

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: May 14, 2008

TO: Board of Commissioners

FROM: Bruce A. Warner, Executive Director

SUBJECT: Report Number 08-63
Amendments to Lents Town Center, Downtown Waterfront, South Park Blocks and River District Urban Renewal Area Plans.

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution - Numbers: 6583, 6584, 6585, 6586, and 6587.

ACTION SUMMARY

This action will approve five amendments to four urban renewal area plans including Lents, Downtown Waterfront, South Park Blocks and two for River District.

Lents Town Center Urban Renewal Area – First Amendment	Current	Proposed
Add net 140.05 acres	2,706.74 acres	2,846.79 acres
(Add 204.67 acres, removing 64.62 acres)		
Extend the last date to issue debt	October 1, 2015	June 30, 2020
Increase Maximum Indebtedness by \$170,000,000	\$75,000,000	\$245,000,000
Downtown Waterfront Urban Renewal Area – 28th Amendment		
Reduce by 47.03 acres	279.03 acres	232 acres
Do not extend last date to issue debt	April 2008	No Change
South Park Blocks Urban Renewal Area – Tenth Amendment		
Reduce by 3.20 acres	160.55 acres	157.35 acres
Do not extend last date to issue debt	July 2008	No Change
River District Urban Renewal Area - Amended & Restated		
Add net 41.98 acres from DTWF and SPB	309.21 acres	351.19 acres
(Add 50.23 acres, removing 8.25 acres)		
Extend the last date to issue debt	October 1, 2020	June 30, 2021
Increase Maximum Indebtedness by \$324,719,650	\$224,780,350	\$549,500,000
River District Urban Renewal Area - First Amendment		
Add 8.53 acre satellite district	351.19 acres	359.72 acres
Increase Maximum Indebtedness by \$19,000,000	\$549,500,000	\$568,500,000

PUBLIC BENEFIT

These amendments will increase the boundary in two areas, Lents Town Center Urban Renewal Area (Lents) and River District Urban Renewal Area (River District), which will allow certain areas currently outside an Urban Renewal Area to benefit from inclusion either by allowing funding to complete key projects such as the Resource Access Center in the River District amendment or to allow expenditures along the Foster Road expansion area in Lents. The increase in maximum indebtedness will allow the financial capacity to achieve the known projects and objectives of Lents and River District. The extension of the last date to issue bonded indebtedness debt will allow for completion of major projects such as the USPS site, and Freeway Land as well as small business assistance; affordable housing and home ownership projects; and other necessary infrastructure improvements.

This action will support the following PDC goals:

- Develop healthy neighborhoods
- Provide access to quality housing
- Help businesses to create and sustain quality jobs
- Support a vibrant Central City (urban core)
- Contribute to a strong regional economy

PUBLIC PARTICIPATION AND FEEDBACK

In Lents, a subcommittee of the Lents Town Center Urban Renewal Advisory Committee met five times to review information pertaining to the amendment. In addition to the LTCURAC and subcommittee meetings, Portland Development Commission (PDC) staff made presentations at seven different neighborhood and business association meetings. PDC staff attended five community events with a booth and informational materials. The PDC staff also held a public open house on September 11, 2007, where staff explained the proposed amendments, answered questions and accepted public comments and suggestions. PDC also maintained and updated as needed a project website that included basic project information, announcements of public events, project documents and staff contact information.

A joint process of public participation began in 2006 with the Portland Development Commission (PDC) and the City of Portland staff interviewing 35 stakeholders to obtain their thoughts and ideas about the future of the downtown area, specifically concerning an update to the Central Portland Plan and reviewing three downtown urban renewal areas. An Urban Renewal Advisory Group (URAG) was formed which included members of the Board as well as Portland City Council, Multnomah County Commission, Portland Planning Commission and a citizen at large.

The URAG met over ten months through February 2008 and heard from a variety of stakeholders including:

- Pearl District Neighborhood Association
- Portland Downtown Neighborhood Association
- Old Town/Chinatown Neighborhood Association
- Old Town/Chinatown Visions Committee
- League of Women Voters

- Portland State University
- University of Oregon
- Portland Business Alliance/Downtown Retail Council
- Chinese Consolidated Benevolent Association
- Regional Arts and Culture Commission
- Representatives from non-profit and for profit housing organizations
- City of Portland Bureau representatives including Planning, Transportation, Housing and Community Development, and Parks

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Each urban renewal plan amendment has an extensive section detailing how these amendments relate to local plans and objectives. These sections of the plans are prepared in conjunction with the Bureau of Planning and in each case meet the Council adopted plans and policies.

FINANCIAL IMPACT

The Lents First Amendment will increase maximum indebtedness by \$170,000,000 from \$75,000,000 to \$245,000,000. It will also extend the last date to issue bonded indebtedness by five years from 2015 to 2020 and both these actions will help allow Lents to achieve its plan objectives.

The Amended and Restated River District Amendment will Increase maximum indebtedness by \$324,719,650 from \$224,780,350 to \$549,500,000. This amendment will also extend the last date to issue bonded indebtedness by one year from 2020 to 2021.

The First Amendment to the Amended River District Plan will increase maximum indebtedness by \$19,000,000 from \$549,500,000 to \$568,500,000.

RISK ASSESSMENT

Risks associated without these amendments relate to lack of funding for key projects. Key projects, including US Post Office site acquisition in River District and development of Freeway land in Lents are examples of projects relying on increasing maximum indebtedness. These among many other projects that would be unfunded, means that blight remediation cannot be done. The First Amendment to the River District relies, in some respects, on interpretations of the urban renewal statutes that have not been considered by the Oregon Courts and that, therefore, carry legal uncertainty.

WORK LOAD IMPACT

Staffing impacts over time will be significant in Lents and River District. The increased projects and programs will require greater staff focus.

