constitutes the official meeting record of the June 10, 2009, Portland Development Commission Board of Commissioner's meeting held at 222 NW Fifth Ave., Portland, OR 97209.

I. CALL TO ORDER AND ROLL CALL

Chair Wilhoite called the meeting to order at approximately 3:05 p.m.

Ms. Renee Castilla, acting as recording secretary for the Board, called the Commission roll:

Charles A. Wilhoite
Commission Chair

Chair Charles Wilhoite	PRESENT
Commissioner Scott Andrews	ABSENT
Commissioner Bertha Ferran	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Steven Straus	PRESENT

J. Scott Andrews
Commissioner

Bertha Ferrán
Commissioner

II. MEETING MINUTES

Chair Wilhoite called for a motion to approve the meeting minutes of May 27, 2009 as submitted.

John C. Mohlis
Commissioner

Commissioner Mohlis moved and Commissioner Ferran seconded the motion to adopt the meeting minutes as submitted.

Steven Straus
Commissioner

Sam Adams
Mayor

AYE: Ferran, Mohlis, Straus, Wilhoite
NAY: None

Bruce A. Warner
Executive Director

III. EXECUTIVE DIRECTOR'S REPORT

Mr. John Jackley, Communications & Business Equity Director, for Mr. Bruce Warner, Executive Director presented Report 09-67, Executive Director's Report. He highlighted the following:

- He was very pleased to deliver some remarks on May 16 at the opening ceremonies for Saturday Market's new home at Waterfront Park. Approximately 69 vendors will still be found in Ankeny Plaza with the new Waterfront Park site accommodating another 209 vendors.
- All told, there are seven contiguous blocks of development totaling \$100 million and 400 new jobs to the area. Partners with PDC in the Saturday Market improvements included BES, Parks, Water Bureau, Fire Bureau, Multnomah County and the Portland Bureau of Transportation. The improvements will be a real boost to the north end of Waterfront Park and will be a draw to those shopping and dining in Old Town/Chinatown as well as those riding MAX.
- The Nines Hotel atop the downtown Macy's continues to garner awards. It walked away with top honors at the Daily Journal of Commerce's 2009 Top Project awards event held in May. The Nines, submitted by Hoffman Construction, beat out approximately 85 other projects to win Best of Show honors. The project also took first place in the category of renovation work valued at more than \$15 million. The White Stag Block renovation took second place to the Nines.



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- PDC assists small business with working capital—The Business Finance team closed a working capital loan to Spitball Media in May, using the Near Equity Fund to help the company with costs associated with the launch of a new software product as well as the purchase of new equipment. In business since 2006, Spitball Media is currently leasing 1,200 square feet in the Towne Storage Building at 17 SE 3rd Avenue in the Central Eastside Urban Renewal Area. They are a market leader in online video compression and delivery.
- Increasing capacity for local wind industry—PDC is actively partnering with OECD and Portland General Electric (PGE) to grow a regional wind turbine supply chain. Our goal is to significantly increase the capacity of local manufacturers and service providers so that they can develop new customers in this rapidly expanding industry.
- Mayor's small business town hall—PDC's community economic development team has been taking the lead for Mayor Adams in planning a Small Business Town Hall for June 29th. At the event Erin Flynn will present an overview of the City's Economic Development Strategy Initiatives targeted for small business. Mayor Adams plans to engage attendees in a conversation on how small businesses are finding creative ways to survive and prosper in spite of the challenging times. Attendance will be limited to 100 and the meeting will be broadcast over cable TV and streamed live over the web. This will allow small business owners unable to attend to participate and even submit questions during the meeting. The program will also be placed on PDC's web site for later viewing.
- Café celebrates opening in Kenton—PDC loan and storefront grant client Posies Café celebrated its grand opening on Thursday, May 21 with free coffee and a ribbon-cutting ceremony welcoming numerous neighbors and families to the café at 8208 North Denver Avenue. The café is located in the Kenton business district - part of the Interstate Corridor Urban Renewal Area.
- PSU and city align economic development goals—On May 1, Portland State University hosted the "Building University-Community Partnerships for a Sustainable Regional Economy" symposium as one of its inaugural events to welcome Wim Wiewel, PSU President. Panel discussions focused on nurturing creative economies, generating new innovation opportunities, ensuring Portland's leadership in sustainability, and building partnerships for success. Erin Flynn, PDC's Urban Development Director, participated as a panel member. The symposium also resulted in a Memorandum of Understanding between PSU and the city to advance and align economic development goals - building on the existing partnership between PDC and PSU to coordinate the city's Economic Development Strategy with PSU's Economic Development Plan.
- Disparity Study – Six responses were received for the Disparity Study RFP on May 18th. The evaluation committee will meet on June 5th to review the responses.

