

City of Portland Professional Employee Association (COPPEA)

VALUE CAPTURE PROGRAM

IF YOU WISH TO SPEAK TO CITY COUNCIL, PRINT YOUR NAME, ADDRESS, AND EMAIL.

NAME (PRINT)	ADDRESS AND ZIP CODE (Optional)	Email (Optional)
✓ Ruthanne Bennett		
10Ft Charles JOHNSON		
10Ft DAVID DAVID		
✓ Robert G. Rosholt	409 NE 156 <sup>th</sup> Ave.	
✓ JOE WESTERMAN		

April 20,2016

37205

Portland City Council  
1221 SW Fourth Ave.  
Portland, OR. 97204

To: Council Members

RE: Value Capture

From personal experience I want to underscore the importance of streets and sidewalks on property development.

In the late 60's my wife and I built a 18 unit Garden Court complex on property next to Glenfair grade school with frontage on a then developed NE Glisan St. This frontage on an improved street allowed us to secure the maximum financing needed to construct quality units. We filled these units with families with children and enjoyed the community that developed over several decades which we referred as our Camelot years.

The quality units we were able to finance have continued to increase in value and demand. Mark Berry, a prominent multi-family appraiser) considered them the finest offered on the eastside for three decades that I know of,

Meanwhile, the adjacent unimproved street of NE 156<sup>th</sup> Ave. deteriorated. In the four blocks on NE 156<sup>th</sup> Ave from NE Couch to NE Glisan we now have six houses that need to be replaced. Three boarded up drug houses and three that are occupied at rents that don't support the purchase price needed to obtain the land.

We are committed to improving this street and our neighborhood as opportunities present themselves. It took three months to finance a property adjacent to the southern border of our property because of the deteriorated neighborhood. We had to invest \$40,000 .00 in improvements to the house we wanted to purchase to achieve a value acceptable to a bank to secure financing, yet we were also required to commit to boarding up a drug house located on the property.

Odds are had street improvements, comparable to the surrounding area ,existed four decades ago, neighborhood deterioration or development of drug houses may not have occurred. The properties on this street are next to a park and could have been developed with quality residential units. The increased property tax revenue that would have accrued to the city would have retired the street and sidewalk cost a long time ago.



Robert G. Rosholt  
409 NE 156<sup>th</sup> Ave  
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April 13, 2016

Andrew Aebi  
City of Portland, Local Improvement District Administrator  
1120 SW 5th Avenue, Suite 800  
Portland, Oregon 97204

**RE: Letter of Support for COPPEA Value Capture Program for Local Improvement Districts**

Andrew:

Andrew, thank you for the opportunity to comment on the proposed Resolution to be considered by the Portland City Council next week for the formation of future (LID) local roadway improvement districts. The funding mechanism of increment financing is a very use full tool that allows government to assist the citizens in upgrading the roadway and infrastructure for the betterment of the neighborhood.

As I understand the Resolution the City will be providing financial assistance from the general fund to jump start the LID process in various neighborhoods as interest of the citizens become aware of the LID program that is being considered. Using the increase in assessed valuation as matching funds to reduce the overall direct costs to the citizens is a novel approach to the funding of the LID and you are applauded for coming up with this concept.

As a former member of the City of Tigard, downtown urban renewal district, I was involved for a number of years with the formation of the district and the increment financing for the project. The roadway and other facility improvements are now beginning to take place. Property owners within the district are taking pride in the development and are up grading their private facilities and properties. It is this jump start that gets the pride of ownership moving and the improvements to existing properties as well as new construction add to the assessed value within the district. The sense of being a part of the improvements provide a feel of neighborhood whether downtown or in a residential area the safety, accessibility, and livability of the community draws people outside to interact, using the improved facilities as a meeting place. Getting people to mingle and interact is always a good thing, always.