ALTERNATIVE ACTIONS

If the Board chose to take no action on the boundary adjustments, various local improvement districts could be formed to help fund some projects however many projects within these two urban renewal areas would likely not be funded.

CONCURRENCE

In accordance with ORS 457 Urban Renewal statutes, staff has met with all impacted taxing jurisdictions including Multnomah County, Portland Public School District, David Douglas School District, Metro, and Port of Portland to receive their comments concerning the impact of these amendments. Those comments are included as an attachment to this document.

BACKGROUND

In April, 2007, the Portland Development Commission (Board) directed the study of the Lents Town Center Urban Renewal Area and asked that staff consider three questions: 1) confirm the extent of the boundary expansion that is necessary to fulfill Lents URA Plan goals and objectives, 2) analyze increasing the maximum indebtedness to fund identified projects and 3) review the last date to issue bonded indebtedness.

After extensive public outreach and research, the Lents Town Center Urban Renewal Advisory Committee adopted a sub-committee report which recommends the following: expand the boundary to include net acreage increase of 140 acres, increase the maximum indebtedness by \$170 million and extend the last date to issue debt to June 2020.

Concerning the downtown urban renewal areas, in 2004, a Central City Urban Renewal Area Study Review Committee recommended moving parts of Old Town/Chinatown area into River District in order to complete needed projects. The recommendations made at that time suggested a review of River District urban renewal plans, acreage and assessed value, timing and cost of projects and the timing of the transfer.

In addition, the Central Portland Plan is currently in need of updating and the Bureau of Planning and PDC staffs have worked on initial steps of that update as it impacts the Westside urban renewal areas. The central city urban renewal areas have been and will continue to be a major tool of implementation for the plan.

The Westside Study officially started in May 2007 when the PDC Commission directed staff in PDC Resolution #6474 to look at the downtown urban renewal areas. An Urban Renewal Advisory Group (Advisory Group) was formed which included members of the Board as well as Portland City Council, Multnomah County Commission, Portland Planning Commission and a citizen at large. The Advisory Group meetings focused on the status of downtown urban renewal area key accomplishments and what remained to be completed, technical issues relating to urban renewal operation, a series of panel discussions including the perspectives neighborhood association, affordable housing, jobs and the economy, infrastructure, arts and education.

Two of the URAs, Downtown Waterfront (DTWF) and South Park Blocks (SPB), are due to expire in 2008 but still have important projects to complete and River District will reach its maximum Indebtedness by 2011-12. This expiration refers to the last date a URA can issue bonded indebtedness, which was set during the creation of the URA. The River District (RD) URA has performed beyond expectations and a boundary change could allow uncompleted projects in the DTWF and SPB URAs to be completed as part of the RD Urban Renewal Plan.

The Advisory Group met eight times through March, 2008 and recommended the following actions and potential amendments:

- 1) close down DTWF and SPB this year but maximize the amount of debt allowed and contemplated by the current year budget,
- 2) remove approximately 50 acres from DTWF and SPB districts and add to River District to allow important areas to be redeveloped and key projects completed,
- 3) increase the maximum indebtedness in River District by \$338 million to \$563 million and extend the last date to issue bonded indebtedness from 2020 to 2021, (The Advisory Group recommended extending the district one additional year to maximize capacity, which resulted in a total capacity of \$568.5 million),
- 4) remove 30.7 acres of I-405 right of way from RD, (Based upon community input, the Commission directed reduction to 8.25 acres),
- 5) consider formation of non-contiguous “island” district to River District if directed by the Portland City Council.

In addition, the Advisory Group recommended downsizing the SPB and DTWF areas, identify potential new districts in conjunction with the Central Portland Plan effort, develop interim development strategies pending completion of the Portland Plan effort and give Multnomah County a more meaningful voice on decisions regarding expansion, extension or creation of urban renewal districts.

Next Steps: If approved, these recommendations will be forwarded on to the City of Portland Planning Commission for review and recommendation and approval by the Portland City Council. The amendments will be heard before the Planning Commission June 3, 2008 and Portland City Council for a first and second reading, June 18, 2008 and June 25, 2008. The amendments, if approved, would take effect 30 days after the second reading.

ATTACHMENTS:

- A. URA Financial Summaries
- B. Taxing jurisdiction support letters

CC:

- J. Jackley, Communications and Business Equity Director
- B. Alexander, Special Projects Manager
- D. Elott, Acting General Counsel

