RECEIVED

35819

Sept. 1, 1999

1999 AUG 32 P 12:57 TESTIMONE TO CITY COUNCIL ON PROPOSED URBAN RENEWAL Y BANGE FOR INTERSTATE AVENUE CORRIDOR BY.

My name's Mark Kirchmeier, 7320 N. Hurst Ave. I work at the University of Portland and also live in North Portland. I've worked for several months on an ad hoc citizens committee advocating an Urban Renewal Area.

I'd like to give a resounding second to John Southgate's testimony on the economic rejuvenation that a URA would provide North Portland. I also like to offer, what I think, are some other compelling arguments for an urban renewal area.

First, a URA benefits the entire city in meeting Metro 2040 and city goals on homeownership, housing, job creation and reducing auto mileage use.

Secondly, a URA will help Portland schools. I can't cite studies on that, but I'd like to share something that the principal of of Kenton Elementary School has said – and that is -- her biggest challenge is trying to teach fifth graders - who have had to attend five different schools -- the previous five years - largely because of the lack of affordable housing.

And the principals at Humboldt, Beach, Ockley Green, King and other schools face that identical problem.

A URA – by increasing the housing supply -- enables more families with children to either obtain homes or stable rents – thereby helping North Portland public schools -- and helping the Portland School District recoup -- small part of the tax increment -- that won't be going into the school district's general fund.

Thirdly, a URA can help mend some of the wounds of that the construction of Interstate 5 and subsequent dislocation of thousands of residents created 30 years ago.

I-5 is often an economic, cultural and political barrier dividing North Portland neighbhorhoods.

I'm excited by PDC's initial research showing that a URA boundary -- could be big enough -- to benefit neighborhoods both EAST and WEST of I-5.

And finally, PDC will not have to beat the bushes to find support for this project.

The support is there. North Portland has been waiting a long time for this.

We're ready to welcome PDC.

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

DATE:

August 18, 1999

TO:

The Commissioners

FROM:

Felicia L. Trader

REPORT NO.

99-38

SUBJECT:

Interstate Corridor: Urban Renewal Feasibility Study & Property

Acquisition

Introduction

On June 11, 1999, pursuant to Resolution 5279, the Commission authorized the Executive Director to perform an initial evaluation of the potential to form a new Urban Renewal Area (URA) within the Interstate Avenue corridor. The purpose of the URA would be to assist in the revitalization of the corridor, in coordination with construction of the proposed Interstate light rail line. The Commission directed that the initial evaluation entail significant public input. It also directed the completion of this initial evaluation by August 18, 1999. Resolution 5279 is attached to this report as Exhibit 1.

Related to this effort, on June 16, 1999, City Council endorsed the proposed Interstate Avenue North light rail alignment, subject to several project conditions. Included among the conditions was the preparation of a North and Northeast Portland Economic Revitalization Strategy, to be based on the following goals:

- Develop a Main Street urban form plan, focusing on Interstate Avenue and key cross streets.
- Identify revitalization strategies to spur new development to occur in conjunction with light rail line.
- Identify specific projects that can be completed at the same time as commencement of light rail service along Interstate
- Identify transportation improvements to support economic revitalization
- Evaluate land use planning strategies to support revitalization strategies.

This report and the accompanying resolutions serve as the preliminary evaluation authorized by the June 11th Commission action, and also sets the stage for the revitalization strategy called for by Council. The balance of this report addresses the following specific issues

- District Boundaries, and Increment to be generated
- Public Outreach/Community Support and Expectations
- Redevelopment Sites/Acquisition Strategy
- Next Steps

District Boundaries/Increment

One of the first efforts of staff in this project was the preparation of very preliminary draft boundaries for the URA study area. Two boundaries were drafted (please see Exhibit 2). The first is a small boundary, generally limited to properties directly fronting on N. Interstate Avenue, with an expanded dimensions at MAX station locations (for the purpose of including possible transit related redevelopment opportunities). The larger district is much more expansive than the smaller district. It incorporates the entire smaller boundary, along with numerous redevelopment and community revitalization opportunities, not all of which are directly related to light rail.

These boundaries are preliminary in nature, and were generated primarily for the purpose of establishing a sense of what kind of increment might be generated over the life of the URA. For purposes of forecasting, we assumed a 20 year urban renewal plan.

The smaller district, comprising approximately 390 acres, would have a base valuation of about \$120,000,000. This figure is derived from the current non-exempt/non-abated assessed value for all properties within the district, multiplied by a factor of 103.5%, which represents a conservative expectation of growth in assessed value between this year and next, when the urban renewal area would be established. Assuming annual growth of 3% over the 20 year life of the district, the smaller district would generate approximately \$19,000,000. The 3% figure represents the maximum annual growth in assessed value allowed under Measure 50. If we assume annual growth of 4% (which reflects conservative growth of 1% on top of the 3% annual increase in existing assessed value), the district would generate about \$27,000,000.

The larger district would contain approximately 1925 acres. It would have a base valuation of about \$400,000,000 (using the same methodology as the smaller district). Assuming only the 3% annual A.V. growth over 20 years, the larger district would generate about \$61,000,000 in tax increment. Assuming that additional new development would increase the total annual A.V. growth to 4.5%, the larger district would generate about \$105,000,000 in tax increment

Our projections regarding new development are conservative estimates, based in part on a preliminary economic forecast provided by David Evans & Associates, attached to this report as Exhibit 3

The primary conclusion of this exercise is that a smaller district is probably unlikely to generate a large enough amount of increment to fulfill the public's expectations, i.e. that the district contribute approximately \$9,000,000 to the cost of light rail, and serve to fund other community objectives. If, as staff recommends, the Commission directs staff to proceed with a formal feasibility analysis, staff anticipates using a large study area boundary, even though the final recommended boundary would entail modifications to that study boundary. It is important to note that all boundary decisions will reflect significant input from the community, as addressed in the following section. The study boundary will also incorporate the recommendations of Council and Commission proffered on August 4, i.e. including the Vancouver/Williams corridor.

