



Limited Tax Exemption BIG LOOK Policy Review Committee

Friday, February 3rd, 2012, 10:00-11:30

Multnomah County, Room 625

Attendees:

County Chair Jeff Cogen	City Commissioner Amanda Fritz
City Commissioner Nick Fish	Andre Baugh (Portland Planning Commission)
Beckie Lee (Chief of Staff Deborah Kafoury)	Marisa Madrigal (Chief of Staff of Chair Jeff Cogen)
Kate Allen (Portland Housing Bureau)	Carly Riter (Portland Business Alliance)
John Miller- Oregon ON	Meghan Gibb (Metro)
Annette Mattson- David Douglas School District	Traci Manning (Director Portland Housing Bureau)
Daniel Ledezma (PHB)	Uma Krishnan- Bureau of Planning & Sustainability
Joseph Portillo (Umpqua Bank)	Sally Brown (Multnomah County Assessor's Office)
Dory Van Bockel (PHB)	Connor McDonnell (PHB)

MINUTES ARE IN BOLD

AGENDA

1. Welcome & Introductions (5 min)

City Commissioner Nick Fish and County Chair Cogen make opening remarks. They then pass it on to Kate Allen to lead the meeting. Agenda, minutes from last LTE Review on 12/7/2011, and the LTE Big Look recommendations updates are passed out.

2. Review 12/7/11 Meeting Summary- questions, comments? (5 min)

The Policy Review Committee approve the minutes from 12/7/2011.

3. Review & Discuss Updates to Draft Recommendations (60 min)

The recommendation before the Committee is to have jurisdictional bodies review the program after a pilot period of 3 years that would begin July 1st 2012. The three year review would occur July 1st 2015. This would allow time to review the program change implementation and at developed Multi-unit projects, the impact of the competitive process and the cap on foregone revenue per year. The 3 year review could look at the impact and alignment of this program on the City's Comprehensive Plan.

There is agreement among the Committee that the program should be reviewed after 3 years.

Kate Allen highlights the major points of the Multi-Unit/Transit Oriented program recommendations for discussion today, as follow up to the last meeting:

- (1) Program Cap of \$1 million investment of foregone revenue annually will include extensions of exemption for the affordable units in an expiring project.
- (2) The Transition Oriented Develop proposed changes map has been adjusted. The NMUH/TOD program areas will be aligned with the Bureau of Planning and Sustainability's Transit Oriented Development Map which is aligned the Portland Plan Healthy Connected Neighborhoods. The eligible areas for tax abatement would be reduced in the current URAs to only TOD, hub and transit corridors.
- (3) The list of public benefit options is revised to use the language "Access to grocery, school, day care, etc." to replace "walk/roll score". Quality public gathering space (interior & exterior) that are available to community at large have been added.

- Multi-Unit/TOD
 - Revised Map

The Committee reviews the proposed changes to the TOD map. The additions include Belmont, Hawthorne, Division, Powell Blvd., Foster between Powell and the Lents TC URA and the future stations on the Eastside Streetcar and Portland Milwaukie Light Rail lines at 12th/Clinton, 17th/Powell, 17th/Holgate, and McLoughlin/Tacoma St. Deletions from the eligible areas include areas within the Interstate Corridor and Lents Town Center URA's that are not located in transit corridors (rail, bus, bike).

N. Williams/Vancouver. Commissioner Fritz is concerned over the inclusion of the Williams/Vancouver because of concerns about bus service. Uma Krishnan (BPS) states that this area is included because of its high connectivity to the Central City and its zoning for higher density development. As well, developers are actively considering this area for development. She adds that the current TOD map has been reviewed for consistency with the Portland Plan by the Planning & Sustainability Commission. Chair Cogen adds that this area is becoming a magnet for development. Considering the desirability of the area, the LTE program would create opportunities to retain and expand affordable units in the area. Commissioner Fritz anticipates that the inclusion of this zone will draw concerns from that community and the neighborhood association. She also has concerns about the displacement issue in that neighborhood.