URA FINANCIAL SUMMARIES

Financial Summary

Fund Summary - Five-Year Budget Projections

	<i>Revised FY 2007-08</i>	<i>FY 2008-09 Proposed</i>	<i>FY 2009-10 Forecast</i>	<i>FY 2010-11 Forecast</i>	<i>FY 2011-12 Forecast</i>	<i>FY 2012-13 Forecast</i>
Lents Town Center URA						
Resources						
Beginning Fund Balance	3,677,407	1,226,204	1,021,497	5,644,603	0	0
Interest - City Invest Pool	250,000	250,000	250,000	250,000	0	0
Loans - Interest Earned	21,980	16,471	16,471	16,471	0	0
Real Property Sales	0	0	2,700,000	0	0	0
Tax Increment - L-T Debt	5,046,044	12,237,750	3,969,383	0	0	0
Tax Increment - S-T Debt	5,486,256	5,937,966	6,201,033	982,525	0	0
Total Fund Resources	14,479,687	19,668,391	14,158,384	6,893,599	0	0
Requirements						
Project Expenditures (does not include Personal Services or Indirect Cost)						
Development						
12209 - LTC Town Center Redev	2,896,000	1,825,000	1,698,000	2,126,642	0	0
12212 - Johnson Creek Industr Area Revit	75,000	175,000	0	0	0	0
12213 - LTC DOS Commercial Corr Revit	100,000	500,000	400,000	0	0	0
13125 - Lents Parks Public Improve	1,033,000	211,000	0	0	0	0
26714 - Lents Streets/Sidewalks LID	50,000	0	0	0	0	0
26715 - LTC Neigh Transp Saftey Impvts	375,000	800,000	440,000	0	0	0
60008 - LTC SE 92nd Redev	100,000	200,000	1,100,000	0	0	0
60009 - Foster School Hsg Reuse	60,000	640,000	0	0	0	0
Development Total	4,489,000	4,351,000	3,638,000	2,126,642	0	0
Economic Development						
70018 - LTC Business Finance	1,600,000	1,100,000	270,000	511,432	0	0
70101 - LTC Storefront Grants	338,382	200,000	70,000	100,000	0	0
70251 - LTC Business Retention	137,000	100,000	0	0	0	0
Economic Development Total	2,075,382	1,400,000	340,000	611,432	0	0
Housing						
31209 - Lents Liv Home Rehab	300,000	50,000	0	0	0	0
32109 - Lents Aff Rental Hsg	225,000	5,890,000	0	0	0	0
32110 - Pardee Schools/Family Housing	500,000	0	0	0	0	0
32131 - Lents REACH Home Rehab	125,000	125,000	0	0	0	0
33417 - Lents Land Trust Homebuy	53,000	0	0	0	0	0
33418 - New Homeowner Dev	2,114,651	0	0	0	0	0
33424 - Lents Homebuyer Assist	600,000	250,000	250,000	101,432	0	0
37920 - Lents Hsg Policy/Planning	4,904	5,000	0	0	0	0
37929 - LTC Scat. Site Homeownership Ac	0	2,700,000	0	0	0	0
37930 - LTC Scat. Site Homeownership In	0	650,000	0	0	0	0
60010 - LTC Foster School Hsg Dev	0	0	2,000,000	0	0	0
Housing Total	3,922,555	9,670,000	2,250,000	101,432	0	0
Central Services						
59165 - Lents Debt Management	10,000	10,000	10,000	10,000	0	0
Central Services Total	10,000	10,000	10,000	10,000	0	0
Executive						
60016 - Lents URA Study	80,000	0	0	0	0	0
Executive Total	80,000	0	0	0	0	0
Total Project Expenditures	10,576,937	15,431,000	6,238,000	2,849,506	0	0
Personal Services	31,791	0	0	0	0	0
Indirect Cost	2,644,755	3,215,894	2,275,781	1,800,000	0	0
Total Fund Expenditures	13,253,483	18,646,894	8,513,781	4,649,506	0	0
Contingency	1,226,204	1,021,497	5,644,603	2,244,093	0	0
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	14,479,687	19,668,391	14,158,384	6,893,599	0	0

Financial Summary

Fund Summary - Five-Year Budget Projections

	<i>Revised FY 2007-08</i>	<i>FY 2008-09 Proposed</i>	<i>FY 2009-10 Forecast</i>	<i>FY 2010-11 Forecast</i>	<i>FY 2011-12 Forecast</i>	<i>FY 2012-13 Forecast</i>
<u>Downtown Waterfront URA</u>						
Resources						
Beginning Fund Balance	5,651,973	16,801,120	5,797,073	0	0	0
Budgeted Transfers	1,947,303	1,643,986	0	0	0	0
Interest - City Invest Pool	600,000	279,607	100,000	0	0	0
Loans - Interest Earned	340,095	350,000	350,000	0	0	0
Loans - Principal Collection	1,503,000	350,000	350,000	0	0	0
Real Property Sales	5,775,000	5,625,000	1,425,000	0	0	0
Tax Increment - L-T Debt	45,630,000	0	2,156,092	470,656	477,246	473,925
Tax Increment - S-T Debt	7,409,982	0	0	0	0	0
Total Fund Resources	68,857,353	25,049,713	10,178,165	470,656	477,246	473,925
Requirements						
Project Expenditures (does not include Personal Services or Indirect Cost)						
Development						
10025 - DTWF OT/CT Streetscape	25,000	0	0	0	0	0
10213 - DTWF A/B Property Redev	9,900,000	0	4,000,000	0	0	0
10214 - DTWF Fire St Land/Cnst	35,000	0	0	0	0	0
10215 - DTWF A/B Public Imprvt	2,239,738	9,450,000	0	0	0	0
10216 - DTWF Multnomah County	9,200,000	0	0	0	0	0
10219 - DTWF Retail Loan Program	500,000	0	0	0	0	0
10220 - DTWF A/B Historic Pres	120,000	410,000	0	0	0	0
10221 - DTWF Transit Mall Redev	250,000	0	0	0	0	0
11234 - DTWF Burnside/Couch	800,000	0	0	0	0	0
11237 - DTWF Union Station Mgmt	440,000	0	0	0	0	0
11244 - One Waterfront Place	5,000	0	0	0	0	0
11601 - DTWF Comm Outreach	5,000	0	0	0	0	0
13080 - DTWF Historic Pres DOS	50,000	0	0	0	0	0
13084 - DTWF U&R Redev	300,000	0	0	0	0	0
13130 - DTWF Union Station Environ	50,000	0	0	0	0	0
13152 - CDBG Home Rehab C/W -test	30,000	0	0	0	0	0
14205 - DTWF White Stag Seismic	228,090	0	0	0	0	0
14206 - DTWF Seismic Loans	2,117,000	0	0	0	0	0
16306 - South OT/CT Redevelopment	450,000	0	10,000,000	0	0	0
16309 - DTWF RiverPlace Environ	0	1,400,000	0	0	0	0
16310 - DTWF Signage & Lighting	60,000	0	0	0	0	0
Development Total	26,804,828	11,260,000	14,000,000	0	0	0
Economic Development						
11022 - DTWF Business Retention	100,000	0	0	0	0	0
12202 - DTWF Storefront Grants	545,679	0	0	0	0	0
70011 - DTWF Business Finance	4,106,323	0	0	0	0	0
Economic Development Total	4,752,002	0	0	0	0	0
Housing						
32108 - DTWF Affordable Preservation	0	0	0	0	0	0
32116 - DTWF Blanchet House	1,000,000	0	0	0	0	0
34503 - MFH - Hotel Alder	7,914	0	0	0	0	0
34504 - DTWF Rich/Estate	530,086	0	0	0	0	0
37916 - DTWF Hsg Policy/Planning	5,000	5,000	0	0	0	0
80032 - DTWF Musolf Manor	4,000,000	300,000	0	0	0	0
80033 - DTWF Westshore	309,500	0	0	0	0	0
80034 - DTWF Community Facilities	610,000	0	0	0	0	0
80035 - DTWF Aff Homeownership	0	4,000,000	0	0	0	0
80036 - DTWF Yards At Union Square	3,700,000	0	0	0	0	0
80037 - Grove Apartments	5,200,000	0	0	0	0	0