Public Outreach/Community Support and Expectations

Public/community outreach has been the most important component of PDC staff's efforts over the past two months regarding the preliminary evaluation of an Interstate Corridor URA. This is for several reasons. Community support for the URA is essential if this proposal is to proceed. The neighborhood associations, business associations, and numerous other interest groups and individual leaders of the broader community possess a wealth of knowledge and energy, without which our efforts to forge an effective redevelopment/revitalization strategy would be unlikely to meet with success.

and the state of the state of the state of the state of

Community outreach is all the more important because the history of urban renewal in inner north/northeast community has not been wholly positive. The Emanuel Hospital urban renewal effort of the early 1970s lingers as an unhappy memory for many, particularly in the City's African American community. More recent efforts along MLK and Alberta, as part of the OCC URA, have helped to revise the situation significantly. It is important that PDC and the City continue to demonstrate that its urban renewal planning and implementation efforts are an inclusive process, dedicated to broad-based community revitalization.

That said, the community outreach effort which PDC staff conducted as part of its preliminary evaluation has been a highly satisfactory experience. Exhibit 4 lists all of the community groups which PDC briefed on the proposed urban renewal area. At this point, no group or individual has stated opposition to the creation of the URA, and most appear to be at least broadly supportive. Several of these groups have formally endorsed proceeding with the next phase of this effort, i.e. the formal feasibility analysis; letters of their support will be submitted at the August 18th Commission hearing

While PDC is gratified to see the extensive preliminary support for the URA, it is also important to note that community members have expressed interest or concern about a number of issues pertaining to the district. Some of the primary issues are identified below:

- Public Involvement
- Housing Issues
- Economic Development/Wealth Creation/Jobs Strategy
- Historic Preservation
- Small Business Assistance
- Gentrification/Displacement
- Coordination with light rail physical planning

To fully address these issues over the course of the feasibility analysis, and partly in response to the foremost issue of public involvement, PDC staff intends to invite community groups to name representatives to an Interstate Corridor Urban Renewal Area Steering Committee PDC intends that this committee be a broad based group, which will serve to guide PDC and City Council over the coming months with regard to refinement of district boundaries, preparation of an Urban Renewal Plan and implementation strategy, identification of community priorities for tax increment expenditures, and other components of this effort.

Redevelopment Site/Acquisition Strategy

As part of the Council's efforts related to revitalization of the Interstate corridor, Council directed PDC staff to pursue the possible acquisition of several redevelopment sites along the Interstate MAX corridor, towards the goal of fostering new transit supportive development to be completed by the time the new light rail line is completed in 2004. To this end, PDC staff identified approximately 15 possible sites which are of adequate size and zoning to accommodate significant new development. These sites are all within close proximity to a proposed light rail station. The site selection reflects the input of Tri-Met staff, which might utilize the sites for construction staging in the interim, prior to redevelopment.

A resolution accompanies this report, which would authorize the acquisition of options on several such sites. PDC has retained a real estate broker who has met with most of the owners of the identified properties, and several owners are willing to entertain an option to sell. PDC's proposed options will include a 6 month "free look" due diligence period, during which PDC will investigate the feasibility of redeveloping the site (including environmental and other investigations, preliminary architectural and economic feasibility analyses, etc.). If it appears that any of the sites are determined to be feasible redevelopment sites, PDC staff will report back to the Commission, with identification of sources for acquisition. The refundable options are estimated to cost no more than \$100,000, with the source being PDC internal funds.

Next Steps

Assuming that the Commission (and City Council) recommends the preparation of a formal Interstate Corndor Urban Renewal Area feasibility study, Commission staff would proceed with this effort immediately. One of the first tasks would be the appointment of the aforementioned Steering Committee, representing the many and diverse components of the community. We would also report back to the Commission in September with a proposed project budget.

Our expectation is that by the end of the year (December, 1999), the Steering Committee, PDC staff, and consultants will have achieved the following primary tasks:

- Identify relatively definitive URA boundaries
- Ascertain tax increment to be raised over the life of the URA
- Establish a prioritized list of projects to be carried out in the URA
- Continue with the development strategy, including performing due diligence activities related to several specific transit oriented development sites.

Our aim is to complete the feasibility analysis, and the related documents (including an urban renewal plan) by the late Spring of 2000

RECOMMENDATION:

Adopt the attached Resolutions, recommending preparation of an Interstate Avenue Urban Renewal Area feasibility study, and recommending the acquisition of options for potential redevelopment sites along and near Interstate Avenue.

Shared a grant gr

ARMS TALL THE CONTRACTOR A

Felicia L. Trader, Executive Director

ACTION:

EXHIBIT 1

PORTLAND DEVELOPMENT COMMISSION Portland, Oregon

RESOLUTION NO. 5279

RESOLUTION DIRECTING THE EXECUTIVE DIRECTOR TO EVALUATE THE POTENTIAL OF FORMING AN URBAN RENEWAL DISTRICT ON NORTH/NORTHEAST INTERSTATE AVENUE TO SUPPORT INTERSTATE AVENUE LIGHT RAIL

WHEREAS, a new plan for implementing the north segment of the South/North Light Rail that would be located on North Interstate Avenue connecting the Rose Quarter to the Exposition Center has been proposed by Metro, Tri-Met and the City of Portland ("Interstate Avenue Light Rail"); and

WHEREAS, Interstate Avenue Light Rail would require that local funds be provided in order to leverage a significant amount of federal resources and approximately \$30 million of these funds are expected to be provided by the City of Portland; and

WHEREAS, in order to support the proposed Interstate Avenue Light Rail and to provide tools and resources that support neighborhood and commercial business district revitalization within the Interstate Avenue corridor, urban renewal can be an important implementing tool and can help provide funds to achieve the local funding match; and

WHEREAS, Interstate Avenue Light Rail has been anticipated by the 1993 Albina Community Plan and associated neighborhood plans and can meet numerous local and regional objectives for transit development, housing and job creation and is supported by the Commission; and

WHEREAS, in order to meet anticipated schedules for decision-making by local jurisdictions it is important to determine the potential of forming a viable urban renewal district within the Interstate Avenue Corridor by September 1999; now, therefore, be it

RESOLVED that the Executive Director is authorized to prepare an initial evaluation of the potential to form an urban renewal district in the North and Northeast Interstate Avenue Corridor to support the installation of light rail and associated commercial and neighborhood revitalization; and be it

FURTHER RESOLVED that the evaluation shall be carried out to include significant outreach and communication with community, neighborhood and business groups in the Interstate Avenue Corridor to gather public input; and be it

FURTHER RESOLVED that up to \$150,000 from the Commission's Predevelopment Fund may be used for staff and consultant expenses to carry out the initial evaluation; and be it

FURTHER RESOLVED that the Executive Director shall report to the Commission on the conclusions and findings of the potential to form an urban renewal district no later than the date of the Commission's August 1999 regular meeting; and be it

FURTHER RESOLVED that this resolution shall become effective immediately upon its adoption.

