



CITY OF  
**PORTLAND, OREGON**

**OFFICIAL  
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 22ND DAY OF MARCH, 1995 AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Kafoury and Lindberg, 3.

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Ben Walters, Deputy City Attorney; and Officer Chuck Bolliger, Sergeant at Arms.

**391** **TIME CERTAIN: 9:30 AM** - Financial World Magazine award  
(Presentation introduced by Mayor Katz)

**Discussion:** Bill Raichle, Vice Chair, Financial World magazine, said they are proud to present this award to Portland as one of the top five best-managed cities in the United States.

Tim Grewe, Director of Financial Planning, said the award is a reflection of the combined efforts of all City managers and represents the strong financial policies enacted by this and previous Councils which have allowed the City to stay on a firm financial footing even in tough times.

In addition to the team from the Office of Finance and Administration, Mayor Katz thanked former Mayor Bud Clark for getting the City on the right track, Council for being disciplined and the bureaus for responding positively when told to do more with less. She noted one area, information systems, where the City got a B-minus grade, and added that she hopes to turn that grade into at least a B-plus through implementation of the 24-hour City suggested by Dennis Nelson of the License Bureau.

**Disposition:** Placed on File. (Y-3)

**REGULAR AGENDA**

**393** Cash investment balances February 9 through March 8, 1995 (Report; Treasurer)

**Disposition:** Placed on file. (Y-3)

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**394** Accept bid of Parker Northwest Paving Company for street improvements of SE Lafayette Street and SE 88th Avenue for \$69,999 (Purchasing Report - Bid C-9880)

**Disposition:** Accepted; prepare contract. (Y-3)

**395** Accept bid of Courtesy Ford for nine compact standard cab pickups for \$113,045 (Purchasing Report - Bid 94)

**Disposition:** Accepted; prepare contract. (Y-3)

**396** Accept bid of Pacific Utility Equipment Company for two eight-cubic-yard catch basin and sewer cleaners for \$403,432 (Purchasing Report - Bid 99)

**Disposition:** Accepted; prepare contract. (Y-3)

**397** Accept bid of TEC EQ dba Portland Mack dba NW White GMC, Inc. for one 80,000 GVW conventional setback truck tractor for \$61,782 (Purchasing Report - Bid 100)

**Disposition:** Accepted; prepare contract. (Y-3)

**398** Accept bid of Portland Freightliner, Inc. for three 18,000 GVW cab and chassis with dump body and tool box for \$121,539 (Purchasing Report - Bid 101)

**Disposition:** Accepted; prepare contract. (Y-3)

**399** Accept bid of Courtesy Ford for one extended cab compact pickup 4X4 with air conditioning for \$17,378 and issue a separate Purchase Order per State Price Agreement to Breslin Pontiac for three extended cab compact pickups for \$38,709 (Purchasing Report - Bid 107)

**Disposition:** Accepted; prepare contract. (Y-3)

**400** Transmit report recommending changes in parking rates at the City-owned Smart Park garages (Report introduced by Mayor Katz and Commissioners Blumenauer and Kafoury)

**Discussion:** Steve Goodrich, Bureau of General Services, said the purpose of increasing the rate from \$1.50 to 2.00 is to discourage long term parking.

**Disposition:** Accepted. (Y-3)

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**401** Vacate a certain portion of SW Pennoyer Street west of SW Kelly Avenue, under certain conditions (Second Reading Agenda 349; C-9865)

**Disposition:** Ordinance No. 168625. (Y-3)

**Mayor Vera Katz**

**402** Confirm appointment of Anne Rancine Fishe, Connie Bottemiller and Richard Wond as alternate members on the Fire Code Board of Appeals (Report)

**Disposition:** Confirmed. (Y-3)

**403** Demographic profile of board and commission members as of December 31, 1994 (Report)

**Discussion:** Mayor Katz said the City is moving in the right direction in making sure that boards and commissions reflect the diversity of this community. She noted that the number of African-Americans, Asians, Hispanics and women have increased, even though women are still far below the number represented in the census data.