Financial Summary

Fund Summary - Five-Year Budget Projections

	<i>Revised FY 2007-08</i>	<i>FY 2008-09 Proposed</i>	<i>FY 2009-10 Forecast</i>	<i>FY 2010-11 Forecast</i>	<i>FY 2011-12 Forecast</i>	<i>FY 2012-13 Forecast</i>
<u>Downtown Waterfront URA</u>						
80038 - Downtown Access Center	500,000	0	0	0	0	0
80039 - 333 Oak	1,650,000	690,000	0	0	0	0
80040 - DTWF Affordable Homeownership	500,000	0	0	0	0	0
80041 - 3rd & Oak Parking Oblig	0	51,840	51,840	30,240	0	0
Housing Total	18,012,500	5,046,840	51,840	30,240	0	0
Central Services						
59155 - DTWF Debt Management	50,000	50,000	0	0	0	0
Central Services Total	50,000	50,000	0	0	0	0
Executive						
60000 - DTWF Westside/Central City	202,209	100,000	0	0	0	0
Executive Total	202,209	100,000	0	0	0	0
Total Project Expenditures	49,821,539	16,456,840	14,051,840	30,240	0	0
Personal Services	31,791	0	0	0	0	0
Indirect Cost	6,219,879	2,795,800	700,000	0	0	0
Total Fund Expenditures	56,073,209	19,252,640	14,751,840	30,240	0	0
Contingency	0	5,797,073	0	0	0	0
Ending Fund Balance	12,784,144	0	-4,573,675	440,416	477,246	473,925
Total Requirements	68,857,353	25,049,713	10,178,165	470,656	477,246	473,925

Financial Summary

Fund Summary - Five-Year Budget Projections

	<i>Revised FY 2007-08</i>	<i>FY 2008-09 Proposed</i>	<i>FY 2009-10 Forecast</i>	<i>FY 2010-11 Forecast</i>	<i>FY 2011-12 Forecast</i>	<i>FY 2012-13 Forecast</i>
South Park Blocks URA						
Resources						
Beginning Fund Balance	13,467,948	2,091	13,991,371	10,523,783	7,228,867	3,931,328
Interest - City Invest Pool	775,000	500,000	0	0	0	0
Loans - Interest Earned	350,000	350,000	0	0	0	0
Loans - Principal Collection	1,050,000	350,000	0	0	0	0
Real Property Sales	0	3,800,000	0	0	0	0
Tax Increment - L-T Debt	35,295,000	29,279,400	994,612	323,084	320,461	320,710
Tax Increment - S-T Debt	1,197,701	0	0	0	0	0
Total Fund Resources	52,135,649	34,281,491	14,985,983	10,846,867	7,549,328	4,252,038
Requirements						
Project Expenditures (does not include Personal Services or Indirect Cost)						
Development						
11912 - SPB Park Ave Redev	5,799,543	0	0	0	0	0
11913 - SPB 10th & Yamhill	500,000	0	0	0	0	0
12101 - SPB Retail Loan Program	691,000	500,000	0	0	0	0
12206 - SPB Pre Development	20,670	0	0	0	0	0
12210 - SPB Park Block 5	1,367,000	2,800,000	0	0	0	0
12217 - SPB Univ District	461,696	2,150,000	0	0	0	0
12219 - SPB Seismic Loans	1,000,000	0	0	0	0	0
60003 - SPB Transit Mall Redev Loan Pr	500,000	200,000	0	0	0	0
60004 - SPB PSU/CAT Redev	0	2,000,000	0	0	0	0
60013 - SPB Signage & Lighting	100,000	0	0	0	0	0
Development Total	10,439,909	7,650,000	0	0	0	0
Economic Development						
10239 - SPB Business Retention	100,000	0	0	0	0	0
12222 - SPB Storefront Grants	304,437	100,000	0	0	0	0
70015 - SPB Business Finance	2,400,000	925,000	0	0	0	0
Economic Development Total	2,804,437	1,025,000	0	0	0	0
Housing						
12026 - MFH - Fountain Place Prsv	361,533	0	0	0	0	0
12027 - SPB Jeffrey/Jeff West	5,626,000	840,000	0	0	0	0
12030 - SPB Fairfield Preservation	6,000	0	0	0	0	0
12035 - Martha Washington	3,870,000	430,000	0	0	0	0
32128 - SPB Rental/Preservation	200,000	0	3,700,000	0	0	0
32701 - SPB Community Facility	200,000	0	0	0	0	0
34510 - SPB Section 8 Preservation	0	7,000,000	0	3,000,000	3,000,000	2,000,000
60007 - SPB Clay Towers	500,000	0	0	0	0	0
Housing Total	10,763,533	8,270,000	3,700,000	3,000,000	3,000,000	2,000,000
Central Services						
59158 - SPB Debt Management	50,000	50,000	0	0	0	0
Central Services Total	50,000	50,000	0	0	0	0
Executive						
60001 - SPB Westside/Central City	202,209	120,000	0	0	0	0
Executive Total	202,209	120,000	0	0	0	0
Total Project Expenditures	24,260,088	17,115,000	3,700,000	3,000,000	3,000,000	2,000,000
Personal Services	31,791	0	0	0	0	0
Indirect Cost	4,148,739	3,175,120	762,200	618,000	618,000	412,000
Total Fund Expenditures	28,440,618	20,290,120	4,462,200	3,618,000	3,618,000	2,412,000
Contingency	3,000,000	13,991,371	10,523,783	7,228,867	3,931,328	1,840,038
Ending Fund Balance	20,695,031	0	0	0	0	0
Total Requirements	52,135,649	34,281,491	14,985,983	10,846,867	7,549,328	4,252,038