ADOPTED by the Commission June 11, 1999.

Martin Brantley, Chairman

James J. Atkinson, Acting Secretary

EXHIBIT 2

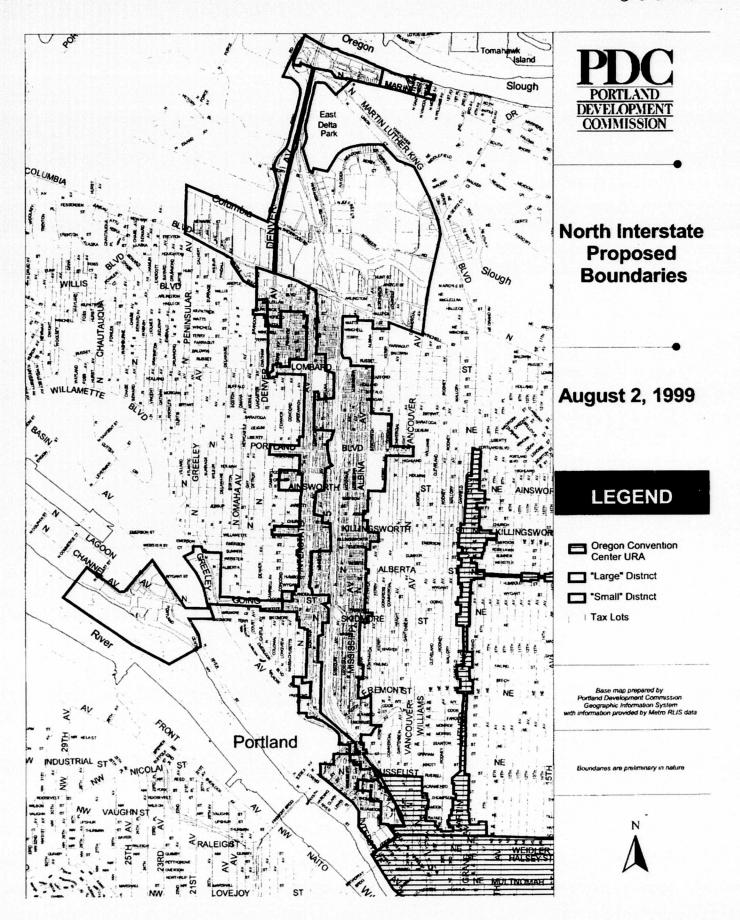


EXHIBIT 3

Proto-Feasibility Study of Interstate Avenue Urban Renewal Area

Prepared for The Portland Development Commission

Prepared by David Evans and Associates, Inc.

Authored by Jan Newton and Christine Hermann

August 1999

Proto-Feasibility Study of Interstate Avenue Urban Renewal Area

A. Introduction

This report presents the results of a proto-feasibility study of establishing an urban renewal area along Interstate Avenue in Northeast Portland, from the Rose Garden to the Portland Expo Center. Two potential urban renewal areas were analyzed, based on a minimum boundary and a maximum boundary scenario. The results reported here are very preliminary, and will be expanded and quantified through further research and analysis. In general, however, they strongly support the feasibility of an Interstate Avenue Urban Renewal Area under a maximum boundary scenario.

B. Approach

Information for the feasibility analysis came from five basic sources: 1) interviews with knowledgeable persons; 2) field surveys; 3) information from published real estate data surveys; 4) a review of relevant LRT case studies; and 5) the authors' experience with similar projects.

Phone or face-to-face interviews were conducted with five residential and commercial real estate developers, two real estate brokers, and a real estate appraiser who are all active in and knowledgeable about the Interstate Corridor. The major points of these interviews are summarized below; the names of the persons interviewed are contained in Appendix A of this report.

The project team conducted four field surveys, lasting two to four hours each. A real estate appraiser who is active in the area and is knowledgeable about specific parcels and buildings participated in one of the field surveys. The purpose of the field surveys was The general land uses and building conditions within the proposed several fold. maximum boundary were observed; vacant parcels and buildings were noted; and target areas for potential infill or redevelopment were identified. All major streets parallel to Interstate Avenue and significant cross streets (e.g., Fremont, Going, Alberta, Killingsworth, Ainsworth, Portland, Lombard, and Columbia) were surveyed. (The portions of Swan Island and of the industrial and commercial areas north of Columbia Boulevard that are included in the maximum boundary scenario were surveyed extensively.) In addition, the length of Martin Luther King Boulevard and Alberta Street were traveled and assessed for examples and ideas of redevelopment activity in developed, urbanized corridors where public investment has occurred. A great deal of information was collected during these surveys, and it formed a substantial basis for our recommendations, reported below.

Real Estate Data Surveys. The Norris, Beggs and Simpson Quarterly Retail Report, the Skelte & Associates vacancy survey for leased residential units, and the McGregor Millette Report on the apartment and loft markets were all analyzed to identify real estate

market trends in Northeast Portland. While these data sources contain mostly current market information, they also cite opportunities and constraints that may be impacting market performance in certain areas or subareas.

Light rail case studies. Light rail systems and transit improvement projects have been introduced into a number of urban areas throughout the United States. In some instances, the development of light rail has been linked to economic revitalization strategies. Eight of these cases have been studied and profiled by Dr. Edward J. Blakely, University of Southern California, as part of an economic development analysis for the Third Street Light Rail Project in San Francisco. We reviewed these profiles and extracted the findings about economic revitalization and light rail projects that were germane to the proposed Interstate Avenue project. These are specifically identified below in our findings and recommendations. The case study summaries are contained in Appendix B.

Authors' Experience. We have considerable experience both with light rail projects and economic revitalization in chronically depressed communities, in Oregon and in California. We have drawn on the lessons learned from our experience in brainstorming about the project and formulating our recommendations.

C. Existing Land Use Context in the Interstate Corridor (Constraints on the Minimum Boundary Scenario)

All of the persons interviewed used similar language in characterizing Interstate Avenue and the adjacent neighborhoods. Coincidentally, we had used the same terms ourselves during the initial field survey. In general, Interstate Avenue can be characterized as being a tired, "worn out" commercial and residential street with many old motels that are approaching obsolescence and a limited supply of vacant or underutilized land that could be feasibly redeveloped. The businesses in the area are predominantly destination commercial and light industrial uses, with limited neighborhood retail commercial. Gentrification is evident in the surrounding residential neighborhoods, comprised primarily of smaller, bungalow style homes typical of the early to mid 1900s. Because the housing stock is not characterized by the larger, more grandiose homes found in the Lloyd District and in pockets of the Overlook Neighborhood, one broker thought that the gentrification of the neighborhoods surrounding Interstate Avenue would not create the substantial increases in property values experienced by other close-in, older neighborhoods.