**Disposition:** Accepted. (Y-3)

**Commissioner Gretchen Kafoury**

**404** Accept the Walnut Park retail center, Phase I and II, as substantially complete and authorize the Directors of Bureau of General Services and Portland Development Commission to release retainages according to the terms of the contract (Report; Contract No. 28973)

**Disposition:** Accepted. (Y-3)

**405** Authorize the City Attorney to represent the City's interest in preventing Stars from obtaining a liquor license in Old Town (Resolution)

**Disposition:** Resolution No. 35376. (Y-3)

**406** Amend Building Regulations relating to dangerous buildings (Second Reading Agenda 342; amend Code Section 24.15.060(12))

**Disposition:** Ordinance No. 168626. (Y-3)

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**407** Provide interim seismic design standards for existing buildings (Second Reading Agenda 343; add Code Section 24.85)

**Disposition:** Ordinance No. 168627. (Y-3)

**408** Revise the time periods allowed for repair of commercial buildings which have been declared dangerous (Second Reading Agenda 344; amend Code Section 24.55)

**Disposition:** Ordinance No. 168628. (Y-3)

**Commissioner Mike Lindberg**

**409** Call for bids for the construction of 8-inch, 6-inch and 4-inch water mains in SW Fulton Park Blvd, SW Idaho Street, SW 18th Drive and SW Ormandy (Second Reading Agenda 374)

**Disposition:** Ordinance No. 168629. (Y-3)

**410** Call for bids for the replacement of Dam 2 log boom in the Bull Run watershed, authorize a contract and provide for payment (Second Reading Agenda 375)

**Disposition:** Ordinance No. 168630. (Y-3)

**392** **TIME CERTAIN: 10:00 AM** - Set goal for City-wide affordable housing investment (Resolution introduced by Commissioner Kafoury)

**Discussion:** Commissioner Kafoury said this is an important step, though not as much as is needed because the funding source has not yet been identified. However, it is very obvious that the City has an affordable housing crisis and something must be done to meet the 50,000 housing units goal for Livable Cities. It comes down to how to provide affordable housing. This meets not just the needs of the homeless and neighborhoods struggling to add density and yet retain their livability but also those of the River District and the other exciting big projects. All these needs can be met if the City can identify an affordable housing source.

Marge Jozsa, Director of Neighborhood Health Clinics, Northeast Portland and a member of the Multnomah County Housing and Community Development Commission (HCDC) and Board President of Community Partners for Affordable Housing in Washington County, applauded this effort. If affordable housing is to succeed there must be sufficient funding and it must become an issue for everyone in the community. She asked Council to bring together the surrounding counties to create a regional affordable housing agenda, with the local

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housing needs of Portland as a guide but with a vision that is much broader.

Jan Shea, Legacy Emanuel Hospital, said they are very aware of the importance of affordable housing in their neighborhood, noting the Hospital's creation of the Emanuel Neighborhood Home Ownership Program, a loan program which has allowed over 60 Legacy employees to take advantage of a forgivable loan of up to \$5,000 to help purchase homes in the Northeast neighborhood. This program has encouraged employees to move closer to work and to remain with the organization as each year they remain another \$1,000 of the loan is forgiven. She said Emanuel has also given \$90,000 in the last three years to the Northeast Community Development Corporation to create 40 units of affordable housing and have established a \$100,000 revolving line of credit to Homeownership a Street at a Time (HOST). Finally, they have collaborated on the 60-unit Dawson Park apartment project. She said they hope others will also join in such efforts to make sure that affordable housing happens.

Commissioner Kafoury said Emanuel is also the largest and only major contributor to the Albina Community bank.

Mayor Katz said Emanuel's housing program set the positive tone that helped the City implement its housing-incentive program for Police officers.

