

Report to the Portland Planning Commission

Amended and Restated River District Urban Renewal Plan



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Bureau of Planning
Portland, Oregon

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Summary

The *Amended and Restated River District Urban Renewal Plan* (the “Amendment”) has been recommended by the PDC Commission and will be considered by the Planning Commission. The Amendment contains changes to the maximum indebtedness, expiration date, boundaries, intergovernmental shared priorities, and revisions to the project list for the River District Urban Renewal Plan (the “Plan”). The *First Amendment to the Amended and Restated River District Urban Renewal Plan* covering the incorporation of the David Douglas satellite “island” district into the River District is addressed in a separate staff report and separately from this Amendment.

The urban renewal plan for the River District Area was originally approved by the City Council of the City of Portland on October 21, 1998, by Ordinance No. 172808 (the “Original Plan”). In May 2007, the Portland Development Commission Board authorized a review for a “substantial” plan amendment. Subsequently, PDC staff worked with the West End Urban Renewal Advisory Committee (URAC) and consultants to develop technical, legal, and financial information so that community stakeholders and policy makers could make an informed decision regarding the future of the River District URA. The results of that study are the basis for the *Amended and Restated River District Urban Renewal Plan* that has been recommended by the PDC Commission.

The *Amended and Restated River District Urban Renewal Plan* includes the following changes to the original River District Urban Renewal Area Plan:

1. Extend the timeline for the issuance of bonds and funding for urban renewal activities.

The last date for issuance of maximum indebtedness is extended one year from 2020 to 2021. The payback period to retire the debt is projected to be to FY 2026/27

2. Increase the maximum indebtedness for the URA.

The maximum amount of indebtedness (amount of tax increment financing for projects and programs) that may be issued under the current Urban Renewal Plan is \$224,780,350, which is expected to be spent by 2011. The amendment will increase the maximum indebtedness by \$324,719,650 to \$549,500,000, to pay for:

- a) the current list of existing River District projects; and
- b) any new projects transferred to River District as part of its boundary expansion.

3. Close down DTWF and SPB this year but maximize the amount of debt allowed and contemplated by the current year budget.