Principal constraints to redevelopment of the Interstate Corridor include the "pedestrian unfriendly" character of Interstate Avenue, the lack of available parcels for redevelopment, the demographics of surrounding residents, and the built-out character of the major commercial nodes at Interstate and Lombard, Interstate and Killingsworth, and Interstate at Greeley. Under the minimum boundary scenario, nearly all interviewees felt that the highest development potential was at the southern end of Interstate Avenue, close to the Rose Quarter. Everyone interviewed commented that public investment in infrastructure, land acquisition, and other public subsidies would be needed to catalyze redevelopment of the area. We share this opinion, and believe that a

successful urban renewal area is not likely under the minimum boundary scenario. We explain this more view in more detail below, under the discussion of recommended boundaries.

D. Recent Developments and Proposed Projects in the Maximum Boundary Area

Recent developments and proposed projects in the maximum boundary were inventoried. The results of this inventory are summarized below. This description of recent developments and proposed projects is not complete. It will be need to be supplemented through further research. It is indicative, however, of some interesting trends in the maximum boundary area. As such, it provides some clues about future potential development in the area.

Four loft projects have been completed in the areas near or on Interstate and between Russell and Killingsworth. (The four projects have a total of 30 units.) Three projects are located in the minimum boundary project area and were completed in the last two years. All were leased as soon as they were built, according to Skelte & Associates, and currently all units are occupied. To our knowledge, these were not tax-abated or PDC-assisted projects. Real estate brokers surveyed report that there is interest in loft space in the area around the Widmer Brewery and in the area adjacent to I-5, between Fremont and Killingsworth. We would expect to see more of these types of developments in the next ten years, as artists who occupy lofts in the Pearl District seek space elsewhere that is not as expensive or trendy. These developments should, in turn, support some modest new commercial activity, such as coffeehouses, cafes, newsstands, etc.

A long-vacant industrial building at 2240 N. Interestate, with approximately 50,000 square feet of space, sold for \$365,000 in December 1998. Interestingly, it had sold two years prior for only \$105,000. At the time of this report, we had not reached the buyer to find out his plans. We think there is additional potential for development and redevelopment in the nearby area that is southwest of Interestate Avenue and bounded by Albina, River and Randolph Streets. As most of this small subarea is outside the proposed boundaries of the urban renewal area, we recommend that the boundaries be revised to include it.

Adidas Headquarters. Plans for the first phase one of this project include a 215,000 square foot hospital renovation to office use and 150,000 square feet of new office development, to be completed by mid to late 2001. Plans for the second phase include an additional 100,000 to 120,000 square feet of office and a 20,000 square foot athletic facility. It is planned for construction in 2003 or 2004, depending on Adidas' expansion needs. The market value of both phases is estimated to be \$65 million. The owners will seek a five-year tax abatement on the value of the improvements. The land, however, will be taxed.

North Harbour Pointe. Phase one of this project includes 32 condominiums nearing completion with an average price of \$412,000; 99 apartments units under construction with a market value of \$10 million, to be completed in October 1999; and a 127-room

Marriott with a market value of approximately \$6 million that recently opened. Total market value of phase one is about \$29 million. Phase two of the project includes a 95-suite, extended-stay hotel with an estimated market value of \$6.5 million; 38 luxury condominum units estimated to have a value of about \$16 million (based on phase one prices); and a freestanding restaurant valued at \$1+ million. The hotel and restaurant construction may begin later this year or early in 2000; the condominiums will be built when the first phase units are all sold. Total market value of phase two is estimated to be approximately \$23.5 million.

A small parcel of land is for sale just across N. Marine Drive from the Harbour Pointe project. Future development may include a small retail pad with a value of \$3 million and an additional hotel valued at \$5 to \$6 million. The zoning of this parcel is industrial sanctuary, and one commercial broker told us that it has some "environmental problems". It is reasonable, however, to assume that some development will occur on this parcel, considering the amount and type of development that is occurring in the immediate vicinity.

E. Boundary Recommendations

It is our opinion that the Interstate Avenue urban renewal area would be infeasible under the minimum boundary scenario. Preliminary PDC projections indicate that TIF from the existing base in the area would produce about \$19 million in revenue over the 20-year timeframe of the project. This amount would have to be augmented substantially in order to achieve the \$40 to \$50 in TIF that are needed for the \$10 million contribution to the light rail extension and \$30 to \$40 million for PDC participation in urban renewal activities in the area. The problem is that the potential for new development, whether residential, commercial or industrial, within the minimum-boundary urban renewal area is very low for reasons we have identified above.

In fact, there is only minimal sign of recent new development anywhere within the minimum boundary area. Only three loft projects were identified as new development in the field visits, and none of the people interviewed could identify any other recent projects of any type. Furthermore, all were very pessimistic about the potential for future development in the Interstate Corridor in the absence of significant PDC assistance, in the form of parcel assembly, land write-downs, and subsidized development loans. In other words, if an investment of at least the magnitude of the one made in the MLK urban renewal area could be imagined, then economic revitalization becomes possible along the Interstate Corridor. Even then, however, there are significant physical and land use constraints to development that are particular to Interstate Avenue, as noted above. These combine to pose a real barrier to a successful urban renewal effort within the minimum boundary scenario.

The situation changes dramatically with the maximum boundary scenario. Here some obvious economic engines are included in the renewal area: the Adidas project; prime development and redevelopment opportunities on Swan Island; future development and redevelopment potential at Portland Meadows and PIR; and an emerging demand for market-rate residential development along the Columbia River, with associated

commercial development. In addition, we feel there is greater potential for neighborhood revitalization on the east side of I-5 than on the west side. Redevelopment activity is already occurring along certain stretches of Missouri, Mississippi and Albina avenues, for instance, without assistance from PDC. It appears that there is new potential, as well, for the reuse of underutilized or vacant industrial properties that are within the maximum boundary scenario and close in to the Rose Quarter. As noted above, we recommend that the maximum boundary scenario be adjusted to include an area near the Widmer Brewery that is bounded by Interstate Avenue and Albina, River and Randolph Streets.