John Rogers, Pastor, Vernon Presbyterian Church, representing the Portland Organizing Project (POP), supported this initiative. He noted that housing costs in Portland have gone up 50 percent since 1991. He said many details still need to be worked out, including the kind of housing needed, where it should go and who should be targeted. The City should focus on the urgent need of the 50,000 families who live here now who cannot afford housing today even though planning for the 50,000 families expected to move here is important too. He said a wide range of revenue sources needs to be developed and suggested that one source might be the millions of dollars major corporations have saved thanks to Measure 5 windfalls. A few responsible corporations, specifically the utilities, have returned those savings to the public and it is time for the rest to act in an equally responsible way.

Ginny Peckinpugh, 4862 SE 63rd St., Director, SE Uplift Neighborhood Program, Chair, Rose Community Development Corporation and board member, Portland Housing Center, supported creation of the housing fund. She said affordable housing is an issue for moderate as well as low-income families as 45 percent of Multnomah County's population falls below 80 percent of area median income.

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Jeff Markley, Housing Development Coordinator for Human Solutions, said the door to home ownership slammed shut this year on low-income families in Portland. It is virtually impossible to find homes under \$60,000 and the supply of affordable rental housing units has declined also with the escalation of rents, pushing more people into homelessness. The lack of affordable housing is a crisis and Portland is now one of the least affordable cities in the nation. He said Commissioner Kafoury's goal of \$50 million for a housing fund is an excellent beginning but to reach that goal, political muscle will be needed to reconsider priorities and restructure programs. He suggested postponing funding for the River District until the goal for the Housing Fund is met.

Mayor Katz asked what he wanted Council to postpone.

Mr. Markley said he would postpone putting public money into construction of the River District until the Housing Fund has been funded. He said the River District has an entire range of housing, the majority of which is for upper income levels and while the goals for low and moderate income housing are admirable, for the rest of the City it represents an ongoing stream to focus public monies on the Central City.

Mayor Katz said the new reality is that in the last several years the money has not been spent in the Central City but in the neighborhoods. She said she will share that data with him.

Rob Hardies, Portland Habitat for Humanity, 5416 NE 14th Place, encouraged the City to commit more resources for affordable housing. He said Habitat, through its work in Northeast Portland, sees the problems faced by those who live in substandard housing and become trapped in a cycle of poverty. An investment in housing empowers people to change their lives and saves the City money down the road.

Bob Stacey, attorney with Ball, Janik and Novack, representing Hoyt Street Properties, developer of River District, supported the City's commitment to the Housing fund.

Larry Porter, Hoyt Street Properties, 333 SW 5th, Suite 200, 97204, said housing in the Central City and River District helps accomplish many City and regional goals related to growth management, transportation and a successful downtown. However, this is an expensive place to build housing, particularly at higher densities, and even market-rate housing typically requires \$10,000-15,000 per unit in public investment. Low-market requires even higher subsidies. If the City is to achieve its goal of 2,500 units per year citywide it will have to more than double housing production levels. And, if it is to increase the

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amount of Central City-located affordable housing, the City's investment will need to more than double. To achieve this housing goal, Hoyt Street Properties will need the City as a financial partner.

Commissioner Lindberg asked if some of their projects would be in the River District and asked if there would be a mix of housing, given the proper City investment.

Mr. Porter said yes, it is a mix of all types of housing with a variety of income ranges.

Tiffany Switzer, Hoyt Street Properties, said they are currently working on an apartment project and a mixed-use project for seniors.

Commissioner Lindberg said since the impression is sometimes given that housing in the River District is for the wealthy, he hopes more information gets out about the mix of housing.

Mr. Stacey said they welcome more public discussion because they believe the River District is a great story.

Commissioner Kafoury said Homer G. Williams is a major individual investor in the Albina Community Bank.

Helen Barney, Deputy Executive Director, Housing Authority of Portland, said with 10,000 families on their waiting list for housing, they welcome any new housing resources. This is a giant, bold step that proposes a large enough investment that benefits citizens in a way no other urban community has been able to do. The proposal addresses all income levels in all parts of the City and is also comprehensive in requiring all segments of the community to participate in meeting the challenge. She said Portland is in the middle of a housing crisis which has hit at a time when the federal government is clearly withdrawing support. However, it is also a time when the community is ready to tackle the crisis itself.

