



CITY OF
PORTLAND, OREGON

**OFFICIAL
MINUTES**

A REGULAR MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 18TH DAY OF FEBRUARY, 1998 AT 9:30 A.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Hales, Kafoury and Sten, 5.

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

On a Y-5 roll call, the Consent Agenda was adopted as follows:

CONSENT AGENDA - NO DISCUSSION

- 166** Accept bid of Portland Freightliner, Inc. for one high cube van mounted TV inspection system for \$255,558 (Purchasing Report - Bid 98068)

Disposition: Accepted; prepare contract.

Mayor Vera Katz

- 167** Confirm appointment of E. Gene Bales to the Police Internal Investigations Auditing Committee as a Citizens Advisor (Report)

Disposition: Confirmed.

- *168** Pay claim of James P. Carr v City of Portland (Ordinance)

Disposition: Ordinance No. 171998. (Y-5)

- *169** Amend Chapter 3.102 of the City Code regarding Property Tax Exemption for Residential Rehabilitation and New Construction of Single-Unit Housing in Distressed Areas (Ordinance)

Disposition: Ordinance No. 171999. (Y-5)

Commissioner Charlie Hales

- *170** Amend agreement with Otak, Inc. to provide services for the pedestrian access to transit project (Ordinance; amend Contract No. 30422)

Disposition: Ordinance No. 172000. (Y-5)

FEBRUARY 18, 1998

Commissioner Gretchen Miller Kafoury

- 171** Accept contract with Shaw West Company as complete and make final payment (Report; Contract No. 31203)

Disposition: Accepted.

Commissioner Erik Sten

- *172** Authorize a contract and provide for payment for the Alder Basin relief and reconstruction project, Phase 2, Unit 3, Project No. 6266 (Ordinance)

Disposition: Ordinance No. 172001. (Y-5)

- *173** Authorize a contract and provide for payment for the North Portland combined sewer separation project, Project No. 6086 (Ordinance)

Disposition: Ordinance No. 172002. (Y-5)

- *174** Authorize a contract and provide for payment for the construction of 4-, 6- and 8-inch water mains in the SW Huber mains package (Ordinance)

Disposition: Ordinance No. 172003. (Y-5)

- 175** Authorize an Intergovernmental Agreement with the State of Oregon, Department of Environmental Quality for a waste composition study in the amount of \$26,640 (Second Reading Agenda 154)

Disposition: Ordinance No. 172004. (Y-5)

City Auditor Barbara Clark

- 176** Transmit Certificate of Completion for street and other improvements in the N Bruce Avenue Local Improvement District (Report; C-9937)

Disposition: Accepted.

- 177** Declare the purpose and intention of the City of Portland to construct street and storm sewer improvements in the revised SW Evans Street/19th Avenue Local Improvement District (Resolution; C-9911)

Disposition: Resolution No. 35675. (Y-5)

FEBRUARY 18, 1998

REGULAR AGENDA

- 164 TIME CERTAIN: 9:30 AM** - Appeal of Ion and Ioana Miu of Portland Development Commission denial of request for property tax exemption under the residential rehabilitation program (Hearing on Appeal)

Discussion: Matt Baines, Assistant General Counsel, Portland Development Commission (PDC), said this is the first appeal of the residential rehabilitation tax exemption program ever to come to Council. He noted that after PDC denied the Mius application, the Mius appealed that decision to Council, as allowed under the Code. The appellants raise two issues. First, they contend they are entitled to the property tax exemption even though the improvements were completed prior to submission of their application to PDC. To be entitled to the exemption, the Code states that properties must be found to be "eligible" and one of the things that is necessary is that the improvements on the property must fail to be in substantial compliance with Title 29, the housing regulations, at the time of application. At the time they applied, the improvements had already been completed and so did not satisfy this criterion. If the improvements have already been made, PDC cannot make an inspection to determine whether the improvements are out of compliance with Title 29. Staff advised the Mius in writing of this position before they applied. Second, the applicants contend that PDC did not respond to the application in a timely manner. The Code requires a response within 90 days after receipt of a completed application. The application was received October 10, 1997 and PDC denied it on December 12, 1997, well within the 90 days.

Michael Miu, representing his parents, said if they had known of the program beforehand they would have applied on time, either before or during the construction. He asked who is responsible for implementing the program.

Mayor Katz asked who is involved in notifying the community about the program.

Mr. Baines said the usual way people find out about the exemption is when they come into the City to do some improvements and one of the Building inspectors tells them about the program. Many realtors will inform prospective property buyers about it too.

Dana DeKlyen, PDC program administrator, said not all Building inspectors know about the program and are not required to inform people about it. Mostly, information is spread by word of mouth or through media coverage. There is no outreach, however.

Commissioner Kafoury asked what universe of people might be eligible for this.

Ms. DeKlyen said there are scads of people out there who would be eligible.

