

**DATE:** December 5, 2014

**TO:** Portland Planning & Sustainability Commission

**COPIES:** Susan Anderson, Director, Bureau of Planning & Sustainability

**FROM:** Kimberly Branam, Deputy Director, Portland Development Commission

**SUBJECT:** **Follow Up Items in Preparation for Planning and Sustainability Commission's Hearing on Proposed Amendments to the North Macadam and Central Eastside Urban Renewal Areas**

This memorandum provides information as requested by the Portland Planning & Sustainability Commission (PSC) at their September 9, 2014 briefing on a proposed package of urban renewal area amendments, including substantial amendments to the North Macadam and Central Eastside Urban Renewal Areas (URAs).

In a May 2014 resolution, the Portland City Council directed the Portland Development Commission (PDC) and City of Portland staff to prepare a package of amendments which, if approved, would collectively:

- Reduce the impact of urban renewal on taxing jurisdictions;
- Provide resources to meet economic development, redevelopment, and affordable housing goals; and
- Support Portland State University.

The package was prepared with oversight from an Advisory Committee convened by PDC and the Mayor's Office (see the attached list of committee members). Public involvement in the process included collection of input on the packages at a number of neighborhood and business association meetings.

In September 2014, PDC staff presented, to the PSC, the proposed URA amendment package. At the briefing, PSC members asked for more information on how the proposed amendments are consistent with the social equity and affordable housing goals of those plans in particular. The following are responses to questions and requests for additional information made by PSC.

**I. Conformance with the Portland Comprehensive Plan and Central City Plan**

Oregon Revised Statutes 457.095 requires PSC as the governing body to determine and make findings that substantial amendments to an urban renewal area plan are in conformance with the City's Comprehensive Plan.

Bureau of Planning & Sustainability (BPS) staff has provided the PSC an analysis that describes how the proposed amendments are in conformance with the Portland Plan, Comprehensive Plan, and Central City 2035 plan in process. Also, PDC has worked closely with BPS staff on the Portland Plan, Comprehensive Plan, and Central City 2035 plan. This involvement and

understanding of those plans informed the development of the two proposed substantial amendments to the North Macadam and Central Eastside URAs.

**II. Alignment with the Equity Goals of the Portland Plan**

The Portland Plan defines equity as “... when everyone has access to the opportunities necessary to satisfy their essential needs, advance their well-being and achieve their full potential.” Putting this into action would involve focusing on equitable outcomes for communities in terms of educational opportunities, jobs and wages, services, housing and the elements of a healthy connected city. The benefits and costs of growth and change would be equitably shared. Communities, especially underrepresented communities, would participate in and influence decision making.

The proposed URA amendments were designed to free up and create new resources that can help meet these objectives.

**A. *The proposed amendments increase funds available for schools and County services***

The proposed URA amendment package returns approximately \$1 billion of property value to the tax rolls. This returns, to taxing jurisdictions, approximately \$354 million over a 30-year period. In the near term, this provides an additional \$5.5 million to taxing jurisdictions this fiscal year and an additional \$45 million over the next four fiscal years.

This additional revenue increases resources to the City of Portland, Multnomah County and the State School Fund to support public services that can benefit communities of color, low income households and other groups that are the focus of Portland Plan equity goals. These services include parks and recreation; local schools; school-based services; services for families in poverty, services for people experiencing homelessness; mental illness and addiction services; and public safety. Together these programs and services advance social equity objectives. They also allow benefits generated by central city development to benefit communities citywide.

**B. *The proposed amendments increase opportunities for future use of urban renewal to benefit other communities and parts of the city***

The use of urban renewal is limited, by State law, to 15% of the assessed value and 15% of the acreage within URAs in Portland. The proposed amendments would reduce the total acreage in URAs in Portland by approximately 2% as shown in the table below

This allows City Council greater flexibility to consider future creation or amendment of URAs. The East Portland Action Plan Economic Development Subcommittee, in particular, has submitted comment on the URA package including requesting that the redevelopment capacity and additional resources created as part of this amendment package be invested in efforts in East Portland.