Commissioner Lindberg, noting that right now Congress is considering \$17 billion in budget recisions, asked what effect this will have on housing.

Ms. Barney said the recisions would cut the operating subsidy by about 15 percent or close to \$1 million at a time when they are also being asked to change the way they operate public housing. The average income of people in public housing is \$4,500 a year and, if cuts must be made, they will have to come out of maintenance, reducing the quality of the housing stock.

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Commissioner Kafoury said they anticipate losing \$1 million in Multnomah County block grants as well.

Ted Gilbert, president of Gilbert Brothers and chairman of HOST Development, said increased public investment in housing is a good thing but a good return on taxpayer money is also essential. Citing HOSTS's experience, he said a focused investment can have a tremendous impact on housing values, ultimately translating into increased tax revenue. Increased valuation can also have a downside, however, in that more people are priced out of the market as housing prices increase. Before the window for affordable housing closes, HOST plans to increase the number of units by building sub-divisions, where they find their major cost is for infrastructure. Whether housing money comes from block grants, bonds or an allocation of increased property-tax revenues in the area, private sector dollars should also be included in the Housing Fund. He asked Council to strongly encourage companies who partake in the business incentive tax abatement program to invest some of their savings directly into the Fund. He said the Emanuel Hospital model is a good one. He said they believe they will be able replenish the money in the Housing Fund and make a significant dent in housing needs.

Commissioner Lindberg asked Mr. Gilbert whether the City should seek a Statewide housing trust fund through the real estate transfer tax. He said housing problems are not just restricted to Portland now.

Mr. Gilbert said if such a bill was enacted he would implore that an exclusion be given for developers of affordable housing because of the small margins such builders have in the current market. Any change in interest rates or cost will mean that some people will not qualify.

Dan Steffey, 808 SW 3rd, Suite 580, Board Vice President, Franciscan Enterprise, said the City must get involved in this issue now. He said the \$2.5 million put in the Cully Housing project has paid off in drastically reducing crime, thus saving over \$800,000 a year in Police resources. He described the huge increases in housing prices in some inner-city neighborhoods in the past few years. He said the suggestion that Portland Community Reinvestment Initiates hold some of the Dominion Capital properties in the rental inventory -- which some people thought was loony at the time -- needs to be done to anchor the affordable housing supply. He said the investment in housing will pay off substantially if real dollars are put into it.

Mayor Katz gave Mr. Steffey credit for helping put together the project on 122nd with Safeway and Target.

Doug Oblatz, 115 NW 1st, Suite 200, said public investment in



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affordable housing is critical because it costs more to build in the urban area. Local dollars are best because they are more flexible than federal funds which too often make housing projects too expensive and time consuming for developers. Affordable housing needs to be a "for profit" industry in order to significantly increase production and the proposal for \$50 million in public investment will go a long way to encourage the private sector to invest in such housing.

Bill Resnich, Portland Jobs with Justice, supported this resolution, adding that it is even more important for Council to take action to reverse polarization of income. As working class income keeps falling, fewer will be able to afford housing and will have to pay a higher percentage of their income on shelter. He said while the City cannot change U.S. tax policy, labor laws or the minimum wage law, it could raise contracting standards for companies getting public subsidies. Without taking steps to change the policies that enrich the already wealthy, the City's small housing subsidies will not help much.

Tasha Harmon, Community Development Network of Multnomah County, said they strongly support this trust fund and are heartened by the City's serious commitment to affordable housing. She said the subsidy by itself will not solve all the problems, but it is an important first step.

Mayor Katz read a letter from Robert Ridgely, chair of the Central City 2000 Task Force, which stated that affordable housing issues have repeatedly surfaced in their discussions and they will attempt to coordinate their efforts with the Housing Council.