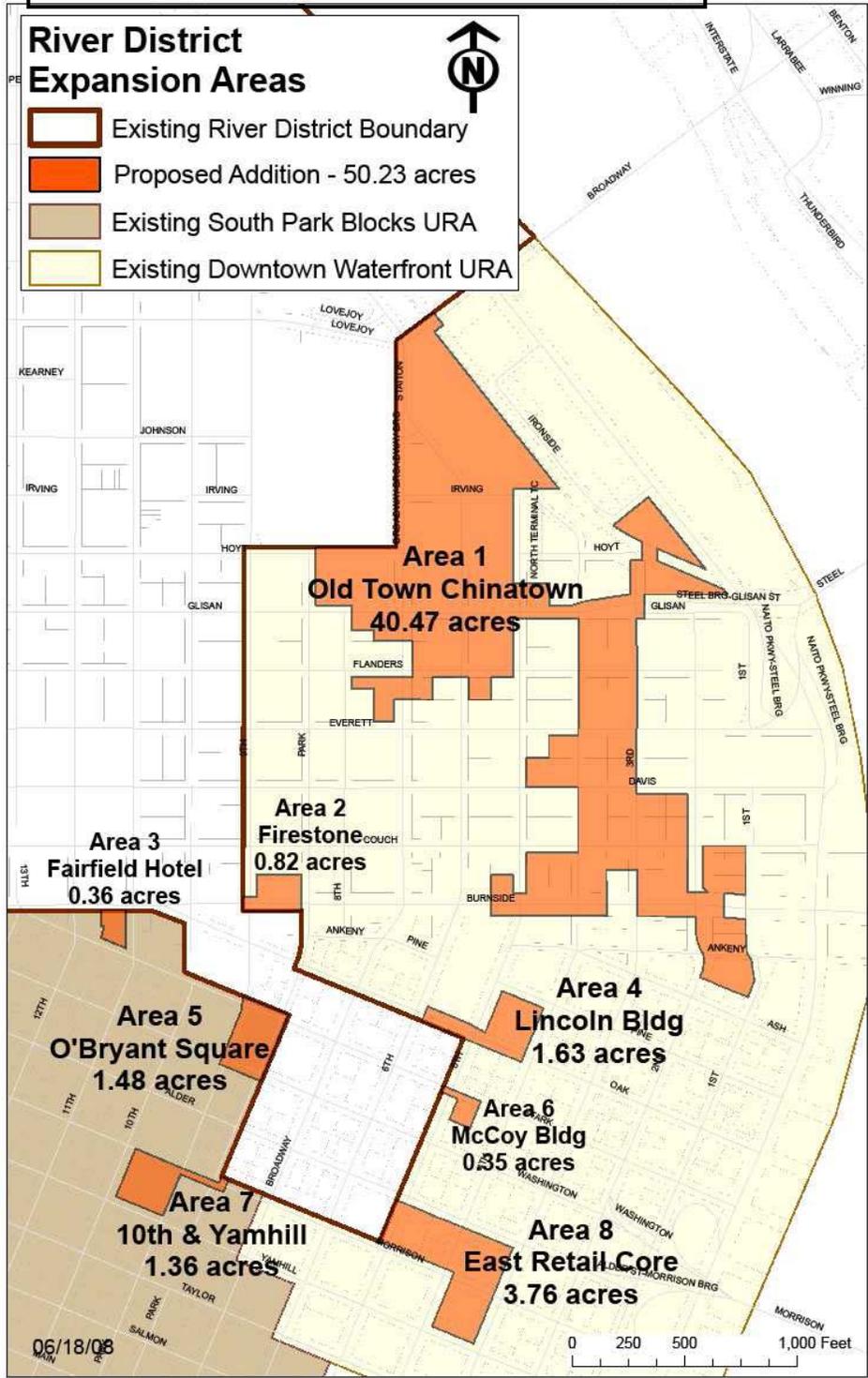
9.76 acres of the Retail/Commercial Core District which was formerly in the South Park Blocks and the Downtown Waterfront Plans will be moved to River District.

