

Report to the Portland Planning Commission

Amended and Restated River District Urban Renewal Plan—First Amendment



May 2008
Bureau of Planning
Portland, Oregon

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If you need special accommodation, please call **503-823-7700. (TTY 503-823-6868).**

For more information about this project, please contact:

Portland Bureau of Planning
1900 SW 4th Avenue, Suite 7100
Portland, Oregon 97201

Phone: 503-823-7700

Fax: 503-823-7800

TDD: 503-823-6868

Internet: <http://www.portlandonline.com/planning>

Acknowledgments

Portland City Council

Mayor Tom Potter
Sam Adams, Commissioner
Randy Leonard, Commissioner
Dan Saltzman, Commissioner

City of Portland Planning Commission

Don Hanson, President
Michelle Rudd, Vice President
Andre' Baugh
Catherine Ciarlo
Amy Cortese
Howard Shapiro
Jill Sherman

Portland Bureau of Planning

Mayor Tom Potter, Commissioner-in-Charge
Gil Kelley, AICP, Planning Director

Bureau of Planning Project Staff

Joe Zehnder, Principal Planner
Robb Wolfson, Planning Assistant

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Summary

The *Amended and Restated River District Urban Renewal Plan* has been recommended by the PDC Commission and will be considered by the Planning Commission at the same meeting as the following First Amendment to that *Amended and Restated River District Urban Renewal Plan*. The amendments to create the *Amended and Restated River District Urban Renewal Plan* are addressed in a separate staff report.

The First Amendment to the *Amended and Restated River District Urban Renewal Plan* (the “Amendment”) is a substantial amendment with two changes.

- First, the River District’s Urban Renewal Area (the “Area”) boundaries that would include a non-contiguous 8.53 acre subdistrict located in southeast Portland, south of SE Foster Road and east of SE Deardorff Road. Exhibit A below shows the boundaries of the 8.53 acre River District subdistrict located in the David Douglas area in southeast Portland.
- Second, the Amendment would increase the maximum indebtedness of the River District by \$19,000,000, in order to fund infrastructure, site improvements, and other amenities for a new school and multi-functional community center in the David Douglas School District.

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 was recommended by the PDC Commission on May 14, 2008. This First Amendment proposal was also recommended by the PDC Commission during the same meeting.