Commissioner Kafoury noted that for 20 years the City had \$20 million to spend downtown with tax increment financing. They now no longer have any local revenue source for housing and the federal government is going to be pulling out as well, while housing prices have gone gonzo. This fund will allow the City to solve at least one part of the problem.

Commissioner Lindberg said it is important to get information out about the degree of this crisis. Noting the increase in median housing from \$80,000 to \$120,000 in four years, he said this has many implications for the rental market as well. He thanked the POP for identifying the stresses this puts on families and said it is appropriate to adopt this as a vision even if all the funding sources are not identified. He said the City must begin to address the growing gap between the rich and poor, as otherwise it is dealing with only one piece of the puzzle. He said 20 years ago legislation passed calling for decent housing for every American family. Now tremendous decreases are proposed at both the federal and State level and a grass roots effort is needed to say that this is not acceptable. He said he is glad that at the local level people are

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saying they can control their own destiny and find the \$15 million per year that should go into this.

Mayor Katz honored Commissioner Kafoury for keeping this issue in the forefront and noted also the work of the Housing Council in developing a strategy. Regarding family wage jobs, she said housing, jobs and transportation do have to be tied together and the City needs to focus on a meaningful workforce and job training strategy. The issue is not whether the community builds for the old or new residents but what it does for now and future generations. This is going to have a price tag and as utility rates go up and other measures are placed on the ballot, at some point the voters will say "enough." She noted the possibility of using the two percent "kicker" -- money that could either be returned to the corporate community or used to fund education, housing, etc. That money should stay in the community to fund essential services. She expressed concern about what the federal and state government is doing to local government and the effect on people living in poverty right now. Regarding the amount of money going to the Central City, she does not want to see the community divisively split. The Central core has to absorb at least 15,000 of the 50,000 units needed and this will relieve pressure on the neighborhoods to take on higher housing densities. The neighborhoods will not tolerate that, although they will support housing on vacant and opportunity sites and there is a real need to find vacant land to create new communities with higher density supported by retail and commercial. A central core is important and needs to remain strong because that is where the jobs are and that impacts transportation. This resolution sets a vision for the next 20 years.

**Disposition:** Resolution No. 35377. (Y-3)

At 11:20 a.m. Council recessed.

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A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 22ND DAY OF MARCH, 1995 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Blumenauer, Hales, Kafoury and Lindberg, 5.

OFFICERS IN ATTENDANCE: Cay Kershner, Clerk of the Council; Ruth Spetter, Senior Deputy City Attorney; and Officer Chuck Bolliger, Sergeant at Arms.

**Commissioner Charlie Hales**

**411** Tentatively deny appeal of Forest Park Neighborhood Association and uphold Hearings Officer's decision to approve Phase 4 of the Forest Heights PUD (Findings; Previous Agenda 334; 93-00898 PU SU IR)

**Disposition:** Findings Adopted. (Y-3)

**412** Tentatively deny appeal of Forest Park Neighborhood Association and uphold Hearings Officer's decision to approve Phase 5 of the Forest Heights PUD (Findings; Previous Agenda 335; 93-00899 PU SU IR)

**Disposition:** Findings Adopted. (Y-3)

**413** Tentatively deny appeal of Forest Park Neighborhood Association and uphold Hearings Officer's decision to approve Phase 7 of the Forest Heights PUD (Findings; Previous Agenda 336; 93-00900 PU SU IR)

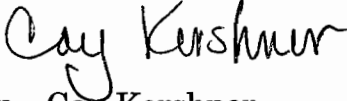
**Disposition:** Findings Adopted. (Y-3)

**414** Tentatively deny appeal of Nauru Phosphate Royalties, applicant, and uphold Hearings Officer's decision to impose Condition I in approving application for Phase 5 of the forest Park PUD (Findings; Previous Agenda 337; 93-00899 PU SU IR)

**Disposition:** Findings Adopted. (Y-3)

At 2:05 p.m., Council adjourned.

BARBARA CLARK  
Auditor of the City of Portland

  
By Cay Kershner  
Clerk of the Council