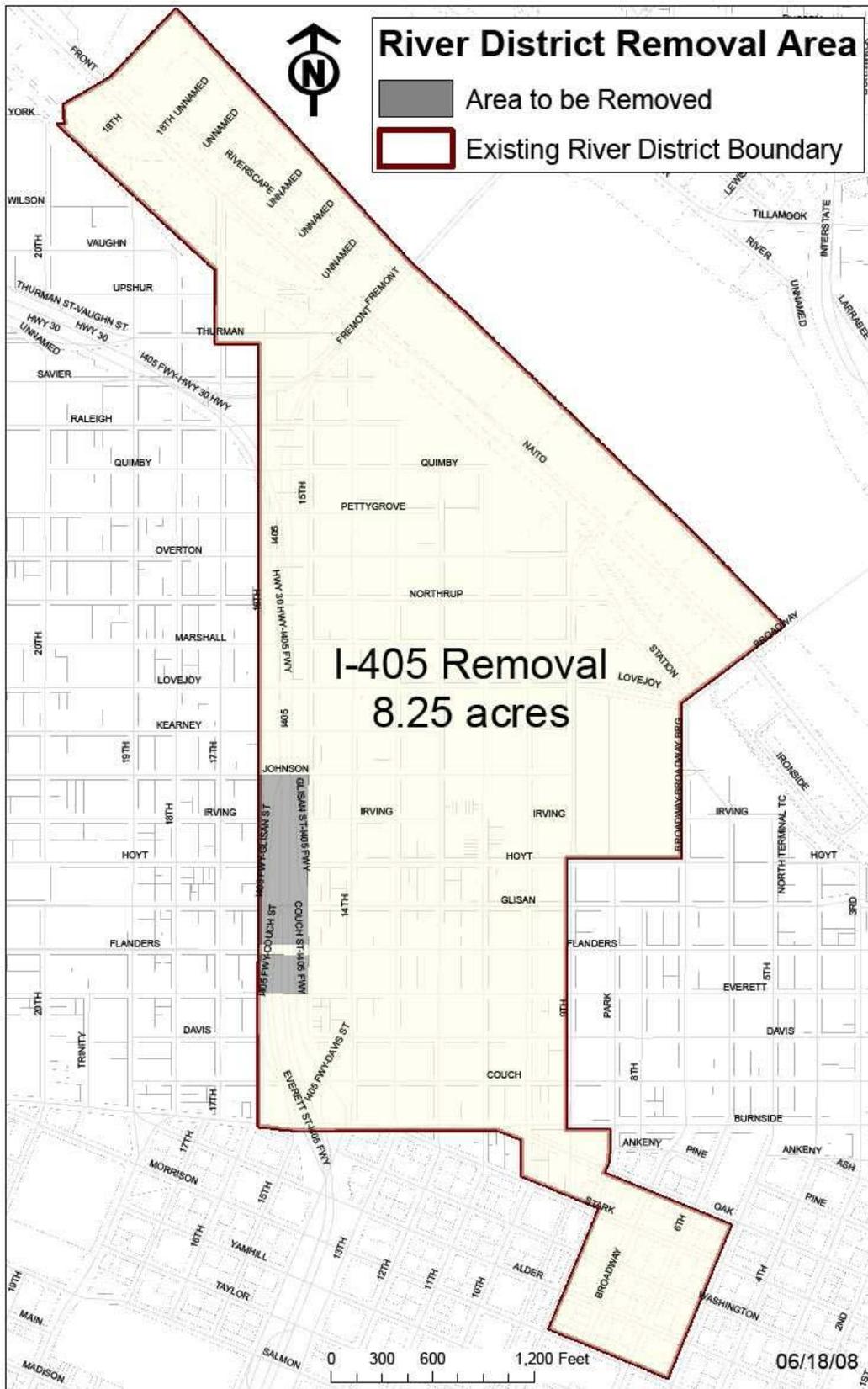
4. Expand Boundaries by approximately 50.23 contiguous acres. All contiguous acres are currently located in existing urban renewal areas. The amendment also removes approximately 8.25 acres of right-of-way from the I-405 freeway.

The following specific projects or general development areas are included:

- **Old Town/Chinatown (40.47 acres):** Additional urban renewal investment is needed to continue ongoing development projects and redevelopment in this steadily progressing neighborhood. This neighborhood is currently located in the Downtown Waterfront URA.
- **East Retail Core (3.76 acres):** Maintains the vitality of the retail core by providing opportunities to expand and upgrade Pioneer Place Mall and to improve the parking garage and provide opportunities for seismic upgrades to existing buildings. This area is currently located in the Downtown Waterfront URA.
- **Lincoln Building (1.63 acres):** This building requires seismic upgrading. It also provides an opportunity to work with Multnomah County on some of its capital needs. It is currently located in the Downtown Waterfront URA.
- **10th & Yamhill Garage (1.36 acres):** Permits redevelopment of a city-owned garage with ground floor retail space. The garage is currently located in the South Park Blocks URA.
- **O'Bryant Square (1.48 acres):** Underutilized city-owned park needing massive redevelopment near Portland's retail core. The square is currently located in the South Park Blocks URA.
- **Firestone (0.82 acres):** Allows for the redevelopment of an underdeveloped site along the Burnside Couch Couplet.
- **The Fairfield Hotel (0.36 acres):** PDC-owned Section 8 multi-family housing project requires an extensive rehab to preserve this critical affordable housing resource. The housing project is currently located in the South Park Blocks URA.

Figure 1: River District Expansion Options 3/4/08





Report to the Planning Commission

1. Recommendation

The Bureau of Planning and the Portland Development Commission (PDC) recommend that the Portland Planning Commission provide the City Council with a letter supporting the recommended *Amended and Restated River District Urban Renewal Plan*.

The proposed amendment would allow PDC to access additional debt resources for programs and projects for the expanded urban renewal area, which have been identified by the community and are critical to the goals of the *River District Urban Renewal Plan*. These actions would help with the continued revitalization of critical redevelopment projects in Central City west of the Willamette River, including in the Old Town/Chinatown district as well as other specifically-located, public and private projects.