- Westside Central City Urban Renewal Effort Started—The month of May saw the kick off of the public phase of the Westside Central City Urban Renewal effort. Public participation staff assisted with the planning and implementation of a briefing for local media, community stakeholders and the first meeting of the Westside Central City Urban Renewal Evaluation Committee. In addition to meeting notifications and preparation of meeting materials, staff also created email lists to provide project updates to interested stakeholders. The Future of Urban Renewal web site was updated with material and a comment/question section was added to allow the public to communicate with staff via the web page.
- N/NE Economic Development Initiative—the public phase of this project will begin in June with the first meeting of the N/NE Economic Development Initiative Advisory Committee. During the months of April and May staff completed 56 stakeholder interviews and prepared materials for the advisory committee meetings and public outreach efforts. A joint meeting of the Interstate Corridor and Oregon Convention Center URACs was held in May to get them up to speed on the financial report and the results of the stakeholder interviews. Email lists of interested stakeholders were created so they can be provided with updates on the project.
- Workforce diversity among apprentice workers continues to lead the diversity efforts. The total female apprentice hours represent 17.66% of the total apprentice hours 6.66 percentage points ahead of the combined journey/apprentice goal of 11% for the fiscal year. Of the apprentice hours that have been worked in this fiscal year, 26.09% have been worked by people of color. These results continue to demonstrate a positive trend toward a more diverse workforce through apprentice training.

Chair Wilhoite commented staff continues to try to help others in difficult economic times through ongoing efforts with the Oregon Food Bank. After donating more than 800 boxes of macaroni and cheese to the food bank, staff recently delivered 561 pounds of canned and other foods. We are currently gathering cans of soup and plan to hold a “soup cook off” in June where the good cooks at PDC will vie for the best soup recipe and tastes will be sold for \$3 – with proceeds benefitting the Food Bank. In addition to the food drive, PDC also had a Red Cross blood drive recently and donated 32 pints of blood – exceeding our goal of 30 pints. Our own Commission John Mohlis rolled up his sleeve and donated and so we thank him for taking time out of his busy schedule to do so.

Commissioner Straus commented staff is doing hard work and it is appreciated.

Commissioner Mohlis stated the numbers are good in South Waterfront, but with the economy the numbers could be affected, therefore, it is important to stay focused and try to meet the goals.

Commissioner Ferran stated June is Home Ownership Month and she reminded the community there are several homes available in Portland and now is a good time to use the federal tax credit for home purchase.

IV. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

As there were no public comment for items not on the agenda, Chair Wilhoite moved to the consent agenda.

V. CONSENT AGENDA

Chair Wilhoite called for a motion to approve the consent agenda:

Resolution 6710, titled, "Adopt Revised Financial Assistance Guidelines for the Community Livability Grant Program."

Resolution No. 6711, titled, "Appointing Members to the Central Eastside, Gateway Regional Center, Interstate Corridor, Lents Town Center, North Macadam, and Oregon Convention Center Urban Renewal Advisory Committees."

Resolution 6712, titled, "Authorize Short-Term Interfund Operating Loans not to exceed \$2,000,000 from Specified Funds to Housing and Community Development Fund, Lead Hazard Abatement Fund, Economic Opportunity Initiative, and/or the Home Fund from July 1, 2009 To June 30, 2010."

Resolution No. 6713, titled, "Intergovernmental Agreement with the City of Portland to Provide Funding of \$3,515,284 for PDC to Implement Economic Development Activities on a Citywide Basis."

Commissioner Ferran encouraged staff to try for more diversity on the Urban Renewal Area Committees. She said it was important to engage those individuals who may not have had the opportunity to serve on the URA committees.

Chair Wilhoite asked Mr. Jackley to provide an overview of the selection process of the URAC members.

Mr. Jackley stated they recently did a survey on the URAC membership which reflected some gaps in the membership and suggest staff needs to be more proactive when selecting candidates and that those candidates reflect the overall community. In addition, he said it was important for staff to lend guidance to the organizations that have seats on the URAC as well.

Commissioner Ferran moved and Commissioner Straus seconded the motion to adopt the consent agenda.