Financial Summary

Fund Summary - Five-Year Budget Projections

	<i>Revised FY 2007-08</i>	<i>FY 2008-09 Proposed</i>	<i>FY 2009-10 Forecast</i>	<i>FY 2010-11 Forecast</i>	<i>FY 2011-12 Forecast</i>	<i>FY 2012-13 Forecast</i>
River District URA						
Resources						
Beginning Fund Balance	10,316,420	7,528,942	1,105,393	5,705,529	3,281,769	5,054,390
Interest - City Invest Pool	300,000	50,000	50,000	50,000	50,000	50,000
Loans - Interest Earned	285,000	335,000	335,000	335,000	335,000	335,000
Loans - Principal Collection	300,000	290,000	290,000	290,000	290,000	290,000
Real Property Sales	1,500,000	1,000,000	0	0	0	0
Reimbursement	200,000	125,000	125,000	125,000	125,000	0
Rent and Property Income	0	0	200,000	200,000	200,000	200,000
Tax Increment - L-T Debt	0	23,889,583	30,975,913	18,478,370	24,262,385	27,346,355
Tax Increment - S-T Debt	10,112,492	15,437,684	12,891,901	13,215,548	14,627,908	10,139,049
Total Fund Resources	23,013,912	48,656,209	45,973,207	38,399,447	43,172,062	43,414,794
Requirements						
Project Expenditures (does not include Personal Services or Indirect Cost)						
Development						
10225 - RD Retail Loan Program	200,000	750,000	750,000	750,000	750,000	515,000
10226 - Meier&Frank Redevelopment	3,000,000	0	0	0	0	0
10227 - RD Historic Preservation	75,000	0	0	0	0	0
10234 - RD Park Ave Redev	100,000	0	0	0	0	0
11263 - RD Public Site Imprv	250,000	0	0	0	0	0
11264 - RD Burns/Couch Trans	500,000	0	0	0	0	0
13104 - RD Centennial Mill	800,000	1,650,000	4,500,000	4,000,000	0	0
13112 - RD North Pearl Planning	200,000	0	0	0	0	0
13113 - RD One Waterfront	500,000	8,000,000	0	0	0	0
13115 - RD Station Place Redev	50,000	0	0	0	0	0
13117 - RD Dev Loan Program	500,000	0	0	0	0	0
13119 - RD Neighborhood Park	500,000	3,500,000	1,500,000	0	0	0
13135 - RD Seismic Loans	350,000	0	0	0	0	0
13136 - RD DOS Program	100,000	0	0	0	0	0
13137 - RD Eastside Streetcar Connect	0	0	0	0	0	17,000,000
13138 - RD Post Office	2,750,000	1,250,000	2,000,000	2,000,000	25,500,000	0
13143 - RD Environmental	125,000	0	0	0	0	0
13144 - RD Pedestrian Bridge	150,000	0	0	0	0	0
60005 - RD Transit Mall Redev	500,000	0	0	0	0	0
60017 - RD Signage & Lighting	88,000	0	0	0	0	0
60020 - Union Station Mgt & Crit Impr	0	2,150,000	3,150,000	2,500,000	0	0
60021 - RD 10th & Yamhill	0	8,000,000	0	0	0	0
60024 - RD Multnomah County	0	0	0	0	0	10,000,000
60026 - RD Satellite Districts	0	0	0	0	500,000	4,500,000
Development Total	10,738,000	25,300,000	11,900,000	9,250,000	26,750,000	32,015,000
Economic Development						
13088 - RD Storefront Grants	401,499	150,000	150,000	150,000	150,000	150,000
70003 - RD Business Finance Tools	2,673,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
70013 - RD Business Retention	107,000	0	0	0	0	0
70753 - RD Target Industry Devel	0	0	0	2,000,000	3,000,000	3,000,000
Economic Development Total	3,181,499	1,250,000	1,250,000	3,250,000	4,250,000	4,250,000
Housing						
32129 - RD Rental/Preservation	128,143	7,000,000	3,750,000	0	0	0
37923 - RD Hsg Policy/Planning	10,000	0	0	0	0	0
37926 - RD HSP Affordable Rental Hsg	0	500,000	0	0	1,000,000	0
37927 - RD Station Place - Lot 5	250,000	0	0	0	0	0
37935 - Yards at Union Station	0	3,700,000	0	0	0	0
37937 - Access Center/Aff Hsg	0	750,000	10,250,000	17,000,000	0	0