It makes little sense to create an urban renewal area that omits these areas of development opportunity and, instead, leaves the struggling residential and commercial areas to the west of I-5 to go it alone. In fact, it makes good economic and planning sense to include in the urban renewal area the centers of existing and future employment for residents living in the area.

We believe there are philosophical reasons as well for recommending the maximum boundary scenario. It brings back together the two areas that were divided by Interstate 5 — if not physically, then at least in terms of a planning and urban renewal focus.

F. Considerations and Assumptions in Predicting New Development in the Maximum Boundary Urban Renewal Area

It is assumed that the urban renewal area boundaries will approximate the maximum scenario.

It is assumed that minimal TIF will be generated in the first five years of the urban renewal project.

It is assumed that the Interstate Avenue light rail project will not promote additional new development other than that which would already occur as a result of the urban renewal area designation. It is evident from Portland's experience with light rail projects and associated community development that there must be active and significant participation by local governments, Metro, and PDC to leverage the investment in a light rail system into economic activity in the vicinity of LRT stations. This is evident, as well, in the eight case studies provided in Appendix B, where the key elements in project success were actions like land assemblage by the local redevelopment agency, the underwriting of land costs in return for project equity participation, and seed capital provided by the public sector to the private sector. In several of the case studies, significant participation by local CDCs and non-profit developers was a key element of project success, defined as economic revitalization linked directly to light rail development. These elements are not present in the proposed "I-MAX." More to the point, the project that is envisioned is a "bare bones, stripped down" light rail extension that will not have the inviting design elements of the Westside MAX, for example. It is even possible that the low-budget I-MAX will inhibit development along Interstate Avenue if it creates an additional aesthetic and physical barrier in the median.

It is assumed that the Portland Meadows Racetrack will be redeveloped as a mixed-use project in the next ten years, although the specifics and value of such a project are not projected in this report. This assumption is captured, however, in the instructions for data input, below.

It is assumed that there will be some level of redevelopment activity at Portland International Raceway within eight years, although the specifics and value of such activity are not projected in this report. This assumption is captured, however, in the instructions for data input, below.

Input/Assumptions for the Tax Increment (TI) Model

The following assumptions about new development in the urban renewal area are very rough; but, when used as input for the TI model, they will help provide an "order of magnitude" estimate with which to assess the feasibility of the urban renewal area under a maximum boundary scenario. We consider these assumptions to be on the conservative side. They can be refined and given more specificity in the analysis that will be prepared if the urban renewal area is approved.

- 1. The Adidas project (phases 1 and 2) will not generate tax increments until Year 6. Inflate a \$65 million project value (1999 dollars) out to that year for purposes of modeling.
- 2. Phase 1 of the Harbour Pointe project will not be captured as new development but should be added to the existing base, i.e., total market value of \$29 million (1999 dollars). The adjusted market value of Phase 2 should be counted beginning in 2001, i.e., \$23.5 million (1999 dollars), adjusted for inflation.
- 3. Add \$10 million (1999 dollars) for development on the parcel across the street from Harbour Pointe in year 8, adjusted for inflation.
- 4. Assume two new hotel projects, valued at \$6 million each (1999 dollars) at year 10 and 15 in the model, with current value adjusted for inflation.
- 5. Assume that all new commercial development (i.e., office and retail) in the urban renewal area will be equal in value to about 22 percent of the current market value of the existing commercial base in the area. Distribute this (adjusted) estimated value over the 20-year timeframe of the project.
- 6. Assume that all new industrial development in the urban renewal area will be equal in value to about 5 percent of the market value of the existing industrial base in the area. Distribute this (adjusted) estimated value over the 20-year timeframe of the project.
- 7. Assume that two new market-rate multi-family residential projects will be built over the 20-year timeframe and that each will be equivalent in value to the condos and apartments in Phase I of Harbour Pointe (i.e., \$23 million in 1999 dollars). Bring these projects on line in Years 9 and 15 and assume no tax abatement.
- 8. Assume all publicly-subsidized rowhouse, condo and apartment development will require a 10-year tax abatement. The total square footage of such development will be estimated in the next round of feasibility analysis.

- 9. Treat loft development separately and assume twelve projects over the 20-year time frame, valued at \$1 million each (1999 dollars). This assumes an average project size of eight units, 1,000 square feet each, and market value of \$120 per square foot.
- 10. Assume that gentrification/rehabilitation of the existing single-family housing stock will provide a modest amount of present value appreciation over the 20-year period. This is above and beyond the "creep" factor. If a count of the number of residential units is available, assume that 1 in 20 will undergo \$15,000 in rehabilitation over the 20-year time frame, and 1 in 30 will undergo \$25,000 in rehabilitation. Use the adjusted market value of an average-priced home in the urban renewal area as the base value.

G. Conclusions

Our analysis of the feasibility of an Interstate Avenue urban renewal area leads us to conclude that the project is very feasible under the maximum boundary scenario. While we have not estimated the TIF that would accrue from projected new development, a rough estimate can be made by using the above assumptions in PDC's TI model. It is apparent from the assumptions we have provided, however, that the TIF from new development could be sizeable.

We are equally convinced that an Interstate Avenue urban renewal area based on the minimum boundaries would not be feasible and could, in fact, be an exercise in futility, an outcome that no one would wish on the residents and businesses in the area.

Further analysis of the proposed urban renewal area will be conducted if the project is approved. We are certain, however, that these preliminary findings will be verified.

APPENDIX A: PERSONS INTERVIEWED FOR THE FEASIBILITY STUDY

Michael Chiu	North Harbor Development Corporation	
Jim Winkler	Winkler Development	
Phil Hedrick	Cascade Housing Corporation	
Bill Leigh	Leigh Properties, Inc.	
Jeffery Weitz	North Rim Development, Inc. and North Rim Commercial Realty	
Neville Mercado	Newton Mercado Group (Appraisers)	
Terry Long	Longshot Construction Company	
Ron Kawamoto	Norris Beggs and Simpson	

APPENDIX B: CASE STUDIES OF LIGHT RAIL PROJECTS LINKED TO ECONOMIC REVITALIZATION EFFORTS

5.0 Summary of Economic Revitalization Case Studies

Light rail systems and transit improvement projects have been introduced into a number of urban areas throughout the United States. Through a series of case studies, this section describes the economic revitalization strategies associated with specific transit enhancements. These case studies were examined to identify key elements to project success that could be applied to the Third Street Light Rail Project.