AYE: Ferran, Mohlis, Straus, Wilhoite
NAY: None

VI. PORTLAND-MILWAUKIE LIGHT RAIL: WILLAMETTE RIVER CROSSING BRIDGE DESIGN BRIEFING

Mr. Patrick Quinton presented Report No. 09-72, titled, "Portland-Milwaukie Light Rail: Willamette River Crossing Bridge Design Briefing."

Mr. Patrick Quinton stated the Portland Development Commission (PDC) Board of Commissioners (Board) was briefed in March regarding the Portland to Milwaukie Light Rail

project. Since then, the Willamette River Bridge Advisory Committee (WRBAC) has recommended a specific bridge type for inclusion in the final design – a refined four-pier cable stayed design. In order to inform the Board prior to the adoption of the final bridge design by the project Steering Committee on June 22 and prior to a City Council briefing on June 17, staff is returning with this briefing on the project status. He further stated in July 2008, the Metro Council adopted a new Locally Preferred Alternative (LPA) for the Portland-Milwaukie light rail transit (LRT). As part of the LPA process, the WRBAC has evaluated alternatives for a transit bridge crossing the Willamette River from South Waterfront, in the North Macadam Urban Renewal Area (URA), to the Oregon Museum of Science and Industry (OMSI), in the Central Eastside URA. At the PDC Board meeting, TriMet staff will provide a briefing on the recommended bridge type for the Willamette River Transit Bridge. In addition, he stated there will be a resolution that comes before the PDC Board later that will request \$10 million in funding for the local match.

Mr. Neil McFarland, TriMet Capital Projects Executive Director, stated they have received Preliminary Engineering (PE) approval from the federal government which is scheduled to be completed approximately June 2010. He further stated the project was rated a medium-high which is the highest rating a project can obtain from the Federal Transit Administration (FTA). He said the rating demonstrates how well the project is regarded by the FTA. He stated the FTA match is approximately 60% of the total cost of the project, thereby leaving a local match of approximately 40% to be raised. He said they are hoping to start construction sometime in the summer of 2011 and wrap up approximately 2015. He said they are looking at approximately 1,000 new jobs on the construction project. He said the major issue to complete the Portland Mall line is the construction of the bridge.

Chair Wilhoite asked if the FTA had any major concerns regarding the project.

Mr. McFarland stated the FTA had no concerns, however, wanted to make sure the project was monitored closely throughout the project.

Mr. Rob Bernard, TriMet Portland Mall Construction Manager, stated the focus of the briefing is the Willamette River Transit Bridge recommendation from the WRBAC for a refined four-pier cable stayed bridge between the South Waterfront and Central Eastside. He said when the WRBAC started the review process, their mission was to deliver a bridge that embodies the Portland aesthetic, is functional and affordable:

- Aesthetic – the right bridge for the context;
- Function – the right bridge for the use, site and environment;
- Cost – the right bridge for the budget; and
- *Viable solutions must balance all three.*

Mr. Bernard further stated the WRBAC's direction to the design team was to:

- Explore viability of CS-SAS (hybrid) during early preliminary engineering;
- Explore viability of Advance Cable Stayed bridge type into preliminary engineering; and
- Work to combine best features of each to provide options.

Mr. Bernard said during the preliminary engineering phase, the design team determined the cost estimates as described below:



	Cable Stayed (Initial) 700' Clear	Cable Stayed (Refined) 680' Clear	Hybrid (Refined) 730' Clear
Conceptual Design Estimate			
Construction Costs	\$61,200,000	\$62,700,000	\$74,900,000
Design Build Contractor Engineering	\$8,230,000	\$8,895,000	\$10,860,000
Contingencies			
Requirements Risk	\$4,450,000	\$8,535,000	\$8,535,000
Bid - Market Risk	\$1,680,000	\$1,855,000	\$5,440,000
Design Development Risk	\$7,100,000	\$7,250,000	\$9,400,000
Differential Costs (Certain)	\$0	\$0	\$3,650,000
Grand Total (January 2009)	\$82,660,000	\$89,235,000	\$112,785,000

Grand Total (YOE August 2013)	\$101,920,000	\$110,120,000	\$138,955,000
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	-24%	-18%	3%
Variance to Budget	(\$32,710,000)	(\$24,510,000)	\$4,325,000

Mr. Bernard stated due to the cost variances, the WRBAC's bridge choice would be the Cable Stay Refined Bridge:



Mr. Bernard stated the recommended bridge would meet the following requirements:

- Meet 680 feet horizontal clearance for river navigation,
- Provide 77.36 feet vertical clearance for river traffic,
- Provide a combined travel lane in each direction for bus, light rail and potentially streetcar, and
- Provide 14 feet of combined bicycle and pedestrian passageway in each direction.

