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Ordinance

Authorize Agreement between the City, Portland Streetcar Inc, and 1535-A1 LLC for public benefits related to the Montgomery Park Area Plan

Passed

Amended by Council

The City of Portland ordains.

Section 1. The Council finds:

1. In 2009, the Portland City Council adopted the Portland Streetcar System Concept Plan (Resolution 36732) which identified several possible future routes and recommended several for further study with the anticipated Comprehensive Plan Update.
2. The Portland City Council adopted the *2035 Comprehensive Plan* on June 15, 2016, which became effective on May 24, 2018. The *2035 Comprehensive Plan Transportation System Plan* included recommendations to include several streetcar lines in the unconstrained capital projects list for further evaluation, including potential future extensions to Montgomery Park in Northwest Portland, and the Hollywood District in Northeast Portland.
3. In fiscal year 2018/2019 Portland City Council provided funding to the Bureau of Transportation and the Bureau of Planning and Sustainability to begin planning for a potential streetcar extension to Montgomery Park (FY 18/19 Decision Package TR-5).
4. In 2018 Metro, as the region’s metropolitan planning organization, applied to the Federal Transit Administration (FTA) for grants to support land use and Transit Oriented Development (TOD) planning for potential Montgomery Park and Hollywood streetcar corridors, and named the City of Portland Bureaus of Planning and Sustainability (BPS) and Transportation (PBOT) as entities that could conduct some of the proposed work.
5. In December of 2018 the Federal Transit Administration notified Metro of the grant award, and Metro requested that the City of Portland perform the work identified in the Montgomery Park to Hollywood (MP2H) Transit and Land Use Development Strategy grant.
6. In 2019, the Bureau of Planning and Sustainability in partnership with the Bureau of Transportation, and other supporting agencies, initiated

Introduced by

[Mayor Ted Wheeler](#)

City department

[Planning and Sustainability \(BPS\)](#)

Contact

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Requested Agenda Type

Time Certain

Date and Time Information

Requested Council Date
December 11, 2024
Requested Start Time
10:30 am
Time Requested
15 minutes (3 of 3)

- the Montgomery Park to Hollywood Transit and Land Use Development Strategy process to study and evaluate land use, housing, economic development, transit and other issues along potential future streetcar alignments in the northwest and eastside study areas.
7. Between 2019 and 2023, Portland staff conducted public engagement with community members and groups in both the eastside and northwest study areas. The work included meetings with affected area neighborhood associations, business organizations and other groups, property interests and individuals. The project engaged with four community-based organizations to gather input and feedback from underrepresented communities in the eastside and northwest study areas. The project recruited a Montgomery Park to Hollywood Northwest Project Working Group (Project Working Group) as a sounding board for land use and transportation issues in the northwest study area; this group met seven times. The project also engaged with the York Street Work Group on northwest area issues regarding commemoration of York, the enslaved member of the Corps of Discovery for whom NW York Street in the plan area is named, and potential public benefits. Finally, project staff and a consultant engaged community members on urban design character issues for the northwest area, including specific outreach to BIPOC community members.
 8. In addition to attendance at meetings of organizations in the project area and affected by the project, and the engagement conducted by four community-based organizations and the York Street Work Group, staff conducted the following project public events: Montgomery Park to Hollywood Kickoff Open House (March 2020); Montgomery Park to Hollywood Urban Design Concept Virtual Open House and Survey (Summer 2020); Northwest Project Working Group (seven meetings; May 2020 to November 2021); Montgomery Park to Hollywood Northwest Plan Discussion Draft Open House (two meetings; February 2022); Montgomery Park Character Statement Workshop (June 2023); Montgomery Park Character Statement Focus Group (February 2024).
 9. Between 2022-2024, City staff engaged the property owner of the large opportunity site in the plan area in conversations about equitable development issues and potential public benefits corollary to proposed land use policy changes and transportation system investments. These conversations led to development of a draft terms sheet and public benefits agreement with the large property owner.
 10. On April 15, 2024, a draft terms sheet was released with the *Montgomery Park Area Plan (MPAP) Proposed Draft*. While not a land use or design matter subject to review by the Planning Commission and Design Commission, the draft terms sheet was discussed at a joint public hearing on May 21, 2024.
 11. The Planning Commission and Design Commission held a joint public hearing on the *MPAP Proposed Draft* on May 21, 2024. This was followed by Planning Commission work sessions on June 11, June 25,

and July 9, and Design Commission work sessions on June 6, June 20, and July 18, where the terms sheet was discussed.

12. On July 9, 2024, modifications to the draft terms sheet were presented to the Planning Commission reflecting their interest, in response to testimony, to provide greater representation and centering of the York Work Group in future efforts to establish a commemoration of York in the plan area. Those modifications were reflected in the *Draft Public Benefits Terms Sheet – As Amended September 2024*.
13. On November 14, 2024, a draft of the public benefits agreement was published.
14. Notice of the November 21, 2024, Portland City Council public hearing on the Montgomery Park Public Benefits Agreement was sent on October 1, 2024, to the project's interested parties list.