Bureau of Planning staff has reviewed the proposed amendment and prepared draft findings of how the amendment would be consistent with State and local policies (Appendix A).

2. Background

In October 1998, the *River District Urban Renewal Plan* was created. It was originally adopted by City Council Ordinance No. 172808. The renewal plan has not been amended since its adoption.

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 of neighborhood associations, 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 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 nine 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 River District, (Based upon community input, the Commission directed reduction to 8.25 acres),
- 5) consider formation of a non-contiguous "island" district to River District if directed by the Portland City Council (addressed in separate *First Amendment to the Amended and Restated River District Urban Renewal Plan*).

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

The proposed recommendations were approved by the Portland Development Commission under Resolutions Nos. 6584, 6585, 6586, and 6587, on May 14, 2008. Resolution No. 6587 covers the David Douglas amendment which is being considered separately. Following review by the Portland Planning Commission, the amendment will be forwarded to the Portland City Council for final action.

3. Description of the Proposed Amendment

The proposed *Amended and Restated River District Urban Renewal Plan* makes changes to the maximum indebtedness, expiration date, boundaries, intergovernmental shared priorities, and revisions to the project list for the River District Urban Renewal Plan (the "Plan"). Specifically, this Plan amendment will:

1. Extend the last date to issue maximum indebtedness to June 30, 2021.
2. Adjust boundaries for a net increase of 41.98 acres:
 - a) Add 40.47 acres of the Old Town Chinatown District which was formerly incorporated into the Downtown Waterfront Plan.
 - b) Add 9.76 acres of the Retail/Commercial Core District which was formerly in the South Park Blocks and the Downtown Waterfront Plans.

- c) Delete approximately 8.25 acres of right of way under the I-405 freeway.
- 3. Extend the life of the Plan by approximately one year, from 2020 to 2021.
- 4. Increase the maximum indebtedness of the Plan by \$324,719,650 to \$549,500,000.
- 5. Update the Introduction of the Plan to include the areas being added and to redefine the areas in the Plan.
- 6. Update the Housing, Transportation, Utility, Job Creation, and Parks, Open Spaces and Other Public Amenities Goal sections of the Plan (Section II) to reflect additional area being added and to update original Plan information.
- 7. Minor verbiage changes in Section III. Public Involvement of the Plan.
- 8. Update Section IV. Urban Renewal Area Outline of the Plan to reflect the additional area being added and to update the original Plan information.
- 9. Update Section V. Urban Renewal Area Map and Legal Description of the Plan to reflect the additional area being added. New map and legal description added.
- 10. Update Section VI. Urban Renewal Projects of the Plan to reflect the additional area being added and to delete one project which has been eliminated (Tanner Creek Daylighting).
- 11. Update Section VII. Property Acquisition Policies and Procedures of the Plan to reflect new state law. Add potential new properties to be acquired.
- 12. Update Section X. Relationship to Local Plans and Objectives of the Plan to reflect the additional area being added and changes to plans since original Plan was adopted.
- 13. Update Section XI. Land Use Plan of the Plan to reflect the additional area being added and changes to designations since original Plan adoption.
- 14. Update Section XII. to Provide a Financial Analysis of the Plan of the Plan to enumerate other potential revenue sources, reflect the areas being added, show the increase in maximum indebtedness and the extension of the Plan by one year.
- 15. Replace Section XIII. Amendments to the Plan.
- 16. Add new Section XIV. Projects Involving Public Buildings.

4. Urban Renewal Plan Authority

Authority for the use of urban renewal was established by the Oregon Legislature and codified as Chapter 457 of the *Oregon Revised Statutes* (ORS). The statutes include criteria for the establishment of an urban renewal district, the development of eligible

urban renewal areas, and the content of an urban renewal plan and urban renewal plan report.

Chapter 15, Article 1, of the Portland City Charter assigns all general powers and duties to the Portland Development Commission (PDC). The Commission is designated as the body that will serve as the City's urban renewal and redevelopment agency. PDC is responsible for carrying out all urban renewal functions. Proposed urban renewal plans and urban renewal plan amendments are prepared by the PDC staff and approved by the Commission prior to their submission to the Portland Planning Commission and Portland City Council.