Commissioner Kafoury said if the City had more resources or made it a higher priority then it could more aggressively market it. More staff would be needed and again, since it is a tax abatement, it takes properties off the rolls. She said she suspects there are many more people who are eligible to receive it but do not. It is not like an entitlement program.

Ms. DeKlyen said it is pretty easy to find a maintenance code violation in any older home so probably anyone doing work on a house would qualify.

FEBRUARY 18, 1998

Mayor Katz said that really poses a dilemma about how the City should do outreach to the community. To get the word out, regular mailings to all the specific target areas and other kinds of outreach would be needed.

Commissioner Kafoury said during the Northeast cleanup program, there were targeted inspections door-to-door on the high percentage of derelict buildings and this exemption was used as a carrot to get people to fix up them up. It is not an entitlement. She suspects there are hundreds of families every year in this community who do not know about the program and the City's exposure at this juncture could be dramatic.

Mr. Miu said in Title 3, it states that the Bureau of Planning shall establish procedures and prepare forms for immediate implementation of this Chapter. He said his parents did a huge addition to their house and once they applied for the building permit, they should have been informed about the program. They made a huge investment in their property.

Commissioner Kafoury said given the exposure the City would subject itself to if it granted exemptions retroactively, it would be very expensive.

Mr. Miu said the City should make an exception and accept the application.

Commissioner Kafoury said she does not know how many other families there are who did work in this same period of time, did not know about the program and could also claim an exemption if Council grants this one.

Mr. Miu said this has been the first appeal since the 1970's when the program was adopted so why should more be filed from now on.

Commissioner Kafoury said because they never let anyone come in after the fact. She moved to overturn the appeal and uphold the decision of PDC. Commissioner Francesconi seconded.

Mayor Katz said she did not know where resources could be found to do outreach but Council could talk about whether it wanted to do that in the future.

Disposition: Appeal denied. (Y-5)

Council recessed until the beginning of the 10:30 a.m. Time Certain.

***165 TIME CERTAIN: 10:30 AM** - Adjust FY 1997-98 Adopted Budget for winter budget adjustments (Period 1 FY 1997-98 (Ordinance introduced by Mayor Katz)

Discussion: Randy Webster, Bureau of Financial Planning, Office of Finance and Administration (OFA), said this ordinance completes distribution of the Ballot Measure 50 allocations which Council decided upon in September. Property tax revenues totalling \$4.8 million are being distributed according to that plan. Another \$248,000 is being distributed from contingency that was set aside for the Portland Office of Transportation (PDOT) to pay for service development charges (SDCs). Originally PDOT estimated that \$750,000 would be required but that has been reduced to \$250,000 this year. OFA recommends giving them \$250,000 this year and setting aside the \$500,000 until it may be needed next year and the

FEBRUARY 18, 1998

year after. Mr. Webster then described the requests for new positions in various City bureaus. Regarding technical adjustments, he said at this time of year general fund overhead is adjusted to align budgeted item with actual expenditures from the previous year. The net effect of these bureau adjustments is a reduction in costs to the operating bureaus and a reduction in general fund overhead by \$308,000. When revenues are reduced, however, that does not necessarily reduce expenses in the bureaus. There is a reduction in contingency by \$308,000 to pay for that adjustment in overhead revenue.

Mayor Katz asked why there is no reduction in the bureaus if the overhead is reduced.

Mr. Webster said since the overhead bureaus (OFA, City Attorney, Mayor and Commissioners' offices, etc.) are in the middle of their operations, it is very difficult to reduce their activities and programs.

Ken Rust, Bureau of Financial Planning, explained that basically this is a lag in the billing cycle.

Mayor Katz said it would be nice if some of the savings could be captured.

Mr. Webster described the budget cycle and noted that an adjustment for actual expenditures and revenues will be done the middle of next year. He explained that the neighborhood mediation center is being funded at \$92,000 per Council's direction, while Parks is reducing its capital budget by about \$5 million, a technical adjustment to account for Metro-2626 bonds which pay for land acquisition. Finally, OFA recommends that \$450,000 be taken out of contingency for the City's match for the police grant that occurred in the fall "bump." The combination of the \$308,000 and \$450,000 is a \$760,000 reduction to contingency. OFA recommends that Council appropriate those two items out of the additional \$1.4 million balance found at audit so that the \$760,000 is put back in contingency. The net effect of all that is that there will be \$200,000 left in contingency for the rest of the year.

Mr. Rust said if that is not done there will be a negative balance.

Mr. Webster said OFA recommends that those two items be taken out of the additional balance because those monies were taken out of contingency to pay for projects in the fall budget adjustment ordinance and at that time the budget office knew it would be facing a general fund overhead adjustment but did not know what it would be. Now it recommends that the money used for other projects be replaced. The police grant match should have come out of the balance in the first place and it was an oversight that it was not included in the fall bump.