NOW, THEREFORE, the Council directs:

- A. The City Administrator is hereby authorized to execute an Agreement with Portland Streetcar Inc. and 1535-A1 LLC in a form similar to the attached Exhibit A, upon approval as to form by the City Attorney.
- B. The City Administrator is authorized to execute amendments, approved as to form by the City Attorney, to the scope of the services or the terms and conditions of this Agreement, provided the changes do not increase the City's financial risk.

Exhibits and Attachments

 [Approved Amendment to Exhibit A - Mayor Wheeler](#) 533.47 KB

 [Approved Amendment to Exhibit A - Commissioner Ryan](#) 166.16 KB

 [Exhibit A - As Amended](#) 960.47 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed as amended by Council
December 11, 2024

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

Authorize an agreement with Portland Streetcar Inc. and 1535-A1 LLC to ensure the provision of middle-wage jobs, affordable rental housing, a park, and commemoration of York.

Transportation cost shall be shared between PBOT and 1535-A1 LLC.

Infrastructure including sanitary and stormwater, water and transportation shall be planned in a logical and coordinated manner.

Financial and Budgetary Impacts

This ordinance does not amend the budget or create new ongoing programs. It does not change the City's financial obligations and appropriations. Adoption of the Montgomery Park Public Benefits Agreement will result in minimal short-term and minimal long-term financial impacts to the City. Portland Permitting & Development (PP&D), the Housing Bureau (PHB), Portland Parks & Recreation (PP&R), and Prosper Portland may be impacted by a small amount of increased staff time costs associated with implementing the agreement.

The Montgomery Park Public Benefits Agreement will apply to the Subject Properties as defined in the agreement which includes approximately 20.7 acres. The agreement requires the owners of these properties to meet a middle-wage jobs target, provides options for meeting an affordable housing goal on the sites, provide a 40,000 square foot park, share costs of an extension of the Portland Streetcar, plan for the build out of the area's infrastructure, and fund the commemoration of York.

Impacts on Portland Permitting and Development

The tracking of the commitments in Public Benefits Agreement may require some additional PP&D staff resources. Specifically, the options for meeting the affordable housing commitment will require coordination with BPS and PHB staff. Inter-bureau coordination is typical, and the number of sites and permutations of development is limited. The impacts on PP&D staff time are expected to be minimal as and would be covered by the anticipated fees.

Impacts on the Portland Housing Bureau

The Housing Bureau will be involved in implementing the affordable housing provisions of the Public Benefits Agreement. This will involve either certifying that a building (or buildings) meets the requirements of a "consolidated building" as defined by the Public Benefits Agreement and tracking the "transferring buildings" that use the consolidated building to meet their Inclusionary Housing requirement up to 2,000 units. Alternatively, PHB may be administering an enhanced Inclusionary Housing provision as defined by the Public Benefits Agreement. The impact on the Housing Bureau's staff resources is expected to be minimal as the certification of the consolidated building would occur only once and the

tracking of the transferring buildings would end after 2,000 units have been constructed.

Impacts on Prosper Portland

The Montgomery Park Public Benefits Agreement is not anticipated to have a significant impact on the staff time at Prosper Portland. Prosper would be responsible for tracking, monitoring, and enforcing the middle-wage jobs provisions in the agreement. The agreement requires the middle-wage job quota be met within ten years of the effective date of the agreement with reporting periods of five, seven and ten years. Prosper would be compensated by the property owners each of the reporting years for the cost of verifying and enforcing compliance with the provisions.

Impacts on Portland Bureau of Transportation

The Montgomery Park Public Benefits Agreement describes commitments by PBOT to advance the extension of the Portland Streetcar. These commitments are aligned with the Transportation System Plan, the Montgomery Park Transportation Plan, and a Locally Preferred Alternative, all adopted by the City Council. The staff resources necessary to advance the streetcar extension are expected to be within PBOT's normal course of business and PBOT will be seeking grants and other funding for the capital and other cost.

Impacts on Portland Parks & Recreation

Portland Parks and Recreation (PP&R) will work with the property owners to site and design a new public park in the area. The new park will be maintained at the standard levels by PP&R with a commitment for enhanced maintenance by the property owners. This work is expected to be within PP&R staff normal course of business.

Impacts on Portland Bureau of Environmental Services

The Montgomery Park Public Benefits Agreement is expected to have minimal impact on BES staff resources. The agreement obliges the property owners to provide a coordinated infrastructure plan for the provision of new sanitary or stormwater infrastructure. Staff at BES would evaluate and provide direction on connections, location, and phasing.

Impacts on Portland Water Bureau

The Montgomery Park Public Benefits Agreement is expected to have minimal impact on PWB staff resources. The agreement obliges the property owners to provide a coordinated infrastructure plan for the provision of new water infrastructure. Staff at PWB would evaluate and provide direction on connections, location, and phasing.