Financial Summary

Fund Summary - Five-Year Budget Projections

	<i>Revised FY 2007-08</i>	<i>FY 2008-09 Proposed</i>	<i>FY 2009-10 Forecast</i>	<i>FY 2010-11 Forecast</i>	<i>FY 2011-12 Forecast</i>	<i>FY 2012-13 Forecast</i>
River District URA						
37938 - Blanchet House Redev	0	1,000,000	1,000,000	0	0	0
37939 - Fairfield Preservation	0	0	0	0	500,000	0
37940 - New Avenues For Youth	0	1,200,000	0	0	0	0
60014 - RD Affordable Homeownership	500,000	0	6,500,000	0	0	0
60015 - RD Community Facilities	600,000	0	0	0	0	0
Housing Total	1,488,143	14,150,000	21,500,000	17,000,000	1,500,000	0
Central Services						
59156 - RD Debt Management	50,000	50,000	50,000	50,000	50,000	50,000
Central Services Total	50,000	50,000	50,000	50,000	50,000	50,000
Executive						
60002 - RD Westside/Central City	202,209	200,000	0	0	0	0
Executive Total	202,209	200,000	0	0	0	0
Total Project Expenditures	15,659,851	40,950,000	34,700,000	29,550,000	32,550,000	36,315,000
Personal Services	31,791	0	0	0	0	0
Indirect Cost	2,499,164	6,600,816	5,567,672	5,567,672	5,567,672	5,567,672
Total Fund Expenditures	18,190,806	47,550,816	40,267,672	35,117,672	38,117,672	41,882,672
Contingency	1,200,000	1,105,393	5,705,535	3,281,775	5,054,390	1,532,122
Ending Fund Balance	3,623,106	0	0	0	0	0
Total Requirements	23,013,912	48,656,209	45,973,207	38,399,447	43,172,062	43,414,794

**Multnomah Education Service District***A Regional Cooperative Opening Doors to Education*

April 10, 2008

Mark Rosenbaum, Chairman
Portland Development Commission
222 NW 5th Avenue
Portland, OR 97209-3859

Dear Chair Rosenbaum:

I am happy to offer the Multnomah Education Service District's (MESD's) support for the Portland Development Commission's (PDC's) plan amendments for four urban renewal areas (URAs): River District, Downtown Waterfront, South Park Blocks and Lents. Your urban renewal work is important to the health of our community, and I am happy to support the continued use of this financial tool.

Your agency has consistently demonstrated that the wise investment of taxpayers' resources can produce dividends for all of us. Your urban renewal work has helped to make Portland what it is today—a great place to live and work.

While urban renewal does not directly impact our fiscal situation, I am pleased to see that the needs of education were explicitly considered during your deliberations. While I do not see that our agencies are in direct competition for tax resources, your consideration of our community's public education agencies is much appreciated. In addition to MESD I believe there are opportunities for PDC to make a broader connection with all school districts under PDC's purview.

Predictably, a number of us have tracked with some interest the City Council's desire to form an island district to help construct a new school for the David Douglas School District. We appreciate the Council's continued interest in supporting schools and we would like to learn more about the concept of this proposed amendment. As you might imagine, it is a topic of significant interest to my agency and all of the City's school districts. I would like to take this opportunity to suggest that a presentation on the topic to the Leaders' Roundtable Group may be appropriate. That group is uniquely positioned as it regularly engages decision makers from education, business and elected officials

Thank you again for briefing us on the Future of Urban Renewal initiative and please accept this letter as the Multnomah Education Service District's support for all five proposed plan amendments.

Sincerely,

A handwritten signature in black ink that reads 'Ron Hitchcock'.

Ron Hitchcock
MESD Superintendent

Superintendent *Ron Hitchcock*

Chief Program Officer *Barbara Jorgensen*

Board of Directors *Harry Ainsworth* ■ *Janice Gratton* ■ *Jean Haliski* ■ *Zak Johnson* ■ *Ken Kissir* ■ *Kevin Spellman* ■ *Geri Washington*

11611 NE Ainsworth Circle ■ Portland, Oregon 97220 ■ 503-255-1841 ■ fax 503-257-1519 ■ tty 503-257-1599 ■ www.mesd.k12.or.us



April 11, 2008

Mark Rosenbaum, Chairman
Portland Development Commission
222 NW 5th Avenue
Portland, OR 97209-3859

Dear Chair ^{Mark}~~Rosenbaum~~:

Thank you very much for this opportunity to comment on urban renewal plans for two important areas in our community. Portland Development Commission staff provided TriMet with a comprehensive overview of those plans, and I am happy to offer TriMet's support for both the general direction of your efforts and the specific plan amendments being considered by the Commission and City Council this spring.

With respect to the Lents Town Center Urban Renewal Area, TriMet supports the proposal to expand this URA acreage to provide additional resources in the district. The Green Line, opening in September 2009, will have four stops in the Lents URA including a station serving the Lents Town Center. An expanded partnership between TriMet and PDC in Lents will help ensure that public investments pay significant dividends for neighborhood residents and the region as a whole.

Plans to expand River District Urban Renewal Area are also timely. Expanding the district to Old Town/Chinatown will amplify the investment in the Green Line extension to Union Station on 5th and 6th avenues. Much work remains to be done to help the Old Town/Chinatown neighborhood reach its full economic potential while ensuring the effective continuation of various housing and social service programs. This balance is not easy to achieve. Acquisition of the U.S. Post Office facility to create a site for an employment anchor would be an exciting opportunity to diversify activity in this part of downtown.

TriMet also supports the proposal to retire two older urban renewal areas: Downtown Waterfront and South Park Blocks. These districts have been extremely successful and have significantly contributed to a vibrant, transit-oriented downtown. It is now appropriate for properties in these areas to contribute to the City's general fund and other taxing districts.

That said, TriMet looks forward to joining PDC and other community partners to discuss a possible new downtown urban renewal area. The Portland to Milwaukie light rail project is an important opportunity to help promote the full development potential of property along the route through the south end of downtown. The project will provide an essential transportation link among Portland State University, Oregon Health Sciences University,

April 11, 2008

Page 2

the Oregon Museum of Science and Industry and Portland Community College. The "innovation quadrant" created by this connection will build on investments in downtown, North Macadam and the Central Eastside. While much of budget for this project is committed, by the end of this year the region needs to secure commitments for local dollars to match state and federal funds. Urban renewal will likely be a critical piece to fully fund the project and a new district may be needed.

