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Portland Planning and Sustainability Commission

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February 26, 2016

Mayor Charles Hales and Members of Portland City Council
Portland City Hall
1221 SW Fourth Ave
Portland, OR 97204

Subject: Powell-Division Portland Local Action Plan

Dear Mayor Hales and City Commissioners:

On January 12, 2016, the Planning and Sustainability Commission (PSC) held a public hearing on the Portland Local Action Plan for the Powell-Division Transit and Development Project.

The Powell-Division Transit and Development Project proposes to create a high-capacity transit service between Portland and Gresham within the Powell-Division corridor. The route anticipates to connect downtown Portland to downtown Gresham and Mt. Hood Community College, via the Jade District and Division Midway Neighborhood Prosperity Initiative (NPI) investment areas. The high-capacity transit service is anticipated to be in the form a “bus rapid transit” (BRT)-type service. More details about the transit portion of the project is available in a separate document, The Transit Action Plan, June 2015.

The Powell-Division Portland Local Action Plan (“the Local Action Plan”) is a five-year land use and community development action plan for the City of Portland. The Action Plan provides broad land use growth concepts at potential major station areas while also charting out actions to address community development—housing and economic development—concerns. The timeline for the plan is between now and 5 years. Actions are anticipated to be completed, or at least started, by the time the new transit service is fully operational in 2020 or 2021.

The Local Action Plan’s main goals aim to fund housing and economic development in the Powell-Division corridor. Together, the proposed actions cost approximately \$38.7 million—\$32.8 million for housing-related actions and \$5.9 million for economic development actions. Today, we have about \$6.3 million for housing and \$1.6 million for economic development. We need to raise additional funding to bridge a \$30.8 million gap—about \$26.5 million for housing and \$4.3 million for economic development.



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5-year costs and funding estimates for the local actions:

| # | Item | New/ On- going | Rough Cost | % Total Costs | Notes | Funding Source | Notes | Rough Amount | % Total Funds |
|------------------------|---------------------------------|----------------------|---------------------|---------------------|--|----------------------|---|----------------------------|-----------------------|
| HOUSING ACTIONS | | | | | | | | | |
| 1 | 300 Affordable Housing Units | On-going | \$30,000,000 | 91% | Citywide goal of units apportioned to corridor | Housing Bureau | PHB Federal funds allocation to corridor over 5 years | \$500,000 | 8% |
| | | New | | | | PDC existing URA | Clinton Triangle | \$5,500,000 | 87% |
| 2 | Better Multi-dwelling Standards | New | \$310,500 | 1% | Project funded over next 2 years | Metro CPDG 2015-2017 | 2-year funding | \$310,500 | 1% |
| 3 | Stronger Tenant Protections | New | \$2,500,000 | 8% | Est. at \$500K per year X 5y | | | \$2,500,000 | 8% |
| TOTAL COST | | | \$32,810,500 | | | TOTAL FUNDING | | \$6,310,500 | |
| | | | | | | | | HOUSING ACTIONS GAP | (\$26,500,000) |

