

REPORT ACCOMPANYING THE FIRST AMENDMENT TO THE AMENDED AND RESTATED RIVER DISTRICT URBAN RENEWAL PLAN



City of Portland
Portland Development Commission

June 18, 2008

TABLE OF CONTENTS

I. INTRODUCTION 1

II. A DESCRIPTION OF PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS IN THE URBAN RENEWAL AREAS OF THE PLAN AND THE EXPECTED IMPACT, INCLUDING FISCAL IMPACT, OF THE PLAN IN LIGHT OF ADDED SERVICES OR INCREASED POPULATION . 5

 A. PHYSICAL CONDITIONS 8

 B. SOCIAL CONDITIONS 9

 C. ECONOMIC CONDITIONS..... 10

 EXPECTED IMPACT, INCLUDING FISCAL IMPACT OF PLAN AMENDMENT IN LIGHT OF ADDED SERVICES OR INCREASED POPULATION..... 10

III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN 11

 A. DAVID DOUGLAS EXPANSION AREA 11

IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA 11

 A. PUBLIC SCHOOL IN DAVID DOUGLAS EXPANSION AREA..... 11

V. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS..... 12

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT 13

VII. THE ESTIMATED AMOUNT OF MONEY REQUIRED IN EACH URBAN RENEWAL AREA UNDER ORS 457.420 TO 457.460 (TAX INCREMENT FINANCING OF URBAN RENEWAL INDEBTEDNESS) AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED OR OTHERWISE PROVIDED FOR UNDER ORS 457.420 TO ORS 457.460..... 13

VIII. FINANCIAL ANALYSIS OF THE PLAN WITH SUFFICIENT INFORMATION TO DETERMINE FEASIBILITY 16

IX. A FISCAL IMPACT STATEMENT THAT ESTIMATES THE IMPACT OF THE TAX INCREMENT FINANCING, BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAYED, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA..... 18

X. RELOCATION REPORT 20

XI. COMPLIANCE WITH LAND AREA AND ASSESSED VALUE LIMITS..... 20

I. INTRODUCTION

The River District Urban Renewal Area Report (the “Report”) contains background information and project details for the First Amendment (the “First Amendment” or “Amendment”) to the Amended and Restated River District Urban Renewal Area Plan (the “Plan”). The Report is not a legal part of the Plan but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

This is the First Amendment to the Plan, which was originally adopted in 1998 and amended and restated in June, 2008. The Amendment consists of changes to the existing Plan, which will expand the boundary of the River District Urban Renewal Area (the “Expansion Area”) and impact both the financing and the expected physical, social, economic and fiscal impacts of the Plan. Specifically, this Amendment will:

1. Adjust boundaries: Add 8.53 acres of property.
2. Increase the maximum indebtedness by \$19 million to \$568.5 million.
3. Update the Introduction to include the areas being added.
4. Update Section II Housing Strategy to be inclusive of the River District Urban Renewal Area located in the central city.
5. Update Section II. Parks, Open Spaces and Other Public Amenities Goal to reflect additional area being added.
6. Update Section IV. Urban Renewal Area Outline to reflect the additional area being added.
7. Update Section V. Urban Renewal Area Map and Legal Description to reflect the additional area being added.
8. Update Section VI. Urban Renewal Projects to reflect the additional being added.
9. Update Section X. Relationship to Local Plans and Objectives to reflect the additional area being added.
10. Update Section XI. Land Use Plan to reflect the additional area being added.
11. Update Section XII. to provide a financial analysis of the Plan to reflect the areas being added, and the increase in maximum indebtedness. _.
12. Amend Section XIV. Projects Including Public Buildings to add School and Community Facility

The purpose of these changes is guided by two Portland City Council resolutions which first developed rationale and criteria for the addition of a noncontiguous area to an urban renewal area and then subsequently directed the Portland Development Commission to include the David Douglas School District’s Deardorff Road Property as part of the River District Urban Renewal Area.

Notice of a proposed amendment to an urban renewal plan must be provided pursuant to ORS 457.120 when an amendment to the Plan will have the effect of either: (a) increasing the amount of maximum indebtedness authorized under the Plan, or (b) adding land to the urban renewal area, except for an addition of land that totals not more than one percent of the existing area of the urban renewal area. The First Amendment to the Plan qualifies as such an amendment under both criteria because it increases the maximum indebtedness of the Plan and adds land totaling 2.8% of the Area's existing acreage.

1. Public Participation Process

A joint process of public participation began in 2006 with the Portland Development Commission (PDC) and the City of Portland staff interviewing 35 stakeholders to obtain their thoughts and ideas about the future of the downtown area, specifically concerning an update to the Central Portland Plan and reviewing three downtown urban renewal areas.

The Westside Study officially started in May 2007 when the PDC Commission directed staff in PDC Resolution No. 6474 to look at the downtown urban renewal areas. Two of the URAs, Downtown Waterfront (DTWF) and South Park Blocks (SPB), are due to expire in 2008 but still have important projects to complete. This expiration refers to the last date a URA can issue bonded indebtedness, which was set during the creation of the URA. The River District (RD) URA has performed beyond expectations and a boundary change could allow uncompleted projects in the DTWF and SPB URAs to be completed as part of the RD Urban Renewal Plan. A Public Participation Plan was developed in cooperation with PDC staff and community stakeholders to ensure that there will be sufficient public input around the critical decisions about the future of these URAs.