Mr. Bernard stated the four-pier cable stayed bridge design recommended by the WRBAC will cost 18% less than the LPA budget in the year of expenditure. Mr. Bernard stated next steps would include refinement of significant elements including:

- Tower – pier;

- Railing;
- Lighting and OCS integration;
- Greenway; and
- Programming bicycle and pedestrian path.

Mr. Bernard stated the timeline for further discussion is:

- June 11, 2009 Open House;
- June 22, 2009 Steering Committee Meeting;
- August 2009 15% Design Submittal;
- December 2009 25% Design Submittal; and
- March 2010 Preliminary Engineering Complete.

Commissioner Mohlis asked if the bridge would be constructed to handle future streetcar use and whether the streetcar and light rail line could use the same track and whether it would require additional funding.

Mr. McFarland stated planning is underway to determine how to combine the two and what other types of elements would be needed as far as different electrical connections, etc.

VII. ENDORSEMENT OF THE CITY OF PORTLAND'S ECONOMIC DEVELOPMENT STRATEGY

Ms. Erin Flynn and Mr. Patrick Quinton presented Report No. 09-73, titled, "Endorsement of the City of Portland's Economic Development Strategy."

Ms. Kimberly Schneider, Mayor's Office, stated she was present to express the Mayor's strong endorsement for the strategy and to thank PDC and the staff for their leadership and hard work. She said when the Mayor took office he wanted to make sure the City had an economic development policy that was decisive, action oriented and measureable in order to create quality jobs and economic vitality for the city. She said fortunately Erin Flynn and Patrick Quinn were the right people to oversee the effort and advance the Mayor's vision for economic development. She further stated they are at a unique time in the history of the city. She said everyone recognizes the high unemployment, companies selling their green expertise globally and people pouring into Portland; it is not the time to continue business as usual. Therefore, the charge to the PDC and the City's partners was clear; they needed to be focused and be bold. With Erin's thoughtful leadership and her team's full engagement, the strategy establishes a clear goal, contains measureable realistic actions that recognize the city's place in the market, create a solid foundation for a competitive platform and provide opportunities for economic stimulus and self sufficiency for everyone. The approach effectively accomplishes the goals set out by the mayor and his economic development cabinet. She said the mayor would like to express how impressed he had been with the public outreach and to further thank PDC for their hard work.

Ms. Erin Flynn stated the Strategy would guide Portland's economic growth over the next five years and direct the investment necessary to achieve the objectives of the sustainable economy

with an equal focus on job growth, innovation in sustainability, and prosperity. She said the Strategy would:

- Generate robust job growth by maximizing the competitive environment for existing, emerging and relocating businesses;
- Maintain a leadership position in sustainability by constantly striving to produce an innovative urban setting that fosters creativity and invention; and
- Achieve broad-based prosperity by stimulating economic activity in neighborhoods throughout the city.

She further stated as with the objectives of the sustainable economy, these components overlap in many ways: effective workforce development increases employment opportunities for neighborhood residents, innovation from local projects morphs into expertise that can be sold abroad by Portland businesses, and successful neighborhood-based businesses can access national and international markets and drive traded sector growth.

Ms. Flynn stated Portland's lauded quality of life has not translated into widespread economic prosperity and job creation. However, she said Portland is poised to become the capital of the global green economy. In addition, she said farsighted investments in land use, transit, density and central city revitalization position Portland to thrive. She further stated Portland has:

- Large and growing concentration in Clean Tech industries;
- Deep manufacturing capacity to design and supply parts and components;
- Shared values & decades of leadership regarding environmental impact;
- Public policy environment that fuels innovation and experimentation; and
- Remarkable influx of talent.

Ms. Flynn said Portland must invest in the fundamentals of economic development and job creation including:

- Higher education partnerships;
- Research & development;
- Technology Transfer;
- Business Incubation;
- Capital Investment;
- Retaining & growing firms;
- Cluster development;
- Targeted recruitment; and
- Workforce development.

Ms. Flynn further stated our competitors invest more resources in economic development than Portland:

City	Population	Budget
Austin	725,306	\$6.6M
Boston	600,980	33.6M
Denver	576,842	4.2M
Minneapolis	362,513	16.9M
Seattle	565,809	6.2M
Portland – 2009-10	550,396	3.5M
2008-09		4.2M

Ms. Flynn said the goal of the Economic Development Strategy was to create 10,000 net new jobs within the next five years. She said the strategy is to maximize Portland's competitive environment. However, she said economic success depends on creating an environment where innovation can happen more quickly than in other regions.