Uma Krishnan clarifies in the existing LTE program that the entire URA was included and that in the new proposal only TOD areas are included. Thus the N. Williams/Vancouver corridor was previously covered under the old program.

Chair Cogen adds that there is a process for engaging with the community. The proposed policy review schedule that Kate Allen has passed out includes a timeline for public

involvement. The Committee begins to look at the LTE Policy Review Completion Schedule. Commissioner Fritz adds that public in the proposed change areas should be engaged before the Portland City Council accepts recommendations through a resolution; as this could create public tension.

Commissioner Fish states that much of the push back over multi-unit development on N. Vancouver/Williams has not been from historic residents of the neighborhood. It has come from residents that have recently moved into the neighborhood and are backed by historic preservation interests. He is not aware of specific comment from communities of color at City Council. He mentions that we should be careful of a public process where groups import issues and expand the discussion beyond the scope of the LTE; i.e. The zoning of the Williams corridor is not an LTE issue. Another consideration for the public outreach effort is residents' opposition to affordable housing being developed in their neighborhoods.

To address the displacement issue, Commissioner Fish adds that PHB invests in organizations and programs that work to assure that historic residents are able to stay in their homes in these neighborhoods. Kate Allen adds that these recommendations for program administration include the requirement that developers comply with the PHB requirements for creating jobs and contracting opportunities for local and minority and women owned businesses. Commissioner Fish states that the low rental vacancy rates (in some areas 2%), indicates demand and the need for more multi-unit housing.

LTE Policy Review Completion Schedule. Kate Allen reviews the LTE Policy Review Completion Schedule.

- **Late February:** Portland City Council will be briefed on the recommendations for program changes at a work session
- **April/May:** Following the briefing, PHB will expand public involvement, write code revisions, and then report back to Council.. The Multnomah County Commission will also be briefed and can affirm City action public involvement and code revision. PHB staff will generate draft program descriptions for public review and write code changes. A technical advisory group that includes members of the Planning and Sustainability Commission, other jurisdictions, and program users will review detailed program descriptions and provide feedback.
- **April:** Briefing for the Portland Housing Advisory Council, at a public hearing.
- **May:** the Portland City Council will consider adoption of the amended LTE Code
- **June:** Multnomah County will consider an authorization resolution for revised programs
- **July 1:** Program changes will be effective July 1, 2012.

Commissioner Fritz adds that she would like PHB to begin communicating with the neighbors in the TOD areas before it is brought to the City Council, including all impacted Urban Renewal Area Advisory groups (URACs).

Commissioner Fritz asks why the Barbur site was not added to the TOD map. Uma states that there is currently a public process in that neighborhood. She anticipates that this process will lead to a recommendation from the neighborhood. It is possible that this area could be added at a later time.

- LTE Activity Pipeline & Cap

The Committee reviews the Foregone Revenue Spreadsheet. This spreadsheet was created by PHB and has been reviewed with Multnomah County staff including the Assessor's office. Kate Allen states that the purpose of sharing this spreadsheet is to show the 10 year projection of the foregone revenue of the program and the impact of capping new or extended projects to increase foregone revenue by no more than \$1,000,000 each year. Other relevant information includes the revenue added to the tax rolls when the exemption expires. Additional analyses indicate that when a multi-unit project is developed, the property taxes of the lot (not exempt) increase due to increased infrastructure and the County's assessment. Kate Allen clarifies that for the purpose of the cap, the annual foregone revenue of an approved project will be calculated in the year of approval as opposed to the year it was built.

Annette mentions a project in Lents in which two houses were demolished and a TOD project was built. She asks whether this brought in more tax revenue. John Miller states that this more than likely did increase the overall property taxes because the land improved for multifamily is more valuable than for a single family home.

\$1,000,000 Foregone Revenue Cap. Beckie Lee states that Commissioner Kafoury still has concerns that \$1,000,000 may be too high of a cap. Commissioner Fish states that this figure is just the current mark for further review and discussion. This number will be reviewed through public involvement process with technical advisory group, PHAC, etc. Additionally, the cap finally approved will be reviewed during the 3 year pilot project. Kate states that there are currently 6 projects that have applied for NMUH or TOD program and that under a \$1,000,000 cap it is likely that no more than 3 or 4 would be approved.