| | | | | | | | | | |
|-------------------------------------|--|----------|--------------------|-----|--|--|--|---------------------------------|----------------------|
| ECONOMIC DEVELOPMENT ACTIONS | | | | | | | | | |
| 1 | Business Retention Expanded Program Technical Assistance | New | \$500,000 | 8% | Est. at \$100K per year X 5y | Metro CPDG 2015-2017 | Partial funding; need to secure additional funding | \$100,000 | 6% |
| 2 | Business Retention Existing Program Technical Assistance | On-going | \$1,000,000 | 17% | Project funded over next 2 years | General Fund allocation for FY 2015-2016 | Annual general fund budget request | \$200,000 | 12% |
| 3 | NPI Property Owner Development Opportunity Services (DOS) Program | New | \$96,000 | 2% | Est. at \$96K one time funding | Metro CPDG 2015-2017 | One-time funding | \$96,000 | 6% |
| 4 | NPI community-led Business Competitiveness and Property Development Prgm | On-going | \$1,000,000 | 17% | Est. at \$100K per district (2) per year X 5 years | PDC NPI TIF | \$1M over 5 years | \$1,000,000 | 60% |
| 5 | Workforce Navigation and Development Services | New | \$530,000 | 9% | Est. at \$100K per year X 5y | -- | Not yet funded | \$0 | -- |
| 6 | Business Micro Loan Prgm | New | \$500,000 | 8% | Est. at \$100K per year X 5y | -- | Not yet funded | \$0 | -- |
| 7 | Anchor Institution Strategy | New | \$750,000 | 13% | Est. at \$150K per year X 5y | -- | Not yet funded | \$0 | -- |
| 8 | PDC NPI District grants and program operations | On-going | \$1,075,000 | 18% | Est. at \$215K per year X 5y | General Fund allocation for FY 2015-2016 | Annual general fund budget request | \$215,000 | 13% |
| 9 | Community Outreach Coordinator | New | \$500,000 | 8% | Est. at \$100K per year X 5y | Metro CPDG 2015-2017 | Partial funding; need to secure additional funding | \$44,000 | 3% |
| TOTAL COST | | | \$5,951,000 | | | TOTAL FUNDING | | \$1,655,000 | |
| | | | | | | | | ECON. DEVEL. ACTIONS GAP | (\$4,296,000) |

| | | | | | | | | | |
|-------------------|--|--|---------------------|--|--|--------------------------------|--|--------------------------|-----------------------|
| TOTAL COST | | | \$38,761,500 | | | TOTAL AVAILABLE FUNDING | | \$7,965,500 | |
| | | | | | | | | TOTAL FUNDING GAP | (\$30,796,000) |



Given that additional funds are needed, the project team is looking to leverage other opportunities (citywide) to address housing affordability, displacement, and economic development in the corridor, including:

- Working with State representatives to repeal ban on inclusionary zoning
- Incentive zoning for the City (along with the Comp Plan)
- Linkage fee
- Opportunity to bond against local transient lodging tax (AirBnB tax)
- \$10M PHB East Portland projects asks for the FY16-17 budget
- Code enforcement opportunities
- URA potential
- Land banking strategies in other areas of the city

Discussion

Minority Perspective

Commissioner voting against the recommendation expressed the following concerns:

- Equity and displacement issues need to be addressed before completion of the transit project.
- We need to have a cohesive timeline for transit funding *and* community development funding—one that fills the gaps and meet the needs for housing that is affordable and supports economic development in the corridor.

Public Testimony

We heard testimony from 5 members of the community, 3 of whom are on the steering committee. Testifiers generally support the plan with these conditions:

- Community stabilization is a high priority for area residents, especially in East Portland. Along with the transit investment, housing and jobs investment are paramount, especially with rising housing prices. Ensure that anti-displacement measures are put in place before it is too late.
- If an urban renewal area is expected to help pay for the project, ensure that it will be spent first on housing and economic development.
- Ensure that the new transit service improves the transit experience for transit-dependent households in the area. There is concern that local bus service may be greatly reduced.



Commission Vote

The Commission voted 8-1 to recommend the plan to City Council, with additional recommendations.

Recommendations

The Portland Planning and Sustainability Commission recommends that City Council take the following actions:

1. Consider for adoption the *Powell-Division Transit and Development Project Portland Local Action Plan*, dated January 2016, with the following conditions:
2. While recognizing and applauding the steering committee's diverse structure and efforts in the planning process, the PSC also recommends:
 - A. Council support the transit project only with commitments to substantially fund the Portland Local Action Plan;
 - B. Council should increase funding levels and the affordable housing target beyond what the current plan provides, and
 - C. Council mandates that the plan seek additional strategies to maximize affordable housing, including land banking and affordable housing retention programs.

Thank you for the opportunity to participate in the review of this project and for considering our recommendations.

Sincerely,



Katherine Schultz
Chair, Portland Planning and Sustainability Commission