5.1 ECONOMIC REVITALIZATION CASE STUDIES

The following presents summaries of five successful neighborhood development case studies, each with its own distinctive revitalization approach, to show how neighborhood development can be designed to capture rail and transportation opportunities.⁴ The case studies identify revitalization elements which can be incorporated into the inner city neighborhood revitalization, and also to illustrate how the fabric of a commercial corridor can become a magnet for private investment and jobs for the area.

Case Study 1: Los Angeles Neighborhood Initiative (LANI) - Los Angeles, California

Streetscape and Community Revitalization, Community Empowerment, Pre-Project Implementation Steps
The Los Angeles Neighborhood Initiative (LANI) is a transportation-based neighborhood empowerment
organization with the aim to stimulate revitalization efforts in eight low-income ethnically diverse
communities in Los Angeles. LANI acts as a catalyst for local transportation-oriented empowerment
efforts by providing seed funding and technical assistance, and by streamlining government processes for
neighborhood development projects that are adjuncts to transportation projects. In its initial phase of
development, LANI provided for the planning, design, engineering and construction of transit and
pedestrian amenities including new bus shelters, improved lighting, street furniture, signage, sidewalk
landscaping, information kiosks and public art programs.

Case Study 2: The Blue Line TeleVillage Project - Compton, California

21st Century Job Accessibility, Skills Training, and Community Service Programming

The Blue Line TeleVillage uses telecommunications technology linked with light rail to provide traditional downtown services to economically depressed neighborhoods aimed at providing job accessibility and skills training for neighborhood residents. The TeleVillage, located at a multimodal transportation center that includes bus and rail transit connections and parking, links residents to jobs and services using telecommunications. It functions as a business service center for small businesses and also provides training and city services for the community. It is an example of how information services

A limited number of copies of the complete case study reports are available by contacting Pittman & Hames Associates.

can be decentralized to function as a one-stop destination for both neighborhood residents and commuters with different needs.

Case Study 3: Reisterstown Plaza Metro Station Daycare and Substation - Baltimore, Maryland

Mobility and Jobs Accessibility

The Reisterstown Plaza Metro Station Daycare and Police Substation is an example of a successful transit destination and node development site. The Maryland Mass Transit Administration (MTA) built an approximately 10,500 square foot (sq. ft.) structure at the Reisterstown Road Metro Station and parkand-ride lot to serve as a child care center (9,600 sq. ft.) and a police substation (650 sq. ft.). Other amenities include security lighting, landscaping and covered walkways. The project reflects how complementary land uses can be implemented to better serve commuter needs and to improve mobility and jobs accessibility. It also reflects how the presence of a police substation can serve as a crime deterrent and thus a protection to attract other development projects into the area. This project provides an example of a mixed use development that serves as an excellent transit destination as well as a catalyst project to attract future private investments into the area.

Case Study 4: East St. Louis Farmers' Market - East St. Louis. Illinois

Local Community Retail

The East St. Louis Farmers' Market is a neighborhood partnership between the University of Illinois at Champaign-Urbana and community organizations. The Farmers' Market is located along a commercial corridor in the central business district of East St. Louis, situated within a couple of blocks of the Metrolink light rail station. The Farmers' Market operates on Thursdays, Fridays and Saturdays from 7 a.m. to 4 p.m.. The Farmers' Market promoted community involvement at every stage of its implementation to create a sense of project ownership and community pride. The market is an example of a local community retail project that is a catalyst for local revitalization by retaining local dollars in the community and creating new local jobs.

Case Study 5: San Diego Mid-City Substation and Community Gymnasium - San Diego, California

Crime Deterrent, Perception of Safety, Youth Opportunities

The San Diego Police Mid-City Substation and Community Gymnasium is the first project to be implemented under the City Heights Urban Village Master Plan. The Mid-City Police Substation and Community Gymnasium is a project that was the conversion of an existing 32,000 sq. ft. Von's supermarket building on a 90,700 sq. ft. site. The 21,000 sq. ft. San Diego Mid-City Police Substation is on the ground floor along with 2,850 sq. ft. second story space available for community meetings and a gymnasium space of 11,000 sq. ft. The project uses the presence of a police station and special security measures to create a sense of safety and promote recreational activities for youth. In addition, the City has implemented satellite and storefront police operations to serve as an additional low-cost method of deterring crime and attracting private development into the area.

Source: Economic Revitalization Case Studies: Applications to the Third Street Commercial Corridor, Dr. Edward J. Blakely, University of Southern California, March, 1997.

Source: Economic Revitalization Case Studies: Applications to the Third Street Commercial Corridor, Dr. Edward J. Blakely, University of Southern California, March., 1997.

stion building Provision of security measures ities Unique tenant/land use mix	Revitalization Elements 4. East St. Louis Farmers' Market • Local Community Retail Retail 5. San Diego Mid-City Substation of Crime Deterrent	Ney Project Features Key Project Features Low start-up costs Safe and attractive environment for existing curbside vendors Low rents (\$30/month; \$480/season) Design adaptive to market Conditions Well coordinated a resources High demand for posign adaptive to market Conditions Well community High demand for posign adaptive to market Conditions Weels local demand Pleasant environment, community murals art, West African design theme Project utilization of existing Enhanced partners		Key Elements to Project Success Well coordinated and committed planning efforts Feasible Project size and low-cost capital investment Provides service-oriented jobs High demand for product from local and nearby areas Design adaptive to market conditions Enhanced physical appearance of neighborhood shopping district
ortunities •	 Improved perception of Safety 	 building Provision of security measures 	•	agencies Provision of creative security measures
	 Youth Opportunities 	Unique tenant/land use mix		

5.2 LIGHT RAIL ECONOMIC REVITALIZATION CASE STUDIES

This section summarizes three case studies in which local government agencies have linked built rail transit improvements with economic revitalization efforts (see Tables 5-2). These case studies demonstrate how transit can create station area activity nodes, particularly when supported by new residential development.