	Before Amendments		After Amendments	
	Frozen Base AV	Acres	Frozen Base AV	Acres
<b>Total</b>	\$5,518,368,425	13,225.9	\$4,818,044,016	11,380.8
<b>Percent of Portland AV or Area in URAs</b>	11.96%	14.26%	10.44%	12.27%

**C. *The proposed amendments include investments that will benefit communities of color and low income residents through PDC equity programs.***

PDC's additional proposed investments – such as the design and construction of SW Bond and the adjacent development on Zidell Realty Company (ZRZ)- and Portland State University (PSU)- owned properties, or infrastructure improvements at SE Milwaukie and Powell – would trigger PDC's Equity Policy requirements. Such requirements include:

- PDC's Business Equity Program – ensuring projects provide professional, supplier, and construction contracting opportunities to small businesses that have been historically underutilized, including minority-owned, women-owned, and emerging small businesses.
- PDC's Workforce Equity Program – maximizing apprenticeship opportunities in the construction trades, promote employment opportunities for Communities of Color and women, and encouraging the employment of people with disabilities and veterans.
- Community Benefits Agreement – on a project-by-project basis, investments are evaluated to assess the opportunity for additional community benefits, such as access for local residents to long-term employment opportunities, supply-chain opportunities for local businesses, publicly-accessible amenities, etc.

**D. *The proposed amendments support growth and success of educational institutions that have the potential to expand benefits for communities of color and low income households citywide.***

The two proposed substantial URA amendments support investments to make investments that support the growth and success of Central City educational institutions including PSU and Oregon Health & Science University (OHSU) in the North Macadam URA and important workforce partners like Portland Community College's CLIMB Center in the Central Eastside URA. Together, PSU and OHSU are two of the region's top employers at 4,000 and 14,600 employees, respectively.

The proposed North Macadam amendment would support the growth of PSU and OHSU, two of the state's largest accessible educational providers. This includes projects like PSU's redevelopment of the University Place site or construction of a mixed-use project around the new School of Business Administration. PSU has approximately 25,000 undergraduate and graduate students – and a freshmen enrollment this year of 40% students of color. In addition, PSU offers resources such as the Native American Student and Community Center and the Center to Advance Racial Equity that serve both the PSU community as well as the region's Communities of Color.

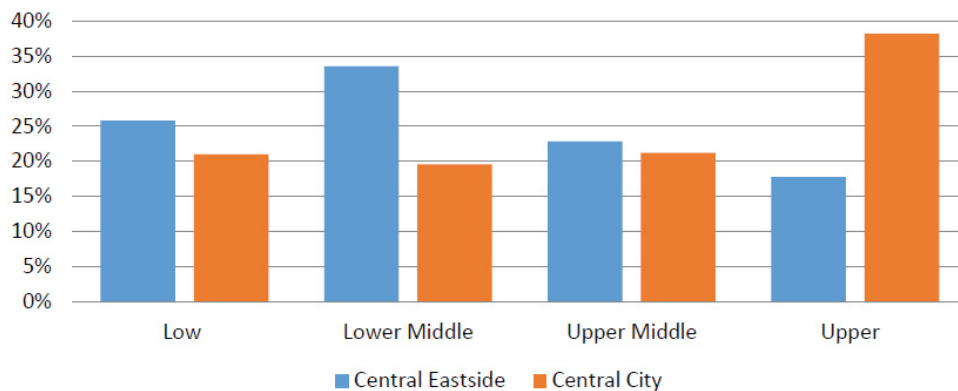
Proposed amended North Macadam URA resources would similarly invest in projects that support OHSU's growth, an institution that today serves just under 1 million total patient visits (with nearly one-half hospitalized patients insured via a public payer or uninsured); offers education to 4,000 students and trainees; and attracts \$340 million of research grants and awards to the region – and a unique opportunity to grow that research over the next few years via the Knight Cancer Challenge. OHSU also offers more than 200 community health care programs, including in vulnerable urban areas and underserved rural communities.