Economic and Real Estate Development Impacts

The terms of the public benefits agreement require the City of Portland to work with partners at TriMet and Metro to adopt a federally required "Locally Preferred Alternative" for an extended streetcar alignment and related infrastructure projects and begin seeking formal partnership with

the Federal Transit Administration (FTA) as soon as is feasible for all parties – as early as December 31, 2024, or as late as June 30, 2025. The parties will seek entry in the FTA's "Project Development" process in a similar timeframe to ensure timely funding and construction of the streetcar and streets and procurement of streetcar vehicles required to serve the Montgomery Park Area Plan and future uses.

The large opportunity sites within the broader plan area represent the greatest opportunities for future redevelopment that is facilitated by the Comprehensive Plan and zoning changes and planned transit investments. The properties that are subject to the public benefits agreement, consist of three distinct sites, the Montgomery Park Building, The American Can Company site and the former ESCO Steel foundry.

The terms sheet for the public benefits agreement was developed with the property owners over the course of a year. The terms sheet was made public as an appendix to the Proposed Draft of the Montgomery Park Area Plan on April 15, 2024. While not a land use or design matter, elements of the terms sheet were amended in response to testimony heard at the May 21, 2024, joint public hearing of the Planning Commission and Design Commission.

The impact on business and development projects is expected to be minimal with requirements for middle-wage jobs and affordable housing supported by market studies showing feasibility, and agreement among property owners to the provisions. Open space requirements are accompanied by system development charge reductions. Additionally, new open space, the commemoration of York and the streetcar extension, in addition to the land use changes, generate significant value for the property owners in the area. The public benefits agreement is intended to capture a portion of that value.

Should the provisions of the public benefits agreement prove to be too onerous in the face of unforeseen market conditions, the agreement contains provisions allowing for renegotiation.

Community Impacts and Community Involvement

The public benefits agreement is a response to concerns raised during public engagement. These concerns include:

- Industrial land supply and the associated employment opportunities;
- Public benefits, including affordable housing, parks and open space, the commemoration of York, and middle wage jobs; and
- Engagement and Equity.

The public benefits agreement contains provisions for affordable housing, middle-wage jobs, a park, commemoration of York, and cost sharing for the streetcar extension.

The terms sheet was made public on April 15, 2024, and discussed at the joint public hearing of the Planning Commission and Design Commission on May 21, 2024, public work sessions of both commissions and with various interested parties.

The owners of the two largest properties are most impacted by the provisions of the public benefits agreement and have shaped the terms sheet over the course of a year.

100% Renewable Goal

The Montgomery Park Public Benefits Agreements includes provisions that will support the development of a transit-oriented district that reduces reliance on non-renewable energy sources. The area will be served by an “off-wire” extension of Portland Streetcar, which is an all-electric high-capacity transportation mode.

Document History

Agenda	Council action
<p>November 21, 2024 Four-Fifths Agenda</p> <p>City Council</p>	<p>Continued Motion to amend Exhibit A to add the following to Subsection 2.3.2: “For informational purposes, the report will include the following additional data: 1) the racial breakdown of employees holding the newly created middle-wage jobs in an anonymized manner and to the extent individual employees elect to disclose race or ethnicity or the employer otherwise has the information, and 2) information related to whether the businesses that created the new middle-wage jobs are new business to the city or have relocated from within the city, and if so, from where they relocated. This data will be collected through surveys or third-party sources as available.”: Moved by Ryan and seconded by Gonzalez. Vote not called.</p> <p>Continued to December 4, 2024 at 10:25 a.m. time certain</p>
<p>December 4, 2024 Time Certain</p> <p>City Council</p>	<p>Passed to second reading as amended Motion to amend Exhibit A to add the following to Subsection 2.3.2: “For informational purposes, the report will include the following additional data: 1) the racial breakdown of employees holding the newly created middle-wage jobs in an anonymized manner and to the extent individual employees elect to disclose race or ethnicity or the employer otherwise has the information, and 2) information related to whether the</p>

Agenda	Council action
	<p>businesses that created the new middle-wage jobs are new business to the city or have relocated from within the city, and if so, from where they relocated. This data will be collected through surveys or third-party sources as available.”: Moved by Ryan and seconded by Gonzalez. (Aye (4) - Mapps, Ryan, Gonzalez, Wheeler; Absent (1) - Rubio)</p> <p>Motion to amend Exhibit A (the public benefits agreement) to change the name of the Plan District to the York Plan District, change the name of the York Work Group to the York Collective, and to add Exhibit C to the PBA: Moved by Wheeler and seconded by Mapps. (Aye (4) - Mapps, Ryan, Gonzalez, Wheeler; Absent (1) - Rubio)</p> <p>Passed to second reading as amended December 11, 2024 at 10:30 a.m. time certain</p>
<p>December 11, 2024 Time Certain City Council</p>	<p>Passed As Amended</p> <p>Aye (5): Mingus Mapps, Carmen Rubio, Dan Ryan, Rene Gonzalez, Ted Wheeler</p>