Commissioner Francesconi asked if the \$1.4 million was recurring dollars.

Mr. Rust said no, it is a different \$1.4 million -- the \$1.4 million additional balance for last year is what appeared in the year end audit when a double count in the books was discovered. Of the \$1.4 million for this year, OFA is suggesting that Council take \$760,000 and replenish contingency, which will leave around \$600,000 this year. That is a separate issue from the forecast of what will be available in the budget season that is just starting.

Mayor Katz asked if the \$1.4 million was forecast as a beginning balance.

Mr. Rust said no, it was found later.

Mr. Webster said the \$600,000 that remains of the \$1.4 million is in the general fund financial forecast as part of one-time available funds for the next budget.

Commissioner Francesconi asked if the cops grant was for additional police officers, not desk positions.

Mr. Rust said yes.

Commissioner Francesconi asked how a \$200,000 contingency fund balance compares historically.

Mr. Rust said it is lower than normal but manageable. Usually Council begins the year in the range of \$1.4 million and then it just depends on what happens during the year.

Disposition: Ordinance No. 172005. (Y-5)

Mayor Vera Katz

***178** Provide Portland Police Data System services to City of Beaverton (Ordinance)

Disposition: Referred to Commissioner of Finance and Administration.

***179** Intergovernmental agreement with Multnomah County Sheriff's Office for multi-jurisdictional DUII enforcement/education project (Ordinance)

Disposition: Ordinance No. 172006. (Y-5)

***180** Accept a \$268,423 grant from the Department of State Police, Criminal Justice Services Division for the Police Corps Program (Ordinance)

Discussion: Mayor Katz said Portland is one of the few cities in the country to fund college educational programs. No match is required for this grant.

Disposition: Ordinance No. 172007. (Y-5)

Commissioner Jim Francesconi

181 Amend the Business License Law to increase the gross receipts exemption and index the owners compensation deduction (Ordinance; amend Code Chapter 7.02)

Discussion: Commissioner Francesconi said the Bureau is increasing the gross receipts level at which the license fees kick in from \$15,000 to \$25,000 which will benefit small businesses. The bureau is also indexing owners' compensation deduction to the Consumer Price Index to

FEBRUARY 18, 1998

allow it to grow with inflation. However, the deduction has not been increased from \$50,000 to \$75,000 as some have suggested. He said these changes are long overdue.

Terri Kupsick, License Bureau, said the revenue deductions can be absorbed by the growth in the economy.

Disposition: Passed to Second Reading February 25, 1995 at 9:30 a.m.

Commissioner Erik Sten

- *182** Announce satisfaction or waiver of contract conditions; execute a contract with ONSI Corporation to purchase a fuel cell power plant (Ordinance)

Discussion: Commissioner Sten said the goal here is to put some of the methane gas created at the wastewater treatment plant into a large fuel cell and the City will then use the resulting electricity. This is a test case and estimates are that it will save the Bureau of Environmental Services \$60,000 a year. The project is funded by the Defense Department, Portland General and Western Bank.

Disposition: Ordinance No. 172008. (Y-5)

- *183** Approve a lease/option agreement with Western Bank for provision of a fuel cell power plant (Ordinance)

Disposition: Ordinance No. 172009. (Y-5)

At 10:55 a.m., Council recessed.

FEBRUARY 18, 1998

A RECESSED MEETING OF THE COUNCIL OF THE CITY OF PORTLAND, OREGON WAS HELD THIS 18TH DAY OF FEBRUARY, 1998 AT 2:00 P.M.

THOSE PRESENT WERE: Mayor Katz, Presiding; Commissioners Francesconi, Hales, Kafoury and Sten, 5.

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

Commissioner Charlie Hales

- 186** Adopt Community and Neighborhood Plan Mapping and Title 33, Planning and Zoning, corrections (Second Reading Agenda 159)

Disposition: Ordinance No. 172010. (Y-5)

- 184 TIME CERTAIN: 2:00 PM** - Update of Comprehensive Plan and zoning map designation in Sellwood (Report introduced by Commissioner Hales)

Discussion: Mayor Katz announced that she would not vote on this as she had not participated in the earlier hearings.

Mark Bello, Planning Bureau, said today's action, on Amendment No. 3, is the final one Council will take on the Sellwood/Moreland plan. He said the Bureau suggested deferral of this final piece to allow notification and testimony and to see if an agreement could be reached. He described the outreach program and said he is very pleased to state that a compromise has been reached. The Bureau plans to return in three weeks with the ordinance putting it into effect.