***E. The proposed amendments support business growth and opportunities for household prosperity.***

The Central Eastside URA, also proposed for substantial amendment, covers the Central Eastside Industrial District – a district that is home to more than 17,000 jobs, the second highest concentration of jobs in the Central City. Central Eastside jobs are predominantly in warehousing and distribution, manufacturing, industrial services, and knowledge-based businesses like software, film, and engineering.

The Central Eastside is a core contributor to the city’s supply of middle-income employment opportunities. There are nearly 10,000 middle wage jobs in the Central Eastside. The large amount of middle wage jobs in the Central Eastside can be attributed to a more diverse mix of industries that are located in the industrial district. Transportation, distribution and manufacturing accounts for 38 percent of all middle wage jobs in the Central Eastside while office based industries in the Central Eastside account for 18 percent of all middle wage jobs.

### Wage Quartile Comparison - Central Eastside and Central City



As part of the CC2035 Southeast Quadrant process, PDC has worked closely with BPS staff and district stakeholders to identify strategic sites within the Central Eastside that are critical to preserving the district’s industrial land and development opportunities while supporting increased job density and mix of employment uses. These are the particular sites analyzed for the proposed Central Eastside URA amendment geographies and resources. PDC’s resources are proposed to support BPS’s development of an industrial office use – which is aimed at preventing displacement of Central City industrial uses and accessible employment opportunities while encouraging increased job density.

In the proposed North Macadam URA – the significant portion of the area proposed for investment is currently vacant brownfield properties or sites such that significant urban renewal investments would not result in displacement of existing affordable housing or commercial uses.

***F. The proposed amendments support affordable housing within proximity to centrally located services.***

The proposed URA package would increase housing funds by approximately \$26.3 (present value) million in the North Macadam and Central Eastside URAs combined. The amendment package also adds approximately \$5 million in funding for affordable housing in the South Park Blocks URA. This is in response to a known concentration of housing preservation opportunities. With the closure of the Education URA, there is a loss of housing funds of approximately \$23.8 million (present value). In total the amendments produce a net present increase of \$7.1 million additional resources for affordable housing.

The proposed closing of the Education URA reduces the total amount of the Central City that would have URA funding available for housing; however, 35 acres of the Education URA is proposed to be added to the North Macadam URA. Sites in this area would continue to have access to affordable housing resources and would have that funding in an expedited time frame since the Education URA would have been several years from generating significant funds.

An area between SW Mill and SW Columbia Streets in the West End and a portion of Goose Hollow around Lincoln High School is currently in Education URA and would no longer be in a URA after the amendments. A number of these properties were previously in the South Park Blocks URA, an area in which significant affordable housing investments have been made over the past 20 years.

Properties like University Park, Gallery Park, Southpark Square, and Museum Place apartments were recipients of early South Park Blocks URA investment to encourage market rate units in the Central City. More recently, the South Park Blocks URA has allocated over 50% of available resources to preserve Section 108 and affordable housing properties in that West End area, including the University Place, Jeffrey, Peter Paulson Apartments, St. James, and Clay Towers apartments.

**Urban Renewal Area Amendment Advisory Committee**

Debbie Aiona	League of Women Voters
Scott Andrews	Melvin Mark Properties
Jillian Detweiler	Committee Chair, Policy Director, Office of the Mayor
Peter Finley Fry	Central Eastside Industrial District
Greg Goodman	Downtown Development Group
Marion Haynes	Portland Business Alliance
Brent Hieggelke	Urban Airship
Damien Hall	Ball Janik
Sean Hubert	Central City Concern
Pat LaCrosse	Oregon Museum of Science & Industry Board Member Emeritus & former PDC Executive Director
Wade Lange	American Assets Trust
Nolan Lienhart	ZGF Architects
Jonathan Malsin	Beam Development
Brian Newman	Oregon Health & Science University
Rick Saito	Insite Development
Kat Schultz	GBD Architects & Co-Chair, Central City 2035 West Quadrant Stakeholder Advisory Committee
John Tydlaska	Multnomah County
David Wynde	Portland Public Schools
Helen Ying	Chinese American Citizens Alliance Portland Lodge
Dan Zalkow	Portland State University