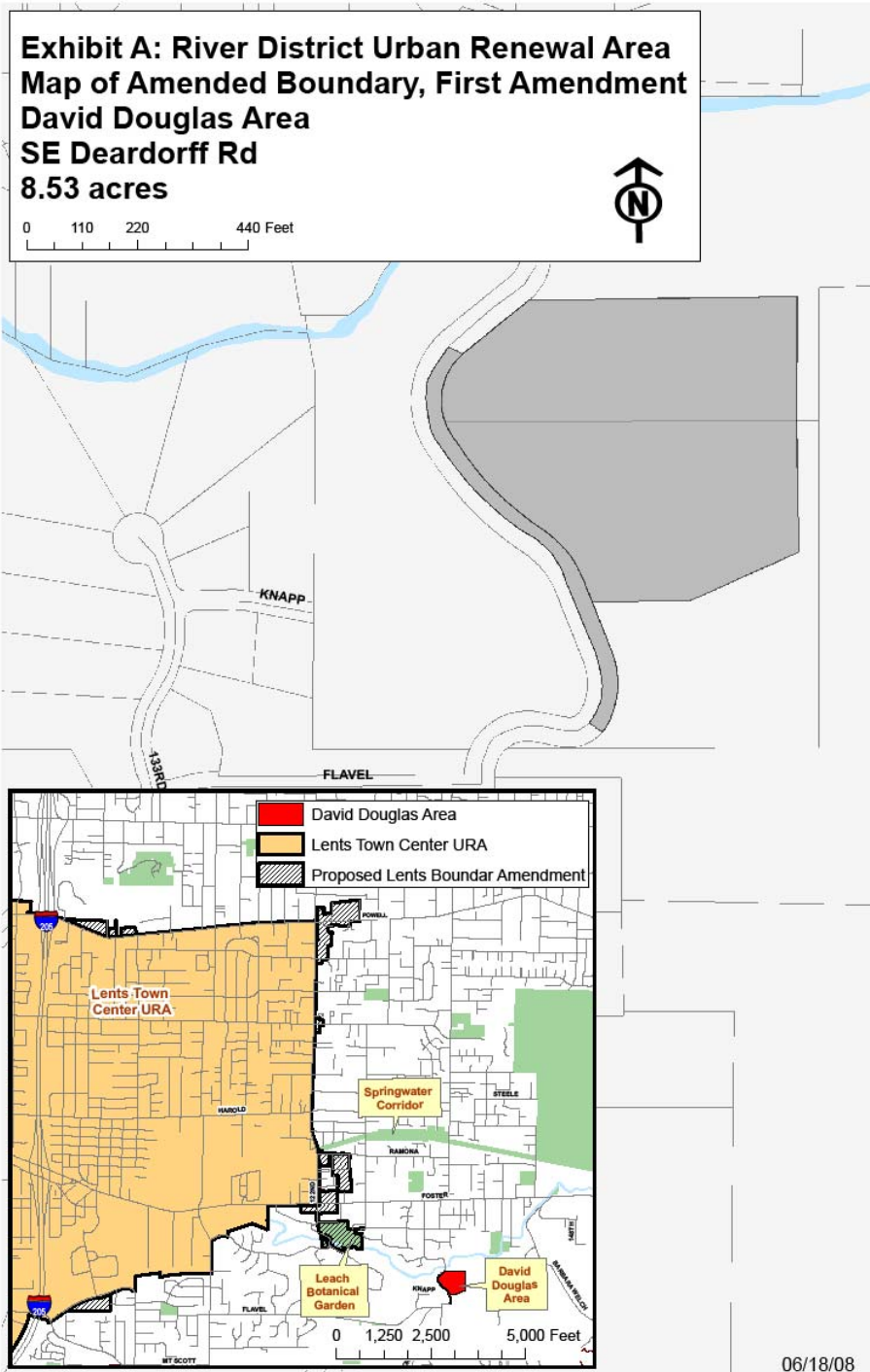
This First Amendment to the Amended and Restated Plan includes the following changes to the original River District Urban Renewal Area Plan:

1. **Expand boundaries of the River District URA by 8.53 non-contiguous acres.**

Expand boundaries by 8.53 non-contiguous acres located at 7010-7144 SE Deardorff Road, south of Foster Boulevard in southeast Portland. The site is not located in an existing urban renewal area. It is owned by the David Douglas School District.

2. **Increase the maximum indebtedness of the River District URA by \$19,000,000, from \$549,500,000 to \$568,500,000.**

Assist in construction of a public school including but not limited to provision of infrastructure, site improvements and other amenities to this underserved site. Participate with other community partners in construction of a multi-functional community space as part of the school.



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 First Amendment to the *Amended and Restated River District Urban Renewal Plan*.

The *Amended and Restated River District Urban Renewal Plan*, as amended by the First Amendment, would include development in support of the construction of a public school (and multifunctional community space) on property owned by the David Douglas School District. Both the Central City and the East Portland portions of the city have experienced significant growth in the last decade. In the last ten years, enrollment in David Douglas School District has grown from 7,684 to 10,169, a 32% increase. More students have enrolled in David Douglas in the last five years than in any district in Multnomah County.

In part because of the difference in affordability, growth in families with children has concentrated in the eastern portion of the city, which has caused classroom overcrowding. At the elementary level, David Douglas has the highest class size of any district in Multnomah County at an average of 27 students, K-5. The student population qualifying for free/reduced meal assistance has also grown over the last decade from about 46% to 71% this year.

Additionally, the community space contemplated with the school will provide needed recreational opportunities and access to a park like setting and open space along Johnson Creek for students, community residents, and other visitors including people who live in the River District.

Supporters of this proposal have argued that it is fair and sound to use the financial capacity of exceptionally successful urban renewal areas, such as the River District, to help other parts of the community that would not otherwise directly benefit. They argue that this urban renewal approach represents an innovative use of a public funding mechanism to help fund critical community needs and institutions at a time when other funding resources are limited and that it is legal under current statutory law. On March 12, 2008, the Portland City Council set the criteria for the formation of island districts (Resolution No. 36587) and directed the Portland Development Commission (Resolution No. 36588) to develop an island district to assist the David Douglas School District with the development of a new school and multi-functional community center.