Chair Cogen mentions a conversation with a for-profit, affordable housing developer who expressed his concerns with a competitive process. He said that he would be unlikely to apply due to the amount of effort and upfront money that goes into developing a proposal. The Committee speaks about the difference between for-profit developers that develop affordable housing versus non-profit developers. Annette and Joseph mention that their experience is that non-profit developers provide a depth of services to their residents which for-profits do not.

Carly Riter states that her organization (Portland Business Alliance) has some concerns with the competitive process. She states that if the goal is to develop more affordable units, then a competitive process could constrain this. Other committee members state that the competitive process will be revisited in the 3 year review but that it could be reviewed sooner than that if necessary. Commissioner Fish states that the yearly LTE report can serve this function and that the report will include the results of this Committee's recommendations.

Beckie Lee states that the findings of the EconW audit spurred the creation of the Big Look Committee and asked as to whether it should be revisited again. Kate Allen states that the EconW analysis served as a platform to begin the discussion. Nick states that we could look at a mini-audit from EconW. There does not seem to be traction from the other Committee members that this is necessary.

Andre Baugh has a question about how the completion of the LTE process will roll out to the Planning and Sustainability Commission. Kate Allen states that 2 members of the PSC (Don Hanson and Karen Grey volunteered when the PSC was briefed on the Big Look Policy Review Process) will be included in the technical review work group as part of the policy review process.

There is group consensus that the Committee members feel good about the recommendations and feel that it is complete.

4. Review LTE 2011 Annual Report (10 min)

Unavoidably, the report was delayed. It will be sent to members and posted on the PHB website.

5. Process Conclusion & THANK YOU (10 min)

Nick Fish thanks all of those present at the meeting, all the Committee members, and all those that provided their thinking, energy to the programs. His acknowledgments include: Annette Mattson, Andre Baugh, Bill McCray, David Williams, Jill Sherman, John Miller, Joseph Portillo, Carly Riter and Bernie Bottomly, Steve Dotterer, Uma Krishnan, Keith Witkosky, Meghan Gibb, Multnomah County Assessor staff., Portland Housing Bureau staff, and a special thanks for the convener Kate Allen.

Commissioner Fish summarizes the Big Look Process and states that there were numerous values that led the effort. There is better alignment between the County, City, and other stakeholders. There is a high level of stewardship through the transparency and accountability of the process. The revised process will give the tax payers more value for their investment. The leveraging of various tools will produce better outcomes. Nick Fish states that the process produced informed recommendations for revision of the basic requirements, public benefits, combine the NMUH and TOD programs, and a foregone revenue cap, competitive process, and adjusted the TOD mapping tool. Now the Committee has a set of recommendations that can be shared with the public and vetted through that process.

Jeff Cogen thanks all of the Committee members, Nick's leadership and eloquence. He states that a certain benefit of the process has been developing a stronger relationship between the County and City. He states that the County and City will continue to work in tandem to solve the tough problems that we face.

Documents:

Agenda of Limited Tax Exemption BIG Look Policy Review Committee

LTE Big Look Recommendations Updates

LTE Policy Review Completion Schedule

Draft of Transit Oriented Developed Proposed Changes (Bureau of Planning/Sustainability)

Minutes from LTE Big Look Committee Meeting- 12/7/2011

Goals of this group:

- 1. Review current abatement programs including preliminary recommendations by ECO NW and other changes raised by the Committee. Recommend potential changes to taxing jurisdictions. Local legislation needs to be approved by City Council, Multnomah County and other taxing jurisdictions by ~~Summer-Fall 2011~~ Spring 2012.**
- 2. If any statutory changes are recommended, work on potential draft legislation for 2012 or 2013 legislative session. Legislative proposals need to be drafted by Fall 2012.**