Mr. Patrick Quinton stated the development of the Strategy included input and feedback from a variety of groups and interests. As part of the drafting of the initial 50% draft, the Portland Development Commission (PDC) convened four content teams focused on Competitiveness, Sustainability, Central City, and Prosperity. These groups met several times from December through March while the Strategy draft was prepared, providing input and direction on the concept, content and specific action items.

Mr. Quinton said PDC completed the 50% draft of the Strategy in January 2009. This draft was shared with stakeholder groups throughout the city and the region. Feedback was incorporated into this version of the Strategy. Based on the feedback from many external partners, the plan changed its focus dramatically, including the following:

- Small business accounts for over 70% of the new job growth in Portland and this fact was not emphasized enough in the initial drafts.
- The Strategy places a greater emphasis on retention of existing businesses and jobs.
- The manufacturing action plan was reworked to build on assets (e.g., job opportunities, the Port of Portland, the working riverfront) and to take advantage of opportunities in the sustainable economy.
- The roles of higher education and workforce development infrastructure were highlighted as competitive assets.
- The section on Community Economic Development was updated to incorporate cutting edge policy making by recommending a Green Main Street program as well as developing a Small Business Portal and implementing a new Economic Gardening Program.
- Talent attraction as an objective of quality of life investments.

Meetings with stakeholder groups were held throughout the winter and spring including, but not limited to, the following:

- Mayor's Economic Development Cabinet
- Regional Partners
- Mayor's Small Business Advisory Council
- Portland Business Alliance Central City and Government Relations Committees

- City Club
- Oregon Innovation Council staff
- Oregon Built Environment and Sustainable Technologies Center (BEST) staff
- Mayor's Planning & Sustainability Cabinet
- Mayor's Small Business Advisory Council
- Sustainable Development Commission

Chair Wilhoite stated during the process of drafting the policy, he heard a lot of positive feedback from industries and the public regarding the program and the draft strategy. Chair Wilhoite further stated tourism should be included in the strategy due to the dollars that touch that particular industry.

Ms. Erin Flynn stated the City has not had an approved strategy in many years, therefore they are asking for Board Approval so the strategy can be forwarded to City Council for their approval. She further stated the strategy includes implementation by a variety of responsible parties. PDC is responsible for the day-to-day staffing of the Strategy development and for the development and coordination of the implementation plan. Upon completion of the plan, PDC will direct the negotiation and drafting of the necessary intergovernmental agreements and memoranda of understanding between the entities responsible for particular elements of the Strategy. In addition, the current schedule for the formal roll out of the Strategy after PDC adoption is on June 11 in cooperation with Greenlight Greater Portland's annual meeting. The Strategy is slated to be formally adopted by the City Council in late June or July.

Ms. Sandra McDonough representing the Portland Business Alliance (PBA) stated the PBA supports the strategies of the plan overall. She said she is excited the strategy recognizes the importance of a thriving central city; she said it was an important focus now that we continue to grow jobs in our native industries – not just new industry and business. She commented raised taxes and fees are a concern as they affect the growth of business.

Chair Wilhoite stated the Economic Development Strategy is a commendable and exceptional plan. He said he would like staff to seek the assistance of Portland State University in completing a study on a "branding" project for the City of Portland.

After discussion among the Commissioners, Chair Wilhoite called for a motion to adopt Resolution No. 6714, titled, "Endorse the City of Portland Economic Development Strategy – A Five Year Plan for Promoting Economic Growth and Job Creation, and Recommend Adoption by City Council."

Commissioner Straus moved and Commissioner Ferran seconded the motion to adopt the Resolution No. 6714 as submitted.

AYE: Ferran, Mohlis, Straus, Wilhoite
 NAY: None

VIII. WORK SESSION ON FISCAL YEAR 2009-10 APPROVED BUDGET AND FORECAST

Ms. Julie Cody and Mr. Tony Barnes presented Report No. 09-74, titled, "Work Session on Fiscal Year 2009-10 Approved and Forecast."