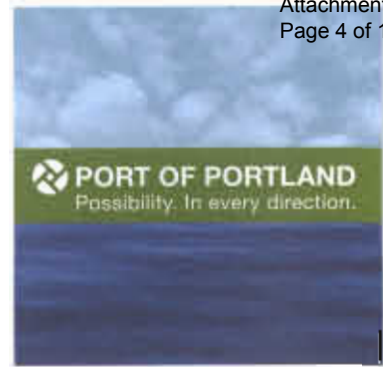
Again, thank you for this opportunity to review and comment on the evolution of urban renewal plans in Lents and downtown Portland. TriMet supports your efforts and looks forward to continuing a tradition of collaboration between our agencies.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred", written over a horizontal line.

Fred Hansen
General Manager

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



April 23, 2008

Mark Rosenbaum, Chairman
Portland Development Commission
222 NW 5th Avenue
Portland, OR 97209-3859

Dear Chair Rosenbaum:

Thank you for providing the Port of Portland with information regarding the Portland Development Commission's (PDC's) Future of Urban Renewal Initiative and your emerging plans for four of our community's eleven urban renewal areas. We appreciate this opportunity to provide you with our input on those plans.

First, congratulations on the successful completion of your two older urban renewal areas: Downtown Waterfront (DTWF) and South Park Blocks (SPB). Both districts have served the downtown area well and it is now appropriate for them to be closed.

With respect to the proposed expansion of the River District and Lents, we offer the following comments.

River District

We are pleased to learn that substantial portions of Old Town/Chinatown will be moved from DTWF to River District. Although we will be moving our headquarters out of Old Town soon, this has been a great neighborhood to call home. However, it still needs more investment to complete its renaissance as a uniquely diverse corner of downtown.

We are similarly pleased to see a \$30+ million commitment to the acquisition and redevelopment of the US Post Office site. We will continue to work with you to facilitate the move of the US Postal Service operation to a more suitable location. It is our hope and expectation that the current post office site will be developed into a major employment center for the city and region. As this progress, additional investment will likely be needed in the River District.

Lents

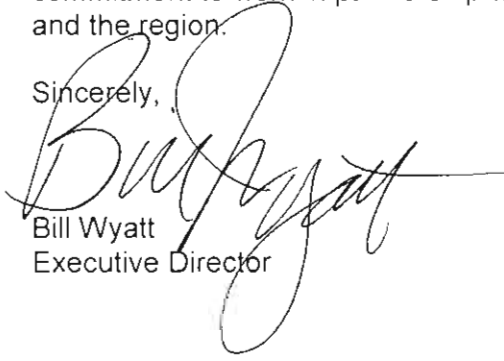
Our interests in your Lents Urban Renewal Area are less direct, but we are supportive of PDC's efforts to fulfill the potential of this town center area. Its importance to the overall health of the region grows significantly with the pending completion of the new eastside light rail project. We are particularly interested in, and supportive of, your plans to pursue commercial and industrial redevelopment of the Freeway Land parcel as an eastside employment center.

121 NW Everett Portland OR 97209
Box 3529 Portland OR 97208
503 944 7000
Pinterest: 1191-acy0w1.932

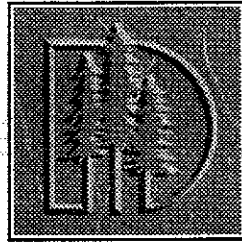
Finally, while we have been a consistent supporter of the urban renewal program, we urge you to keep a focus on the goals of job creation and tax-generation. As with all public agencies, we know PDC strives to meet an ever expanding list of community expectations. Nonetheless, as a participating taxing jurisdiction, we do believe the focus of your urban renewal work should be on job creation and growing the community's tax base.

Again, thank you for sharing your future plans. You have our support and our continued commitment to work in partnership with you on our many shared priorities for Portland and the region.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Wyatt", written over a printed name and title.

Bill Wyatt
Executive Director



David Douglas School District

Barbara K. Rommel, Superintendent
1500 SE 130th • Portland, Oregon • 97233-1799
(503) 252-2900 • Fax (503) 256-5218

May 2, 2008

Mark Rosenbaum, Chair
Portland Development Commission
222 NW Fifth Avenue
Portland, OR 97209-3859

Dear Chair Rosenbaum:

The David Douglas School District strongly supports the Portland Development Commission's proposed amendments to both the River District and the Lents Town Center Urban Renewal Areas (URAs). As you might expect, we are extremely pleased that you will be considering an island extension of the River District to partner with us on the development of a badly needed elementary school and community center. We are equally happy to learn that you will also be expanding your involvement in the Lents neighborhood. Your investments in both of these endeavors will pay large dividends for our community.

Portland's real estate boom of the past decade pushed more families farther east in search of lower cost housing options in areas of the city where land is less expensive. As a consequence, we are seeing more families with school-aged children in our district. David Douglas is faced with a demand for school facilities which cannot be met by current supply. Therefore, the potential to leverage the growth of the tax base in the central city to assist with our overcrowding is a wonderful opportunity.

With respect to the island expansion of River District, we understand the satellite concept is somewhat untested in Oregon, and legal challenges to the Plan Amendment are a possibility. As such we sincerely appreciate your willingness to take this risk, and we look forward to working in partnership with the Portland Development Commission on this important endeavor.

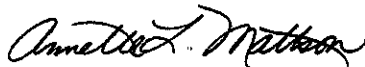
Tracking the districts that our new students have transferred from, shows that a significant number of families have come to David Douglas due to rising housing costs found in Portland's central city neighborhoods. In effect, successful investment downtown has created our challenge. A new community-based educational center for our east Portland area would greatly help us meet this challenge. The center will involve a number of partners in the operations of a multi-purpose facility providing a wide variety of educational opportunities for the community from early childhood education options to career training programs.

With respect to the Lents Town Center URA, we have been pleased to see the many improvements to the area due to your urban renewal investments and look forward to the growth of businesses and family wage jobs. With few businesses in our community, it will be good to have parents able to work in the urban renewal area, so we can see a very direct benefit from economic investment in the neighborhood. As light rail is expanded along I-205, the challenges and opportunities facing this urban renewal area increase. Further investment of tax increment resources is prudent and appropriate.