Case Study 1: Fruitvale Transit Village (BART), Oakland, California

As planned, the Fruitvale Transit Village will convert more than 13 acres of asphalt parking lots and underutilized parcels at the Fruitvale BART Station in Oakland, CA into a compact village of homes, shops, offices and services. The Fruitvale community is primarily Hispanic, which is reflected in the proposed transit village design and uses. The project is centered on a broad pedestrian plaza. At full-build out, this inner city development would consist of 300 residential units, a 10,000 sq. ft. child care center, a 35,000 sq. ft. Latin American Branch of the Oakland Public Library and a community resource center, a 35,000 sq. ft. La Clinica de La Raza health center and small, local shops. The non-profit developers want to leverage the activity generated by over 5,500 daily BART passengers to spur development on BART property and serve as a catalyst to revitalize the Fruitvale neighborhood.

One of the most important implementation strategies in creating livable and sustainable transit-oriented development is to obtain the early participation and commitment of local governments.. Many transit-oriented development plans have been created but very few have gotten past the drawing board because of the lack of public and/or private financing. In Oakland, the Spanish Speaking Unity Council was able to secure public investment for Phase I site planning and improvements before any private investment would come into the area. Local governments, like the City of Oakland, have contributed significantly to the Fruitvale Transit Village project through direct financial assistance, particularly grants from the City for land acquisition and a cultural and senior center.

Even though there are concerns about gentrification and low-income housing, the Spanish Speaking Unity Council has succeeded in winning support of the community by showing residents the benefit not only to BART but to themselves. The transit village offers existing residents new business and retail services, while it also offers existing businesses a new base of residents and commuters.

Case Study 2: Wellston, Delmar (Metrolink), St. Louis, Missouri

St. Louis has launched major planning efforts to spur development at two of their inner-city light rail stations, Wellston and Delmar. Several key elements of this inner-city transit-based development include "village scale" development, housing as the first stage of development and safe, well-lit and defined pedestrian paths/corridors that link the surrounding community to the transit stations.

Development at Wellston station and the surrounding 75 acres of land will include a 825,000 sq. ft. technology center, a 112,000 sq. ft. technical training facility, a 20,000 sq. ft. employment-oriented

well-lighted pedestrian pathways that link the surrounding community, Technology Center and transit station.

The Delmar transit station seeks to transform an area of run-down industries and residences into an urban village with new housing and small, local shops. Phase I development will include 80 new townhomes and rental apartments, 80,000 sq. ft. of residential-oriented convenience retail and 3,000 sq. ft. of transit-oriented retail. Later phases of development would include the redesign (landscaping and beautification) of nearby Delmar Boulevard and the redevelopment of aging residential buildings within a one-quarter radius of the transit station.

Case Study 3: La Mesa. La Mesa-Amaya (MTDB), San Diego, California

The City of San Diego and the metropolitan transit agency (MTDB) have a policy of linking transit and land use. The result has been a combination of several transit-based housing projects, two commercial joint development projects and two transit-oriented communities.

The La Mesa Redevelopment Agency has linked housing and transit in the low-density community of La Mesa. Villages of La Mesa and La Mesa Village Plaza are just two housing developments in La Mesa that have attempted to place much housing near light rail stations. Villages of La Mesa is a 384-unit project on 19 acres of land adjacent to the La Mesa/Amaya light rail station. The Redevelopment Agency assembled the land and funded the \$2.75 million in local infrastructure costs through tax increment payments.

Overall, in San Diego, local redevelopment agencies have assembled multiple parcels into sufficient sizes for major project developments as well as underwritten land costs in return for project participation. These agencies have also assumed some of the project risk by accepting below-market rents in return for a percentage of project revenues. Local redevelopment agencies have also underwritten land costs, issued tax exempt bonds, low-interest loans and loan guarantees as a means of shared-risk for transit village implementation.

La Mesa Village Plaza is a 95-unit project near the La Mesa light rail station with ground floor retail and office space. The Redevelopment Agency assembled the 5.4 acre site adjacent to the station.

Development at the Barrio Logan transit station will be completed in several phases with an emphasis on housing as the key to development. The Mercado Apartments offers 144 units affordable housing near the transit station. Future phases of development will include the 100,000 sq. ft. Mercado Commercial Center, which will include a supermarket as the anchor of the center as well as a Mexican-American cultural museum and extension classrooms for the community college district.

Table 5-2 summarizes key aspects of the light rail revitalization case studies. See also Table 5-3 for a summary of successful implementation strategies for each of the eight case studies described above.

		TABLE 5-2	7-5	
		Summary of Light Rail Economic Revitalization Case Studies	Revi	talization Case Studies
Revitalization Elements		Key Project Features		Key Elements to Project Success
1. Fruitvale Transit Village, Oakland,	klan	Id, California		
Mixed-use	•	Housing provides new base of	•	Project championed by strong, community based organization.
development		residents to support retail	•	Ability to raise public investment for Phase I development
Concentrated	•	Community services support local	•	Ability to obtain the participation of the City of Oakland and
community service		businesses		the transit agency (BART)
providers near station	•	Reduces crime by building critical	•	Ability to overcome neighborhood opposition by showing
		mass of development		residents and merchants how the project would benefit them
			•	Ability to have perseverance in pushing the project forward
2. St. Louis, Missouri				
Child care	•	"Village scale"	•	Projects have 1) introduced new thinking into the local
 Police substation 	•	Housing as first stage of development		redevelopment process and 2) and generated interest among
Private-owned	•	Well lit, defined pedestrian pathways		the local redevelopment agency
businesses as main	•	Increased transit usage	•	Leverages federal assistance
generators of job	•	Increased home ownership		
3. San Diego, California				
Mixed income	•	Links transit and land use, housing	•	Active participation by local governments and redevelopment
residential	•	Increases local stock of quality,		agencies and transit agencies
developments		multi-family housing	•	Assemblage of land by local redevelopment agency
Emphasis on public			•	Underwriting land cost in return for project equity
safety				participation
			•	Local government provided seed capital

Source: The Use of Rail Stations as Siles for Urban Redevelopment in the United States, Michael Bernick, National Transit Access Center, University of California at Berkeley, March 1997.

