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The League of Women Voters of Portland

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MEMORANDUM

AUDITOR 06/23/15 PM 5:51

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DATE: June 22, 2015

TO: Mayor Hales, Commissioners Fish, Fritz, Novick, and Saltzman

FROM: Margaret Noel, President
Debbie Aiona, Action Committee chair
Shelley Lorenzen, Action Committee member

South Waterfront North District Development Agreement

The League of Women Voters of Portland appreciates the opportunity to comment on the draft South Waterfront North District Development Agreement (D.A.). Our comments will focus on affordable housing and the park. The public is investing hundreds of millions of dollars in South Waterfront. Residents and visitors should have access to adequate park facilities and housing they can afford.

The D.A. places deadlines on the city's acquisition and development of the park (7.7.2.1) and the affordable housing parcel. (2.3.2) Tax increment proceeds will be needed to finance those projects. The availability of TIF depends entirely on when ZRZ develops its properties. It is important to keep in mind that there is no obligation under the D.A. for ZRZ to develop anything. (9.8) The League believes it is not advisable to tie the city's right to buy and develop these sites to a time frame over which the city has no control. Affordable housing and the park are really the primary benefits that the city is getting in return for the taxpayers' very substantial investment in the ZRZ property. These are too important to the district's success to risk losing them due to the unpredictable timing of real estate development. The League recommends that the D.A. require ZRZ to extend the deadlines for the options to buy these parcels until TIF is available.

AFFORDABLE HOUSING

The League recognizes the efforts PDC staff made to strengthen the affordable housing provisions. The deal could be improved, however, by basing the property's value on its worth before creation of the urban renewal district. At a minimum, the agreement should place a fair market value cap on the price as it escalates at the rate of the Consumer Price Index, so that the Housing Bureau pays whichever is less, the fair market value or the escalated price.

"To promote political responsibility through informed and active participation in government."

Development of affordable housing on the site will be a significant step forward in meeting the district's housing goals. The League encourages the city to require OHSU to identify a parcel for low-income housing as well. They stand to benefit from construction of Bond Ave. and still owe the city \$2 million on the abandoned Block 33 project. What better way to pay their debt to the city than by providing a parcel either on Block 33 or elsewhere in the district?

PUBLIC PARK

The city anticipates considerable growth in South Waterfront, and residents will need recreational opportunities. The planned park is key to meeting those needs. Following are our questions:

- Why are the park's location and acreage undetermined (7.7.1)? This is a very risky approach as development may limit the park's size and location.
- Why base the purchase price on the market value for commercial property at the time of sale? (7.7.2) This approach for establishing the park's purchase price raises a number of concerns. Given the timeline for the steps that need to be taken first, it is conceivable that a price will not be set until 2020. As more infrastructure is completed and development occurs, the price of land could skyrocket. Keep in mind that in 2006 the city paid \$5 million for Block 49. This D.A. commits \$5 million in TIF for park acquisition, but the city will be required to pay the full commercial value for the land in order to acquire it. The League recommends that instead, a timeline and pricing formula similar to that for the affordable housing site be applied.
- Why is there no firm commitment for active recreation or habitat? (7.7.1) Both are still needed in the district.

ADDITIONAL QUESTIONS AND CONCERNS

- If development does not occur, TIF fails to materialize, and the city does not meet the deadlines for acquiring the affordable housing and park properties, what are the consequences? We read the D.A. to say that the city will lose the right to acquire these properties, if it does not purchase them by the deadlines set forth in the D.A.
- In the event of environmental contamination or title complications, the agreement caps ZRZ's responsibility for curative measures at \$250,000. (2.3.2.1) Environmental cleanup can be expensive. Is the city prepared to cover additional costs? Why shouldn't ZRZ bear full responsibility?
- Parks System Development Charge credits for the greenway improvements should not be available given the substantial consideration the taxpayers are already giving ZRZ. At most, they should only be considered for improvements above and beyond what is required by code. (4.1.5.5)

Thank you for your thoughtful consideration of our comments and questions. The current draft of the D.A. is a very good deal for ZRZ, but not equally so for the city. There are significant exposures and risks that need to be addressed before this agreement is executed.

SO WATERFRONT NORTH DIST. DEVELOPMENT AGREEMENT WITH ZRZ REALTYIF YOU WISH TO SPEAK TO CITY COUNCIL, **PRINT** YOUR NAME, ADDRESS, AND EMAIL.

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