Lee Leighton, President, Sellwood/Moreland Improvement League (SMILE), described the series of work sessions that had been held and said the final results had been approved by a 35 to 16 vote of SMILE members. He said their major objective was to mix the two alternative zones (R5a and R2.5ad) in order to stabilize the blocks that are predominantly or entirely single family, allow some development to occur and reduce the number of non-conforming uses that would be created. The original proposal for R5a in these areas would have caused 61 new non-conforming situations and that has now been reduced to 18. He said one question arose about the R2 area just west of 13th Avenue, with commercial zoning further north. The question was why should there be a fairly narrow area of R5, single family, sandwiched in between R2.5 and the R2 on the other side. He said he prepared an inventory that shows that of the 32 lots affected, 29 appear to have been built prior to 1930. These have a strong potential for having designation as historic structures that the neighborhood would like to preserve.

Commissioner Francesconi asked about the percentage reduction from the initial proposal for R5.

FEBRUARY 18, 1998

Mr. Leighton said he can only guess but it looks like about 60 percent is R5 and 40 percent R2.5.

Commissioner Hales said virtually all of it was zoned R2 before this planning process began.

Frank Pickman, Vice President, Sellwood/Moreland Business Association (SMBA), said SMBA approved this by an 11 to 1 majority.

Robert Bonebrake, 1266 SE Tenino Street, 97202, questioned Council's motives in rezoning this to R2.5 and contended that this compromise has more to do with generating tax revenues and making developers happy.

Commissioner Hales said the question today is how much to downzone, either to all R5, or with some R2.5. He pointed out that the whole area is zoned R2 now so basically Council is talking about reducing property values. Also, under Ballot Measure 47, property taxes are based on last year's assessment plus three percent, not the value of the property.

Margaret Branson, SMILE Board member, urged support of this compromise rezoning. It will allow preservation of the historic nature of Sellwood.

Clyde Brummell, Brummell Construction Co., 8435 SE 17th, 97202, said he had not seen the new map that SMILE and the business community are recommending until today and is concerned about the effect on his properties. He said there has been no cooperation with his business and added that the current business association is oriented towards retail sales while the bulk of businesses south of Tacoma are oriented toward industrial uses. He noted that he has been belittled for building public housing in the neighborhood as well, although he has no apologies for that. He criticized the new proposal as spot zoning and called on Council to support the Planning Commission's recommendation, which is R2.5AD. His 57 sites are basically in the center and to the west, toward the Willamette River.

Commissioner Francesconi said he is confused as Mr. Brummell is saying he has 57 locations that would be non-conforming while SMILE is saying only 18 properties would be left in non-conforming status.

Michael Harrison, Bureau of Planning, said the discussion about non-conformance has to do with existing multi-dwelling buildings and how many of them would be downzoned and how many would not. Mr. Brummell is concerned about the parcels he owns which have not yet been developed to multi-family.

Curtis Jones, Operations Manager, Brummell Construction, 8435 SE 17th, 97202, said the area south of Tacoma has never been addressed. He urged Council to accept the Planning Commission's advice as the neighborhood lacks all the information the Commission had.

Tim Barnes, 836 SE Lexington, 97202, supported this compromise. Although it is important to provide higher density, the neighborhood has come up with a very good product which adds a considerable amount of density. There is plenty of opportunity to absorb new multi-family housing over the next five to ten years, although some people may be disappointed with the downzoning.

FEBRUARY 18, 1998

Jerry Wright, 5251 SW Homesteader Rd., Wilsonville, OR 97070, area property owner and builder, said the neighborhood does not realize yet that while some historic properties will be fixed up, others need to be torn down. When that happens, the Planning Bureau will have no control over what is built there other than that it meets Code. The result will be "dinger" houses that will end up being rentals. Currently, with R2ad zoning, the Planning Bureau has full control of what will be built in those areas. Nobody can go in and put up just anything.

Margaret Ziegler, 8627 SE 19th, 97202, opposed any change in Sellwood that would increase density and traffic. She expressed concern about possible tax increases and asked why the Sellwood area is suddenly being targeted.

Mr. Bello said this is a neighbor-initiated plan which began about five years ago. At least 75 meetings were held in the community.

Commissioner Sten said these proposals would actually allow less building in the neighborhood and that is what is being debated today.

Brian Posewitz, 8508 SE 11th, 97202, said while he has opposed downzoning here in the past, he is generally satisfied with this outcome. Earlier, he had opposed the downzoning because he has a lot where another structure could be built under its R2 zoning designation. Until he saw the compromise today, he thought it was crazy to zone R5 on properties which already are multi-family and is glad to see that most of that has now been zoned R2.5, as is his lot.

Mary Chris Mass, 1903 SE Umatilla, 97202, said she has fought continuously to keep the area where she resides a congenial, mostly single-family, neighborhood. She would rather see this area zoned R5, which is what they voted in favor of last March. She questioned why this area was singled out again.

Commissioner Kafoury said a group of neighbors and businesses came together and asked for more time to negotiate this. Council is not singling anyone out. She said this proposed zoning seems to be better for Ms. Mass than the current R2.