The roadway and infrastructure systems in the United States are getting older and more expensive to maintain, preserve and expand. The roads are showing significant signs of distress; and transportation funding is not keeping up with the need. For example, the federal gas tax has not increased since 1993. Oregon approved the Jobs and Transportation Act in 2009 which increased the state gas tax, however the gas tax is not sufficient to generate enough revenue to cover street maintenance costs locally or statewide. Cities all over the state are facing a funding gap of more than \$300 million for street maintenance and preservation per a survey conducted by the League of Oregon Cities in 2014. With the movement to increased vehicle fuel mileage and electric vehicles, road maintenance gas tax funding will continue to decrease. It is well past time to create an additional maintenance funding source

Formation of local roadway improvement districts allows the benefitting property owners a mechanism to improve substandard public roadways that ultimately will decrease the long term pavement and vehicle maintenance costs for the citizens. The increase in mobility, comfort, safety, and livability is the goal for all citizens that work, live, and visit the City.

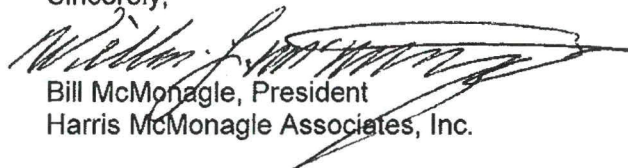
Historically, cities typically reduce the overall cost of local improvement districts by providing matching funds for a portion of the project. Since local improvement districts are formed by the adjacent properties owners at various times of the year, it is very difficult for cities to prepare their yearly budgets that include local matching funds. The use of a portion of the additional revenue created by the increase in property values by the completion of the capital improvements is a very equitable and creative way to generate a stable revenue source to provide the city matching funds to continue a "pipeline" of needed projects.

Over my design career I have been involved with multiple street improvement projects constructed to what is considered to be rural street standards, where the roadways are constructed with no curbs or sidewalks, and have drainage ditches/driveway culverts. Rural street standards should not be considered for projects where the lot sizes are less than 1/2 of an acre in size. The benefits of fully paved roadways that include curbs, sidewalks, storm drainage systems, and street trees, far outweigh the cost savings realized by not constructing the curbs or sidewalks. I would highly encourage that the City consider setting a minimum full improvement standard street section for the proposed projects, if they have not already done so.

Many of the local roadway improvement districts will be projects that improve areas of the City on a block by block basis or smaller. With the smaller projects, an opportunity exists for the City to promote the utilization of emerging small business and minority owned planning, engineering, surveying, and construction companies to complete the work. Small businesses are the engines of our economy and the benefits of the completed projects can be two-fold, an increase in small and minority owned businesses in the City with living wage jobs, and the completion of projects that add benefits to the community.

Andrew, I again I would like to thank you for providing me the opportunity to provide support for the pending Resolution. The local improvement district funding mechanism combined with tax increment financing will create another tool for the city to complete needed roadway improvements that increase the safety and livability of your citizens.

Sincerely,



Bill McMonagle, President  
Harris McMonagle Associates, Inc.

Portland City Council  
1221 SW 4th;  
Portland, OR 97204

AUDITOR 04/18/16 AM 9:30

Dear Mayor and Members of the Portland City Council:

I want to express my support for the proposed Value Capture Program for several reasons.

1. The concept of capturing future value is already used in developing Urban Renewal districts and has proven a way to update infrastructure without relying on limited city funding
2. The Value Capture Program is even more effective since it does not depend on bonded indebtedness for its funds but instead develops assessment agreements with property owners.
3. The Value Capture Program achieves its goals by having an assessment agreement in place with individual property owners. Almost more important is the customized system of using Neighborhood Associations Land Use representatives, surrounding neighbors not in the assessment district, and the larger community to identify both opportunities and impacts on their lives as well. This sharing of information with the intent of dealing with the "local" issues is the most positive aspect of LID development and be will continued into the Value Capture Program.
4. The use of part of the accumulated value from the participating area as a stimulus fund to encourage other areas to join together in similar efforts is an exceptionally positive way of helping property owners to improve their own area without requiring government grants or other difficult to find public funding. It relies on them being an actual supportive partner in the change.