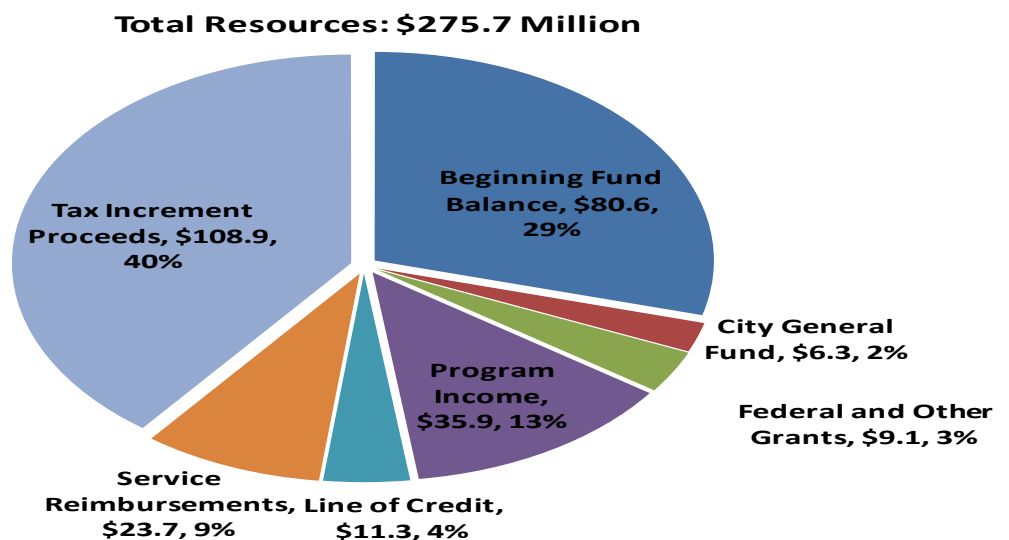
Mr. Barnes also stated on May 27, 2009, the Portland City Council, acting as the PDC Budget Committee approved the FY 2009-10 Budget. The budget includes \$265,826,729 in total resources and requirements with total expenditures planned at \$209,418,570. Since delivery of the PDC Proposed Budget on May 15, 2009, the Approved Budget includes the following staff recommended changes:

- \$863,880 in transitional costs associated with transferring urban renewal related housing functions from the PDC to the Portland Housing Bureau.
- \$50,000 for funding a Downtown Retail Advocate from PDC's General Fund (Predevelopment resources).
- Carryover of \$3.8 million in funding for the Block 49 project from FY 2008-09 to FY 2009-10.

The Budget Committee did not recommend or take action to make additional changes to the budget.

Mr. Barnes said following approval by the PDC Budget Committee, PDC submitted the Approved Budget to the Tax Supervising and Conservation Commission (TSCC) for review on May 28. The purpose of the June 10th Work Session is to review the Approved Budget in more depth and to receive recommendations for changes that should be included in the budget to be adopted by the Board on June 24th, 2009. Staff will provide an overview of the Approved Budget for the Board at the June 10th Commission Meeting and take recommendation for items that should be adjusted as part of the budget adoption. Also during the June 24th Commission meeting, the TSCC will hold a public hearing, as required by Local Budget Law, prior to the Commission adoption of the Budget.

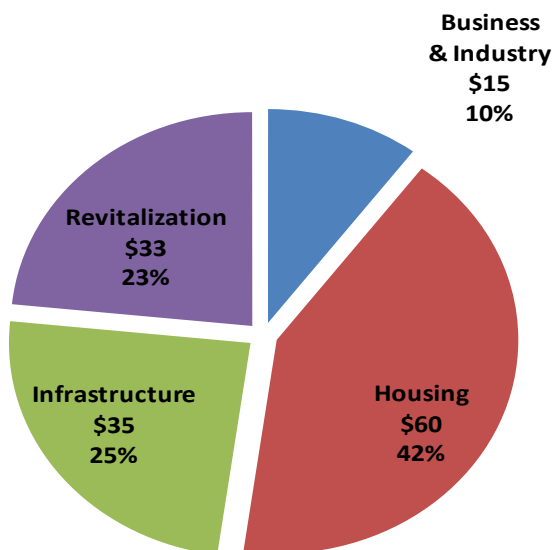
Mr. Barnes presented a brief description of the budget:



Mr. Barnes presented the Urban Renewal Areas (direct projects and programs):

URA Programs (Direct Spending, net of Staff and Indirect)