Mark Bello agreed. The new proposal calls for a mix of detached housing and row housing. The latter will have design review. He reiterated that this is a neighbor-initiated plan which was taken to the Planning Commission and the Planning Bureau then suggested amendments. One major concern was an area that the neighborhood wanted rezoned to R5a. The Planning Commission resolved many of the issues and then Council resolved the rest, except for this and one concerning the Johnson Creek corridor. The proposal before Council today is the neighborhood and business compromise.

Commissioner Francesconi asked if this is spot zoning.

Mr. Bello said staff does not consider this to be spot zoning. It is based upon the analysis of existing neighborhood density. The neighborhood's proposal tends to group the two- and three-unit sites so that they would agree with the R2.5.

FEBRUARY 18, 1998

Mr. Harrison said spot zoning usually applies to a single piece of property being considered in quasi-judicial cases. It is not a meaningful term in the context of a legislative amendment for a broad area.

Ms. Beaumont said that is correct.

Commissioner Francesconi asked if the Planning Bureau had a recommendation for Council as to what to do here.

Mr. Harrison said the Planning Bureau's original recommendation was for the R2.5ad zone but is sympathetic to the hard work of the neighborhood and business association and can support the proposed compromise.

Commissioner Sten asked if outreach had been made to Mr. Brummell, who owns 57 properties in the area.

Mr. Leighton said there is some confusion about the map Mr. Brummell refers to. What he saw was probably the result of one of the neighborhood's earlier work sessions, not the final product. He said Mr. Jones and Mr. Brummell participated in a number of work sessions where the boundaries and the non-conforming use issues were addressed. He said the neighborhood association could not provide an actual map until the final SMILE meeting, at which Mr. Jones was present.

Commissioner Sten said he is nervous about passing zone changes on a person's property, against the recommendation of the Planning Commission. He asked how Mr. Brummell's properties fit in with the map and whether some version of the compromise is acceptable to him.

Mr. Leighton clarified Ms. Mass's comments by noting that she lives on the East side of SE 17th in an area which actually is zoned R2.5 in the proposal.

Mr. Brummell said there have been so many maps floating around, it is difficult to follow what is being proposed.

Mr. Bello said Mr. Brummell has properties in the northwest section towards the bridge.

Mr. Brummell indicated where his properties are.

Commissioner Sten said as he understands it, Mr. Brummell believes that whole area should be R2.5, while the neighborhood wants R5 there. He asked if there was room for any compromise here.

Mr. Brummell said the area from 11th street west is a good area to work on a compromise.

Mr. Leighton said he sees little likelihood of further compromise.

Commissioner Hales moved to direct staff to return with an ordinance and map changes that reflect the proposal received today from SMILE. Commissioner Francesconi seconded.

FEBRUARY 18, 1998

Commissioner Sten said in the meantime Mr. Brummell should get any proposed changes he wants over to the neighborhood association. He asked Mr. Leighton to review those as it is impossible for Council to negotiate the specifics here.

Commissioner Francesconi said this plan is the result of good staff and neighborhood work. He said if this compromise had not been reached, he would have gone along with the Planning Commission's original recommendation for R2.5a zoning. He told Mr. Brummell that Council cannot take into account who owns what property in making these decisions.

Commissioner Hales said this is the last piece of a larger, voluntary effort by SMILE and represents a huge amount of work by volunteers who have done a wonderful job of balancing the overall zoning. He said the City does need to be sensitive to Mr. Brummell's situation because he invested in the neighborhood based on a certain set of expectations which have now been changed. He can seek zone changes quasi-judicially if he can make a case.

Commissioner Kafoury noted that the projects will now have design review which should help matters.

Commissioner Sten said this is a very good plan and he believes R2.5 with design review will work well. He said when an individual, such as Mr. Brummell, owns 57 pieces of property and his zoning gets changed, he needs to be notified.

Disposition: Compromise accepted, staff prepare Ordinance for March 11, 1998 at 2:00 p.m. (Y-4)

- 185 TIME CERTAIN: 3:15 PM** - Presentation by the Citizens Crime Commission/Association for Portland Progress Homeless Youth Assessment Committee (Report introduced by Mayor Katz and Commissioner Kafoury)