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. In addition to recommending consideration of the formation of a non-contiguous "island" district to River District if directed by the Portland City Council, the Advisory Group 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).

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. 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 First Amendment to the *Amended and Restated River District Urban Renewal Plan* would expand the Area's boundaries by 8.53 non-contiguous acres located in southeast Portland at 7010-7144 SE Deardorff Road, south of Foster Boulevard. The site is not located in an existing urban renewal area. It is owned by the David Douglas School District. The property is currently zoned as R10 and R10(c) which means a school facility would be permitted as a conditional use on portions of the site.

This property is underserved with inadequate infrastructure to the site, including road access, sidewalks, storm water and water infrastructure resulting in a finding of a blighted condition. The primary project for the area would be the construction of a public school including a multi-functional community space constructed in conjunction with the school. This will include 23,060 square feet of community facilities and access to open space which will be available to all citizens of Portland including residents of other portions of the River District Urban Renewal Area. For example, the project is anticipated to include large group meeting spaces in the "cafetorium", gymnasium and library of approximately 19,460 square feet.

The Portland Development Commission has submitted the First Amendment to the Amended and Restated River District Urban Renewal Plan (PDC Board Resolution No. 6587), technical reports and supporting materials to the Portland Planning Commission for review and recommendation to the Portland City Council for final approval in accordance with the terms of the River District Urban Renewal Plan and ORS 457.095.

The Portland Planning Commission is requested to make a recommendation to the City Council on the First Amendment to the *Amended and Restated River District Urban Renewal Plan*, which provides for the following changes:

1. *Adjust boundaries for the URA to include approximately 8.53 acres of land and expanding the size of the area from 351.19 acres to 359.72 acres,*
2. *Increase the maximum indebtedness by \$19,000,000, from \$549,500,000 to \$568,500,000.*

This amendment would make part of the Amended and Restated River District an area that is not physically connected to the district (often referred to as an "island" district). Within this non-contiguous addition to the River District, funds would be used to fund infrastructure for a new school and multi-functional community center in the David Douglas School District.

If approved, the amendment will be forwarded to the Portland City Council for contemplation during a first and second hearing on June 18, 2008, and June 25, 2008, respectively.

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 *Amended and Restated River District Urban Renewal Plan*

The Portland Development Commission has forwarded a Report as an attachment to the First Amendment to the *Amended and Restated River District Urban Renewal Plan* which establishes blight and underserved public services in the David Douglas expansion area to be added to the River District. The projects to be completed in this area to be added to the River District are consistent with the established goals in the River District Urban Renewal Plan. Relevant existing goals include:

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

Projects targeted in this area would focus on the inadequate infrastructure at the site, including infrastructure and facilities connected to road access, sidewalks, storm water and water. These projects are consistent with this goal.

- B. **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 David Douglas expansion area will include a park like setting and access to open space along Johnson Creek which will be available to all citizens of Portland, including residents of Central City portions of the River District Urban Renewal Area. This project is consistent with this goal.

- C. **Public Facilities:** Provide a timely, orderly and efficient arrangement of public facilities and services that support existing and planned land use patterns and densities.

A public school, a significant part of which will be a multi-functional community space for recreational and community activities, will be constructed in the expansion area which are consistent with these goals. The project is anticipated to include large group meeting spaces in the “cafetorium”, gymnasium and a library of approximately 19,460 square feet. This project is consistent with this goal.

Finding: Through this amendment, blight and underserved public service characteristics in the expanded area 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 First Amendment to the *Amended and Restated River District Urban Renewal Plan* provides for two actions:

- **Adjust** boundaries for the URA to include approximately 8.53 acres of land and expand its size from 351.19 acres to 359.72 acres.
- **Increase** maximum indebtedness by \$19,000,000, from \$549,500,000 to \$568,500,000.

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 First Amendment was approved by the Portland Development Commission under Resolution No. 6587 on May 14, 2008. Following review by the Portland Planning Commission, the amendment will be forwarded to the Portland City Council for final action.

Appendix A

Findings of Fact for Consistency with Applicable State, Regional and Portland Planning Goals and Policies

This information is now set forth in Section X Relationships to Local Plans and Objectives of the Amended and Restated River District Urban Renewal Plan, First Amendment, Exhibit C.