We are also supportive of the boundary changes that have been proposed for the Lents URA. Even modest investments in these commercial areas can have a positive impact on the small businesses that make up the majority of our area's employment base. We are particularly excited by the prospect of a job-creation strategy for the Freeway Land parcel, and the potential for pedestrian safety improvements near Alice Ott Middle School.

Thank you again for all of your work in our community. We are grateful for this opportunity to work with you on a school much needed by Portland's children in David Douglas, and our dream of building a 21st Century educational center for all of our community.

Sincerely,



Annette L. Mattson
Chair, Board of Directors



**PORTLAND DEVELOPMENT COMMISSION
INTERNAL MEMORANDUM**

DATE: May 8, 2008
TO: Portland Development Commission Board
FROM: Bruce Warner, Executive Director
SUBJECT: Multnomah County Cooperative Agreement

PDC had extensive conversations with Multnomah County on each of the proposed plan amendments. Public presentations and testimony was given to the County Board of Commissioners on both May 1 and May 8, 2008. The tenor of these discussions centered around a commitment by both parties to be more proactive and inclusive on policy and investment related urban renewal decisions in the future. Multnomah County memorialized their comfort with this approach by unanimously approving the attached Cooperative Agreement associated with these most recent urban renewal plan amendments..

BW:kw

Enclosure (1)

COOPERATIVE AGREEMENT

This is an Agreement between the Portland Development Commission (PDC) and Multnomah County, Oregon (County). This Agreement shall become effective upon the date of the last signature hereto and shall expire ten years from that date unless renewed by both governing bodies.

PURPOSE:

The purpose of this agreement is to establish a new cooperative relationship between the PDC and the County to broaden the benefit of Urban Renewal as a tool to improve Portland through the elimination of blight.

Recitals

1. Urban renewal is a unique and powerful financing tool that enables local governments to make targeted investments in a community's future through Tax Increment Financing (TIF) designed to remove blight and influences that contribute to blight.
2. In Portland, fifteen percent of the city land area can be captured for urban renewal. The cycle of designating an area for urban renewal, implementing community priorities and goals, repaying the bonds and then removing the urban renewal designation takes anywhere from 30 – 40 years.
3. The financial theory behind urban renewal is to bond against estimated increases in assessed values in specific areas of the city, and then reinvest those resources in order to accelerate the growth of the tax base. As projects get completed, the bonds are repaid and the land is eventually released from these urban renewal areas in order for taxing jurisdictions to benefit from this increased growth. Urban renewal investments are also expected to increase economic activity such as income tax and business tax generation thereby assisting jurisdictions over the life of the urban renewal plan.
4. In the City, about 26 cents of every dollar available to invest in URAs would otherwise be available to Multnomah County's general fund for the purpose of making investments in public safety and human services and other County services.
5. Currently, the County forgoes approximately \$18 million annually due to Urban Renewal Areas within the City. Despite the loss of revenue from neighborhoods within URAs, the County is still obligated to provide, and the community still needs County services, including human services and public safety.

6. Oregon Revised Statutes generally define blighted areas as those that, by reason of deterioration, faulty planning, inadequate or improper facilities, deleterious land use or the existence of unsafe structures, or any combination of these factors, are detrimental to the safety, health or welfare of the community.
7. The American Heritage Dictionary (3rd Edition) defines blight as “Something that frustrates hope or impedes progress and prosperity.”
8. Blight is a product of multiple factors, some of which can best be addressed by increasing human service and public safety expenditures within a community. However, dollars raised through tax increment financing in Urban Renewal Areas (URA) can only be spent on capital needs (bricks and mortar).
9. Current state statutes require urban renewal agencies to “consult and confer with the taxing districts” prior to presenting a plan or a substantial amendment to a plan to the governing body of the municipality for approval. These plans, and related decisions to increase maximum indebtedness and extend the last date to issue debt of the district would postpone the return of taxes.
10. Because Urban Renewal investments can only be made within the boundaries of an Urban Renewal Area, portions of our community not within those boundaries must pay a disproportionate share of the cost of providing community services.
11. Approaching these decisions collaboratively will ensure services to our most vulnerable populations are considered while also protecting the ability for urban renewal to serve as an effective tool which benefits the broader community.
12. The participation of Multnomah County in the construction of the River District plan amendment demonstrated the benefits of this collaborative policy approach.
13. The parties desire to engage in a thoughtful, cooperative approach to improve the effectiveness of both TIF expenditures and County service delivery and to operate in the spirit of community partnership.

Now, therefore, PDC and the County hereby agree as follows:

- a. PDC will consult, collaborate and confer with the County on the investment of urban renewal funds with the goal of investing such funds in a manner that respects and values people who rely on the County's services and minimizes the impact on the County's financial capacity to provide services to the community.
- b. PDC agrees the County shall have the right to have a representative on all advisory and policy groups PDC may form to assist the City and PDC in decisions regarding the formation, expansion, change in plan end date or increase in the maximum indebtedness of all urban renewal areas. This includes a representative on urban renewal advisory committees which provide advice to PDC and the City whenever a plan is amended, or a new plan is created. The County will need to work with the PDC to make sure the representative selected does not have any legal impediments (e.g., a conflict of interest) to serving in that capacity.
- c. PDC agrees to consider the impact to other taxing jurisdictions as one of the criterion used to decide whether or not an urban renewal area is created or amended.

In witness whereof, the parties hereto have executed this Agreement as of the dates set forth below their signatures.

PORTLAND DEVELOPMENT COMMISSION

By: _____
Bruce A. Warner, Executive Director

Date: _____

MULTNOMAH COUNTY

By: _____
Name: _____
Title: _____
Date: _____