ORS 457 also requires that the City's Planning Commission review urban renewal plans and substantial amendments to urban renewal plans. The Planning Commission's recommendations on urban renewal plans or renewal plan amendments are submitted to the Portland City Council for consideration in their decision on the plan or on a substantial plan amendment.

On March 4, 2008, the Westside Study Urban Renewal Advisory Group (URAG) held a public meeting on the proposed first amendment to the *River District Urban Renewal Plan* and approved the proposed amendment. The *Report on the First Amendment to the River District Urban Renewal Plan*, prepared by the Portland Development Commission in accordance with ORS 457 is attached to this report in Appendix C.

Portland's City Council has final review and approval authority over urban renewal plans and certain urban renewal plan amendments. In the case of a major amendment in the River District URA, which is the case here, the amendment requires a recommendation from the Planning Commission and approval by the City Council.

5. Consistency with the River District Urban Renewal Plan

The Portland Development Commission has forwarded a Report as an attachment to the *Amended and Restated River District Urban Renewal Plan* which establishes blight in the areas to be added to the River District. The projects to be completed in the areas to be added to the River District are consistent with the established goals in the River District Urban Renewal Plan. The existing goals are:

- A. Housing: The River District Urban Renewal Area Plan will incorporate the goals and strategies of the River District Housing Implementation Strategy for the River District Planning Area.

The projects identified in the expansion areas such as the redevelopment of the Fairfield low income housing, creation of a resource access center, development of work force housing and other housing projects are consistent with these goals.

- B. Transportation: To improve transportation linkages with other parts of the Central City and the region and to modify and improve transportation within the Area to enhance livability.

The Transportation projects in the expansion areas such as the Burnside Couch Couplet, parking garage reconstruction, streetscape enhancements and other transportation projects are consistent with these goals.

- C. Utilities: Improve utilities to allow efficient development of the Area and, where possible, use a public utility as a visible asset.

The projects in the expansion areas will be consistent with this goal.

- D. Job Creation: Maximize the potential for economic development and job creation in the Area.

The projects in the expansion areas such as economic development programs for target industry development and redevelopment and development of commercial spaces and of the area in the East Retail Core are consistent with these goals.

- E. Parks, Open Spaces and Other Public Amenities: Using a combination of parks, open spaces and public attractors, create amenities which make the Area a comfortable and pleasant place for people to live and a resource for all the citizens of Portland.

The Projects in the expansion areas are consistent with these goals.

Finding: Through this amendment, blight characteristics in the expanded areas were identified. The URA area and the expansion areas could continue to benefit from further development and public improvement projects to address these conditions. The resources generated by the extension and by the increase in maximum indebtedness will be invested in projects and programs which advance the objectives of the plan goals.

6. Conclusion

The proposed Amended and Restated *River District Urban Renewal Plan* provides for four actions:

- **Adjust** the URA boundaries, which will expand the size of the district from 305 acres to 351.19 acres.
- **Increase** maximum indebtedness for the district from \$224,780,350 to \$549,500,000.
- **Extend** the last date to issue bonded indebtedness in the River District one year from October 1, 2020, to October 1, 2021.
- **Close down DTWF and SPB this year but maximize the amount of debt allowed and contemplated by the current year budget.**

The ability to make such an amendment is authorized by ORS 457 and by Section XIII of the *River District Urban Renewal Plan*. The extension provides PDC with the ability to

continue to access debt resources for investment within the current and expanded Plan area boundaries in the pursuit of programs and projects which directly and indirectly generate taxes as well as meet community needs in accordance with the Plan goals.

The proposed amendment is consistent with and supports several specific goals of the *River District Urban Renewal Plan*. Findings describing the proposed amendment's consistency with Portland's *Comprehensive Plan* and other state and regional policies are included in Appendix A.

The proposed amendment was approved by the Portland Development Commission under Resolution No. 6586 on May 14, 2008. Following review by the Portland Planning Commission, the amendment will be forwarded to the Portland City Council for final action.