Housing Program Areas	Total
Multifamily For-Sale	\$4.7
Rental Housing	\$50.3
Single-Family Rehab	\$1.0
Single-Family Homeownership	\$3.9
Total	\$59.9
Revitalization Program Areas	Total
Storefront	\$2.0
DOS	\$1.1
Redevelopment Loans	\$17.5
Redevelopment Acquisition/Other	\$12.8
Total	\$33.4
Infrastructure Program Areas	Total
Public Facilities	\$0.6
Parks, Trails, Open Space	\$9.7
Streets/Streetscapes	\$12.3
Public Transportation	\$12.0
Planning	\$0.3
Total	\$34.9



Mr. Barnes said Business and Industry: Increases \$718 thousand. Majority of increase represents updated carryover of General Fund from FY 2008-09 and a reallocation of some program staff to the General Fund. Also adds anticipated grant resources associated with the EOI programs. Housing: Increases \$936 thousand. Primarily associated with changing accounting treatment of how Housing overhead staff is accounted for between operating and capital funds (no net increase/part of interfund transactions). Infrastructure: Increases \$3.1 million: Adds resources and expenditures for Ankeny/Burnside Public Improvements in Downtown Waterfront; Marysville school park development in Lents; and Streetcar Loop carryover funds in Convention Center URA; and Director Park construction in South Park Blocks URA (\$1.3 million); Revitalization: Increases \$884 thousand. The increase is associated with (1) pulling Downtown Waterfront storefront program allocations forward from future years to meet current commitments; and (2) adding carryover from FY 2008-09 to FY 2009-10 for planned acquisitions and RFQ processes currently underway for Lents Town Center.

Commissioner Ferran said she would like to see Tax Increment Financing (TIF) funds used to create homeownership opportunities such as the Pearl and in Downtown/Central City areas. Commissioner Ferran stated PDC uses TIF bricks and mortar dollars to create rental housing developments, she would like to see it shift to create home ownership opportunities. She said it is unbalanced.

Chair Wilhoite asked Ms. Haack if it is a matter the dollars goes to the production of units rather than helping someone buy or rent units.

Ms. Shelly Haack said if you look at the downtown areas in particular, they are heavily weighted for rental housing. While, there may be some dollars available for home ownership, the vast majority is programmed for rental housing by policy.

Chair asked staff to determine if there was anyone who could help design a program to address these homeownership concerns.

Commissioner Straus asked if PDC could help developers in moving their projects forward or if not; help them locate other funding. In addition, he stated he would like to see some type of project that cleans up North Portland. Commissioner Straus said he would like to create about 100 jobs for at-risk youth and adults who would wear PDC t-shirts. He said this type of program would create jobs and pride in their community. He asked staff to determine if TIF could be used to fund such a project.

Ms. Julie Cody said staff is evaluating the project and further stated the funding could be addressed in budget amendment process.

IX. ANNUAL HOUSING PRODUCTION AND ACTIVITIES BRIEFING

Mr. Komi Kalevor, Ms. Shelly Haack, and Ms. Sara Culp presented Report 09-75, titled, "Annual Housing Production and Activities Briefing."

Ms. Sara Culp stated on January 8, 2003, the Portland Development Commission (PDC) Board of Commissioners (Board) adopted Resolution No. 5963 establishing a goal to increase housing production to assist 20,000 units or households between 2001 and 2011. This aggressive ten-year goal illustrates PDC's commitment to housing as a part of PDC's overall economic development and revitalization mission, and set a primary focus on the preservation and development of affordable housing opportunities and assistance to first-time homebuyers.

Ms. Culp further stated the Annual Unit Production Report for FY 2007/08, which accounts for PDC's progress towards the 20,000 unit goal and other housing activities, has been completed and shows that in 2007/08, PDC funded the development of housing and homeownership assistance for 1,999 Portland households. This briefing is to update the Board on this report, as well as activity to date in FY 2008/09. She said given the plans to create a new Portland Housing Bureau that merges the housing-related functions of PDC and the Bureau of Housing and Community Development, this report and briefing also serve to present the baseline of PDC's historical and recent housing investments and achievements. She further stated the briefing also responds to Commissioners' interest during the FY 2009/10 budget discussions to learn more about PDC's housing programs and services.