The success of the current Local Improvement District Program leads to confidence that the Value Capture Program will work. As Coordinator of Citywide Land Use Group we have had two very well received meetings in which the process for forming an LID were described by Andrew Aebi, LID Administrator. Especially important was the voluntary nature of the investment plan.

I expect the Value Capture Program will have the same political support by activists in Citywide Land Use Group from Neighborhood Associations across the city as well property owners in the target areas.

I hope you support this intelligent way of improving infrastructure in areas in which residents and businesses both participate in the design of what is to be done but also agree to fund that improvement. It is a partnership approach with real monetary as well as political value.

This is a significant tool that the City needs as we continue to grow but must rely on a limited funding base for needed infrastructure investment.

Please support the Value Capture Program. It is a perfect time to begin.

Bonny McKnight  
Coordinator; Citywide Land Use Group  
[bonnymcknight@gmail.com](mailto:bonnymcknight@gmail.com)

April 18, 2016

Portland City Council  
City Hall  
1221 SW Fourth Ave.  
Portland, OR 97202

Re: Agenda Item 382, April 20, 2016 Council Meeting, Resolution – COPPEA Value Capture Program.

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

As a property owner within the City of Portland, and not in any official or representative capacity, I support the adoption of the COPPEA Value Capture Program for Local Improvement Districts (LIDs). My observation over the last several years is that the City of Portland has artfully managed and successfully used LIDs to finance needed infrastructure to support planned developments and to enhance neighborhoods.

The essence of the COPPEA Value Capture Program is to capture that success in the form of added increment value from current LIDs to “buy down” the cost of new local district improvements and thereby benefit those underserved property owners with a level of assessment relief as may be determined to be needed under the program standards. As a check and balance that its performance is meeting program goals, the program is subject to annual audit and budget review. It is a creative approach to an infrastructure financing tool that not only benefits the citizens of Portland, but it can be a model for other cities as well.

Knowing of my interest in creative infrastructure financing solutions, including that associated with LIDs, your LID Administrator, Andrew Aebi, invited me to review the program draft and to comment on it, which I was honored to do. I first met Andrew when we were appointed to serve on a legislative work group chaired by Representative John Davis concerning proposed statewide legislation affecting local control over the Local Improvement District process. Andrew and his fellow representative from Portland provided invaluable background and information on LIDs to our group. It was agreed by the various stakeholders that the bill be very limited in scope, the proverbial mountain over a molehill was avoided, and local control preserved.

However, as a proactive measure, I committed to Representative Davis that a program of best practices for LID process would be presented as a continuing education program to the Oregon City Attorneys Association (OCAA). I invited Andrew to join a panel presentation on LID best practices, which he did and in the process of our preparation, I became more familiar with Andrew’s professional approach and the breadth of his understanding of LID financing. You can see that professionalism and understanding in the proposed COPPEA Value Capture Program.

By the way, our presentation to some very demanding lawyers was rated the outstanding presentation of the day and a half of presentations, in no small way thanks to Andrew's preparation and commitment to the use of best practices in the formation and execution of LIDs.

The tracking aspect of the COPPEA is also a best practice and it will provide important information to Portland and to other cities in Oregon of the property value that LID financing creates. In my past role as a City Attorney for the City of Wilsonville, I was involved with successful LIDs and have come to appreciate that they can be a powerful financing tool when used correctly. The COPPEA Value Capture Program is a positive aid in support of LIDs and is beneficial for affected property owners. Thank you for your consideration in this matter.

Very Truly Yours,

Michael E. Kohlhoff  
Property Owner of  
7512 N. Berkeley Ave.  
Portland, OR 97203

Ecc: Andrew Aebi  
Katie Shriver