Discussion: Bill Furman, Citizens Crime Commission Executive Committee Member, said this report is a joint effort on the part of the Citizens Crime Commission and Association for Portland Progress and was chaired by Fred Stickel and Les AuCoin. This report on Services to Homeless Youth in Portland is an outgrowth of the perception that there is a growing street youth population in the downtown and also the outgrowth of work done earlier on juvenile justice issues by the Citizens Crime Commission. The report was motivated by a concern for the welfare of these youth and with their impact on livability in the Central City. He said the report is based on an extensive eight-month study which included an examination of the data and interviews with providers. He said the report established three values of measurement: 1) the need for community-wide support; 2) a supposition that a street lifestyle is harmful to the youth themselves; and 3) a belief that such a lifestyle is also harmful to the community and other young people. The primary goal was to find ways to transition homeless youth to a more stable environment. The report also calls for more enforcement of livability crimes and the provision of more structure for adolescents. He said the organizations preparing the report inventoried available services and then focused on how comprehensive services could be provided downtown. The report concludes there is a lack of appropriate information on this population and no reliable statistics on outcomes, health, length of time lived on the streets, etc. He said the data is not consistent among the providers, nor is there any systematic exchange of information among the providers or with the justice system. Mr. Furman said the

FEBRUARY 18, 1998

providers are often protective of their clients and do not provide data on them. This can result in program shopping by homeless youth, who are enabled to stay in this lifestyle by the current system. There is also a bifurcation of City and Multnomah County programs, putting downtown at risk of becoming a dumping ground for homeless youth from the entire tri-county area. Mr. Furman said service delivery and policy should not be left only to the providers as the result is that the City is failing young people who require structure and love.

Thane Tienson, Citizens Crime Commission Board Member, said these kids need to be treated with a loving hand but to also have consequences attached to their conduct. The best way to do this is to recognize their need for services through public/private partnerships. He recommended implementation of a County-led process with outcome-based programs to help youth exit street life. A tracking process is also needed to measure whether the money is being well spent. He said there is an obvious nexus involvement with Police and juvenile justice efforts so that life-style crimes that are not of high priority but affect livability get attention early on.

Mary Li, Multnomah County Department of Family Services, said this is a challenge the County is prepared to meet. A fuller joint briefing is planned and the County is prepare a resolution that addresses some of the issues raised in the report. The County hopes to find a better balance between relief services and more developmentally-based programs, but not at the expense of one or the other. When one sees kids on the street, it means that other prevention programs have failed. What is done with street youth must be looked at in the context of all the other initiatives the County is involved in. Ms. Li said they have begun issuing invitations for participation by City staff.

Commissioner Kafoury said nothing has been mentioned about participation of the providers.

Ms. Li said they are committed to having the providers be a part of these discussions as well. The County seeks at least two representatives from the provider community to participate. Providers involved in the planning process could not, however, apply for the contract dollars.

Commissioner Sten asked why a provider would take part in the planning process then.

Ms. Li said because people have an investment with the system and the people they are serving. They have had a good response from providers who would like to participate.

Commissioner Sten said he thought all the dollars were being bid out.

Ms. Li said they are bidding out all the dollars that are currently used to fund services for displaced youth in the downtown area. There are two providers who are not receiving public funds and at least one of them is not interested in receiving them but would like to participate in the process. They are also soliciting participation from service providers working outside the area, but with this population.

Commissioner Kafoury said she hates to lose the credibility of this report over the issue of a closed process.

Mr. Tienson said the Crime Commission and APP tried to promote a better relationship with

FEBRUARY 18, 1998

the providers, who they are meeting with next week and who will be represented on the RFP process. The Crime Commission and APP do not have a financial interest in this process either, only an interest as concerned citizens and an investment in the success of that process. They are very comfortable with the RFP process that has been designed and think there is ample opportunity for a strong voice from the providers.

Mr. Furman said the committee seeks an appropriate balance between providers, community leaders and others concerned about effective delivery of services that will help transition kids off the streets. There is an obvious conflict of interest in having providers who receive public money set the process for the RFP.

Mayor Katz said while the providers should be consulted, she is not sure the people who receive the money should design the RFP process or set the standards and performance measurements. The providers can help in identifying the issues, determining whether the requirements can be met, what technical assistance is needed, etc. A line needs to be drawn somewhere and she is not sure it has been drawn today.

Commissioner Sten asked when the RFP would be issued.

Ms. Li said they are prepared to take as much time as needed to do a good job but not drag things out for months. They hope to have it done around October 1.

Commissioner Hales asked Mr. Furman what they would recommend that the City and County do to make the system work better.

Mr. Furman said in the past the business community was not focused enough on issues like this but it plans to stay with this until there is some resolution. He explained their follow-through plans and noted the current lack of data on this population and appropriate measurements. Finally, the City and County need to take the initiative to provide leadership and not just outsource contracts to various providers. This is about managing to an outcome, not just providing consensus. That outcome is to help these kids exit street life and reduce the population of street youth in a positive way with appropriate conditions on their behavior to substitute for parental surrogates.

Mr. Thane said the committee is committed to follow up and will establish a Homeless Youth Coordinator. One of the carrots in this report is that the committee is committed to seeking significant money from the private sector to help leverage the public dollars.

Commissioner Francesconi asked if it is true that there are no statistics about the number of homeless youth in the City.