Ms. Culp stated the 2003 goal to increase housing production to assist 20,000 units or households between 2001 and 2011 is broken down into the following categories, with specific goals:

1,500 Rental Rehab Preservation Units (0-60% MFI¹) 3,000 New Homeownership Units

6,400 New Low-Income Rental Units (0-60% MFI) 1,600 Homes Repaired

4,500 New Market Rate Rental Units (>60% MFI) 3,000 First-Time Homebuyers

12,400 Rental Housing Units

7,600 Homeownership Units and

First-Time Homebuyers

She said the goals represent a roll-up of both City housing policies and PDC housing goals in the various urban renewal areas (URAs), and include activity and investments with all sources of direct and indirect financing PDC delivers, including Tax Increment Financing (TIF), Federal, City funds, and tax abatements and fee waivers. Changes in funding availability and policy priorities at the local and national level have impacted, and will continue to impact PDC's housing production goals as originally outlined.

Ms. Culp stated the 2007/08 report shows that PDC has achieved nearly 70% of the total goal thus far. Last year, PDC assisted nearly 2,000 low and moderate income households in Portland with affordable housing opportunities. Some highlights include:

- PDC staff closed over \$33 million in housing loans and grants.
 - \$17.9 million of this was through TIF programs, in support of the TIF Set Aside policy and broader URA plan goals.
- 77% of the housing funded provides opportunities for households earning 60% MFI or below, and 23% serves households in the middle income range of 61-100% MFI.
- PDC started the new Mortgage Credit Certificate program, expanded homeownership outreach, and increased TIF homeownership funding available in Lents and Interstate URAs. This resulted in a 52% increase in first-time homebuyers. Looking at the cumulative totals towards the 2011 goals, PDC is already exceeding the ten-year goals for two categories: preservation of existing low income rental housing and financing for new homeownership development. Achievement for owner-occupied homes repaired – one of PDC's most popular and well-known programs in the community – is on track. Assistance to first-time homebuyers lagged in past years, but due to the additional funding through the TIF Set Aside and the Board's prioritization of this goal, progress in this category jumped forward last fiscal year and is continuing with very high achievement this year to-date.

Ms. Culp said PDC's achievement of new low-income rental housing development goals has lagged in recent years due to increasing cost per unit of development, as well as the City's priority on very low income and permanent supportive housing, which typically costs more to produce. So, although fewer new rental housing units are being constructed, many of them are serving much lower income households, where regional data shows the most housing need. Finally, PDC's production of new "market rate" rentals (any rental housing above 60% MFI) has significantly diminished due to the City's prioritization of 0-60% MFI housing and the lack of unique funding sources or incentives for 61% MFI+ rental housing. The only units above 60% MFI funded by the Housing Department in 2007/08 were a handful of managers' units in low

income buildings. PDC commercial loan programs also supported the development of 16 market rate units in a mixed use building, outside of TIF Set Aside funding.

Ms. Culp further stated PDC now reports on housing investments in two ways. The Unit Production Report focuses on the outcome of units constructed and homeowners assisted. The other document, the Annual TIF Set Aside Report, reports on achievement towards that policy, which is measured in dollars expended. The annual dollar investments do not synch between the two documents because housing expenditures for a single project, or even home loan, can span two or more fiscal years. The Unit Production Report counts units and dollars as of the date the loan closes. The TIF Set Aside Report counts dollars at the time they are disbursed (expended). She said as PDC nears the end of the eighth year of this 10-year unit production goal, as well as the end of the third year of the first five-year period of the TIF Set Aside policy, it is clear that new strategies and resource coordination will be needed to achieve rental housing goals. With the current economic situation, traditional approaches to funding the preservation and new construction of affordable housing and policy limitations may need to be revisited to ensure PDC and City tools for financing housing can be used in the new market conditions we are facing.

Ms. Culp also stated the creation of the new Portland Housing Bureau will need to take into account these changing market and policy dynamics, as well as the important integration of PDC's housing programs and funding with the broader PDC mission of neighborhood revitalization and economic development. Past and upcoming housing projects have been carefully planned to meet multiple URA goals and complement other PDC investments, in addition to meeting affordable housing goals.

Commissioner Straus asked what the average square footage of new developments homes are.

Ms. Shelly Haack responded they are three bedroom, family sized homes.

Commissioner Straus stated the square footage size differs greatly from Europe, where homes are smaller. He asked staff to look at different models in order to become more efficient and have more affordable homes to encourage homeownership.


Chair Wilhoite also stated it was important to be prepared to address the needs of workforce housing when development starts again. He expressed his thanks to staff and stated he appreciated the efforts in meeting production goals despite the housing transition challenges.

X. ADJOURN

There being no further business, Chair Wilhoite adjourned the meeting at 6:32 p.m.

Respectfully submitted,

Approved by the Portland Development Commission on July 22, 2009.


Renee A. Castilla, Recording Secretary