		2		TABLE 5-3				
		Success	Hul Case St	Successiul Case Study Implementation Strategies	ation Strat	saiga		
Implementation Strategies	LANI, Los Angeles	Blue Line TeleVillage, Compton	Reisterstown, Plaza Maryland	Reisterstown, Farmers' Market, Plaza East St. Louis Maryland	Mid-City Substation San Diego	Fruitvale Transit Village, Oakland	Welision and Delmar, St. Louis	San Diego TOD Projects
Quick-Start projects or low start-up costs	•			•				
Complementary mix of uses near transit	•	•	•	•	•	•	•	•
Creation of local jobs or job access		•		•				
Youth education and Iraining		•		•	•			
Well-coordinated public/ private partnership	•	•	•	•	•	•		
Design adaptive to market conditions		•		•				
Provision of security measures			•		•		•	
Community planning and involvement	•	•	•	•	•	•	•	•
Active participation by local governments, redevelopment agencies and transit agencies			•		•	•		•
Use of public/private partnerships for technical assistance, in-king donations, etc.	•	•	•	•		•		
Assemblage of land by local redevelopment agency						•		•
					4			

Sources: Economic Revitalization Case Studies: Applications to the Third Street Commercial Corridor, Dr. Edward J. Blakely, University of Southern California, Mach, 1997, The Use of Roil Stotlons as Sites for Urban Redevelopment in the United States, Michael Bernick, National Transit Access Center, University of California at Berkeley, March 1997, Pittman & Hames Associates

Third Street Light Rail Project

EXHIBIT 4

Interstate Avenue Urban Renewal Area Meetings Schedule - Public Outreach Effort

- Mississippi Avenue Historic District Target Area Steering Committee, 6-24-99 (follow up on 7-29-99)
- Interstate/Albina URA Advocacy Group, July 6, 1999 (follow up on 8-5-99)
- African American Legislative Roundtable, 7-10-99
- Boise Neighborhood Association, 7-12-99
- Eliot Neighborhood Association board, 7-12
- Latino Network, 7-15-99
- Interstate Avenue businesses, 7-19-99
- Hispanic Chamber of Commerce, 7-20-99
- BHCD Staff (Rudman, Cutler, and Sanders), 7-27-99
- Humboldt Neighborhood Association, 7-26-99
- Kenton area business group, 7-28-99
- Predmont Neighborhood Association, 7-29-99
- Asian Group, 8-1-99
- Board of Network Neighborhood Chairs, 8-2-99
- Community Development Network, 8-3-99
- Overlook Neighborhood Association, 8-4-99
- NE Spectrum (cable television program), 8-4-99, 8-15 p m, Paragon Cable.
- Coalition of Black Men, 8-7-99
- Coalition for a Livable Future on 8-9-99
- IMAC, 8-11-99
- Swan Island Bus Association, 8-18-99

Individuals/Small Groups

- Serena Cruz, August 2nd
- Brad Perkins & Terrell Garrett, 7-7-99
- Bob Boyer, 7-20-99
- Tom Griffin-Valade, Kent Haddock (Arbor Lodge) and Jeri Johnson, 7-20-99
- Alan Hipolito, Urban League, 7-20-99
- Sumner Sharpe, Bart Jankans, Ernie Bonner, Doug Zenn, and Pat Arnold, 7-21-99.
- Paul Marshall, Renaissance Market, 7-28-99

RESOLUTION No. 35819

Recommend that the Portland Development Commission prepare an Interstate Corridor Urban Renewal Feasibility Analysis (Resolution).

- WHEREAS, on June 11, 1999, the Portland Development Commission ("Commission") adopted Resolution 5279, directing the Executive Director to evaluate the potential of forming an Urban Renewal Area along Interstate Avenue, said evaluation to be completed by the August 18, 1999 meeting of the Commission; and
- WHEREAS, on June 17, 1999, City Council adopted Resolution 35800, endorsing the proposed Interstate Avenue MAX alignment as the preferred alignment for a new north light rail line, said resolution incorporating several recommendations pertaining to a North/Northeast Portland Revitalization Strategy, including an investigation by Commission of the possible creation of an urban renewal area, and
- WHEREAS, an urban renewal area along Interstate Avenue would serve as a primary funding source for a number of broad policies and specific actions identified in the 1993 Albina Community Plan and further articulated in a series of recent meetings with community groups, pertaining to such issues as housing, job/wealth creation, public infrastructure investment, redevelopment opportunities, historic preservation, etc., and
- WHEREAS, a new urban renewal area along Interstate Avenue would also serve as a component of the City's contribution toward local matching funds for the proposed Interstate Avenue light rail line, helping to secure federal funding for the project and also serving several important objectives related to transit development, and
- WHEREAS, Commission staff has performed a preliminary evaluation of the proposed urban renewal area, summarized in the attached Report, the conclusions of which are that urban renewal has broad support from the communities affected by the district, and that it has the potential to generate significant funding for the many objectives of the community, including but not limited to approximately \$9,000,000 as part of the City matching funds for the light rail line; and
- WHEREAS, on August 18, 1999, the Portland Development Commission adopted a resolution, directing PDC staff to proceed with a formal feasibility analysis for the proposed Interstate Corridor Urban Renewal Area, said resolution including a recommendation that Council likewise endorse this undertaking;
- NOW, THEREFORE, BE IT RESOLVED that Council of the City of Portland recommends that the Portland Development Commission proceed with a formal feasibility analysis of an Interstate Corridor Urban Renewal Area; and

BE IT FURTHER RESOLVED that this feasibility analysis shall continue to incorporate significant outreach to the community, neighborhood associations, business associations, and other groups and individuals affected by this effort

Char

Adopted by the Council: Mayor Vera Katz JWS/hds September 1, 1999 **GARY BLACKMER**

Auditor of the City of Portland By

Deputy

Agenda No

RESOLUTION NO. 35819

Title

Recommend that the Portland Development Commission prepare an Interstate Corridor Urban Renewal Feasibility Analysis (Resolution)

INTRODUCED BY	DATE FILED AUG 2 7 1999
Mayor Vera Katz	Gary Blackmer Auditor of the City of Portland
NOTED BY COMMISSIONER	
Affairs	By Cay Kers Mner
Finance and Administration	
Safety	For Meeting of
Utilities	
Works	ACTION TAKEN
BUREAU APPROVAL	
Bureau Portland Development Commission	
Prepared by Date John Southgate August 25, 1999	
Budget Impact Review	
Completed XXX Not Required	
Bureau Head Selicia Madu Felicia Trader, Executive Director	
Bureau Head Velicia Madu	

AGENDA		FOUR-FIFTHS AGENDA		COMMISSIONERS VOTED AS FOLLOWS	
				YEAS	NAYS
Consent	Regular 🗡	Francesconi	Francesconi		
NOTED BY		Hales	Hales		
City Attorney		Saltzman	Saltzman	-	
City Auditor		Sten	Sten	-	
City Engineer		Katz	Katz	V	