Ms. Li said the County does not have good demographics on the population as a whole but does have that information for people who are getting served by providers funded by the County. She pointed out that this population is comprised of nomadic people who are difficult to track and, while they can get a better idea of how many there are, it may not be possible to get the full picture.

Commissioner Francesconi asked Ms. Li if good research exists indicating what works and

does not work with homeless youth and if that is being used to decide what providers to fund.

Ms. Li said Oregon State University has provided very helpful indicators and best practices based on their research. That is what the County will base its discussions about what outcomes it wishes to pursue through the RFP process. In the past the research has been more anecdotal and less clear-cut. They tried to build a balance between more developmentally-based programs and basic-needs relief services, which in and of themselves are the outcome. The fact that someone had a night off the street in the winter is the outcome. Now the County is in a better position to articulate what it wants and what it is based on.

Commissioner Francesconi asked if there would be more emphasis on outcomes that get a youth away from the streets totally, rather than just one night.

Ms. Li said they have always had both types of outcomes because they provided both types of services. As the mix is changed, the kinds of outcomes will change. For services where the expectations are higher than just getting a young person off the street for a night, there will be better measures and people will be held accountable.

Commissioner Francesconi asked about the role of case management.

Ms. Li said case management does work for this population and the County is currently funding it. Issues about how much and about credentialing, supervision, case management goals and measures are up for discussion.

Commissioner Francesconi asked if the issue raised about youth playing off the different providers was a legitimate concern.

Ms. Li said yes, although a lot of work has been done in the last two years to prevent that, especially through Project Luck. There have been some turf issues and legitimate differences of opinion that have gotten in the way of full information sharing.

Commissioner Francesconi asked what the County needed most from the business community.

Ms. Li said the business community has issued the County a challenge basically stating that little progress has been made in dealing with this problem. The County is comfortable with being held accountable and has had quite a few assurances of help, including the availability of their staff person.

Commissioner Francesconi asked what is done with a homeless young person who has been physically abused but is not quite ready to accept a helping hand.

Mr. Furman said the aim is to provide for his/her basic needs but in a way that is not enabling or reinforces street culture. Conditions should be set that provide guidance. They should get the message that it is not okay to deal drugs or engage in prostitution in downtown Portland. He said the business community is not against relief services but the problem is that the current system is based almost entirely on relief services. There is too much care that is not effective. Providing more money without changing the system will only attract more kids.

FEBRUARY 18, 1998

Commissioner Francesconi noted that Portland is a magnet for the region and now spends more than other jurisdictions on such programs. He asked if the number of homeless youth from outside Portland is known.

Mr. Furman said they estimate that 20 percent come from outside the State. Different providers serve a different geographic and ethnic mix.

Commissioner Francesconi asked about the role of homeless youth themselves.

Ms. Li said they are involved in street surveys and focus groups. The RFP will call for applicants to show that they have done outreach to youth and involved them in some meaningful way.

Mayor Katz said police officers should have the ability to pick up kids selling their bodies, etc.

Ms. Li said the County juvenile justice and Police Bureau will identify some of the issues involved here. Right now there is no room for them once they are picked up.

Mr. Furman said it is clear that this population is not considered a source of serious crime but they are seen as a perceived threat by many people and this impacts downtown livability.

Mitchell Hornecker, Board Chair, New Avenues for Youth, supported the recommendations and said his organization is excited about the possibilities for forming public/private partnerships and moving this process forward.

Dennis Morrow, Janus Youth Programs, described his organization's efforts to get homeless youth off the streets. He said he would like to see some of their expertise built into the RFP and noted that the system has been woefully underfunded with huge gaps in some areas, i.e. transitional living options and treatment for special needs people. He said there are no simple solutions because one is dealing with multiple-need kids.

Rowann Haley, Salvation Army and Greenhouse, said this is an outstanding study done mostly by lawyers and businessmen. She noted that organizations with limited resources have been unable to fund many studies of this population. She said one should not assume rational behavior from a highly traumatized population which for a period of time will be unable to make rational, common sense decisions that will get them out of their current situation. Ms. Haley said she does not believe a single model exists, as this report assumes, for successfully transitioning kids off the street. She urged that the expertise of the service providers be taken advantage of in designing the RFP.

Commissioner Francesconi noted that the business community is willing to invest additional money for this but also believes there is not enough emphasis among current providers in transitioning young people off the streets. He said to access the funding, there needs to be some change in approach.

Mr. Morrow said this report underestimates the degree of accountability and the number of resources devoted to getting youth off the street because there is not sufficient data on the

outcomes. Added resources will help provide that. The community has an obligation to keep youth safe but also needs accountability.

Ms. Haley agreed. She said outcomes are not tracked systemwide but they are tracked within the programs themselves. Her organization would be delighted to have a data-based tracking program although it is very hard to quantify survival versus transition.

Kathy Oliver, Outside-In, endorsed the report, especially the recommendation for a transitional housing facility. She said while there may be a conflict of interest if the providers write the RFP, their input is needed. She said a balance of relief and transitional services is needed as some kids are not ready to transition out of the lifestyle but still need services.

Marcus Wood, Outside-In board member, said lots of good work has been done but the situation has not gotten better so he is delighted that the business community is committed to this issue. He said in designing the RFP the service providers can supply valuable information about what works and what does not.

Janet Miller, Project Luck Coordinator, suggested that perhaps parallel committees can be formed so that the expertise of the service providers can be tapped, even though they do not design the RFP.

Beth Holman, Salvation Army, agreed that the service providers should have input into the design of the RFP.

Commissioner Kafoury said the City's budget submission from the Bureau of Housing and Community Development has a requirement that money spent on youth services will be run through the County's RFP process. She said a more accountable system is needed and noted that the \$1 million has been cobbled together to go towards a homeless youth transition facility.

Commissioner Francesconi said the RFP should take advantage of the wisdom of the providers but the providers have to let others in too and acknowledge that other approaches are needed as the current system is not working.

Commissioner Sten said one cannot get people into transition if there is only enough money for relief services. He said Portland can do a lot better and has to do a lot better and put more money into this.

Mayor Katz said too often "throwaway" young people are the result of failures by schools, families and communities. She expressed hope that the City could find more than \$1 million for a transitional facility and called for all parties holding each other accountable.

Disposition: Accepted.

Mayor Katz

- 187** Approve the request by the Flanders Lofts, LLC to waive property tax recapture for the conversion of rental lofts located at 725 NW Flanders Street to condominiums as authorized by City Code Section 3.102.080 (Report)

Discussion: Matt Baines, Assistant General Counsel, Portland Development Commission, explained the conditions that triggered this request to waive the property tax penalty provision on this 10-year property tax exemption granted in 1992. A waiver is allowable in cases where the existing unit rents exceed 125 percent of HUD fair market rents. Since HUD's rent schedule does not include rents for lofts, a new City Code provision allows PDC to establish equitable guidelines for equivalent rental rates for lofts. To receive a waiver an applicant must meet four criteria, the most important being the rental rates per unit. The theory is that if the rents exceed that, conversion to condominiums does not entail any loss of affordable units. The tax abatement goes away and the property goes back on the tax rolls.

Mayor Katz asked whether the time period in which owners may raise rents to reach the 125 percent was addressed.

Mr. Baines said, by statute, it is based on the rental rate within the last 12 months.

Commissioner Sten said in the future he would like to see the tax roll and rent history for the entire period a property received tax abatement. He said he does not want to see units coming in on short-term affordability deals and then being converted to condos. If units are truly expensive, it is better that they be on the tax rolls.

Commissioner Kafoury said in areas that are very high in home and condominium ownership she would like to see some rental units kept so there is a balance. She does not know the "creep" in rents over the life of these abatements but she believes they should go to people who will really provide affordable housing.

Commissioner Sten noted that units do not have to be affordable in the Central City to qualify for the tax abatement.

Mr. Baines said they do now. The ordinance has been changed so that a new applicant for an abatement must provide an affordability agreement.

Mayor Katz said it would be useful to know what criteria are set by State statute and what are required by our ordinance.

Commissioner Sten said it would also be useful if PDC could provide a breakdown of the mix between rentals and home-ownership units in the neighborhood.

Mike Farnell, attorney representing Flanders Lofts, LLC, said the requirement that rents be sustained for 12 months is not in the statute so the City has control over that. The applicant never raised the rents here as it planned to convert the property to condominiums upon purchase. The County currently receives about \$11,000 a year in property taxes. By allowing the exemption, about \$119,000 in property taxes will be recaptured and the properties will be back on the tax rolls two years earlier than normal and at a higher value.

Commissioner Kafoury asked how the units can be sold if the owner is still getting the tax abatement.

Mr. Farnell said the County is collecting taxes based on a certain assessed value and they are

FEBRUARY 18, 1998

now trying to figure out how much they will have to pay, if any, with the recapture.

Mayor Katz said the City was not very happy with this legislation and wants to be as restrictive as it can in order to protect low-income renters. In this case, however, there was nothing the City could do.

Mr. Farnell said this may be a diminishing issue as the affordability standards have changed.

Commissioner Kafoury said if this happens again she would like to look at the rules about when people can start selling these condos.

Mr. Farnell said Flanders Lofts proceeded with the marketing knowing it had a recapture issue and knew from the very beginning that while the penalty was to prohibit converting low-income housing, this was not an affordable housing alternative.

Commissioner Kafoury said there was a liability in selling the units because of the abatement.

Disposition: Approved. (Y-5)

At 5:52 p.m., Council adjourned.

BARBARA CLARK
Auditor of the City of Portland



By Cay Kershner
Clerk of the Council