2. Urban Renewal Advisory Group Formed

The PDC created the Westside Study Urban Renewal Advisory Group (URAG) in May of 2007. The URAG includes two PDC Commissioners (Charles Wilhoite and Mark Rosenbaum), two City Council members (Erik Sten and Dan Saltzman), Multnomah County Commissioner Jeff Cogen, Planning Commissioner Chairman Don Hanson and citizen budget committee member Jon Kruse.

As an extension of City Council/PDC's FY 07-08 Budget Advisory Committee, the URAG reflects the new relationship between the Council and PDC created by last year's city charter change, giving Council budget approval authority. The new advisory group also includes other local officials in recognition of the broad potential impact of this community discussion.

The charge to the Westside Study Urban Renewal Advisory Group (Advisory Group) was to make recommendations regarding the future of three downtown URAs: Downtown Waterfront (DTWF); South Park Blocks (SPB) and River District (RD). Specifically, they were asked to address the following questions:

- Should PDC expand the RD by up to 61 acres?
- Should PDC increase the maximum indebtedness of the RD, which will likely be reached in 2011-12?
- Should PDC extend the last date to issue debt for DTWF and SPB?

The URAG met over ten months through February 2008 and heard from a variety of stakeholders including:

- Pearl District Neighborhood Association
- Portland Downtown Neighborhood Association
- Old Town/Chinatown Neighborhood Association
- Old Town/Chinatown Visions Committee
- League of Women Voters
- Portland State University
- University of Oregon
- Portland Business Alliance/Downtown Retail Council
- Chinese Consolidated Benevolent Association
- Regional Arts and Culture Commission
- Representatives from non-profit and for profit housing organizations
- City of Portland Bureau representatives including Planning, Transportation, Housing and Community Development, and Parks

3. Additional Community Meetings

PDC staff also briefed stakeholders at community meetings including:

- Downtown Neighborhood Association National Night Out event in the South Park Blocks
- Downtown Neighborhood Association Land use committee
- Old Town/Chinatown Neighborhood Association
- Pearl District Planning and Transportation Committee
- Old Town/Chinatown Visions Committee

4. Electronic Communications

PDC staff created a web page dedicated to the Future of Urban Renewal that includes the opportunity for collecting comments electronically. People accessing the web site could also sign up for email notifications about the project.

5. URAG Recommendations

- The River District should be expanded by approximately 50 acres.
- The maximum indebtedness of the River District should be increased.
- The last date to issue maximum indebtedness for the River District should be extended from 2020 to 2021.
- Remove 3.8 acres from the South Park Blocks URA boundaries and add this area to the River District URA for completion of projects on those parcels. (By Commission direction, this acreage was later reduced to 3.20 acres.)
- Remove 47.03 acres from the Downtown Waterfront URA and add this area to the River District URA for completion of projects on those parcels.
- Do not extend the last date to issue debt for DTWF URA and SPB URA, but utilize full financial capacity using existing 2008 expiration date.

- If directed by City Council, consider formation of a non-contiguous area in the David Douglas School District for the purpose of building an elementary school and public facility.

6. Report Format

The format of the Report is based on statute ORS 457.085(3). It requires that an urban renewal plan amendment which is a significant change, requiring a substantial amendment to the plan, be accompanied by a report which provides:

- A. A description of physical, social and economic conditions in the urban renewal areas of the plan, and expected impact, including the fiscal impact, of the plan (or change) in light of added services and increased population;
- B. Reasons for selection of each urban renewal area in the plan;
- C. The relationship between each project to be undertaken and the existing conditions in the urban renewal area;
- D. The estimated total cost of each project and the sources of monies to pay such costs;
- E. The anticipated completion date for each project;
- F. The estimated amount of money required in each urban renewal area under ORS 457.420 to 457.460 and the anticipated year in which indebtedness will be retired or otherwise provided for under ORS 457.420 to 457.460;
- G. A financial analysis of the plan with sufficient information to determine feasibility;
- H. A fiscal impact statement that estimates the impact of the tax increment financing, both until and after indebtedness is repaid, upon all entities levying taxes upon property in the urban renewal area; and
- I. A relocation report which shall include:
 1. An analysis of existing residents or businesses required to be relocated permanently or temporarily as a result of agency actions, under ORS 457.170;
 2. A description of the methods to be used for the temporary or permanent relocation of persons living in, and businesses situated in, the urban renewal area in accordance with ORS 35.500 to 35.530; and
 3. An enumeration, by cost range, of the existing housing in the urban renewal areas of the plan which are to be destroyed or altered, and of the new units to be added.

This report will address each of the required information categories.

II. A DESCRIPTION OF PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS IN THE URBAN RENEWAL AREAS OF THE PLAN AND THE EXPECTED IMPACT, INCLUDING FISCAL IMPACT, OF THE PLAN IN LIGHT OF ADDED SERVICES OR INCREASED POPULATION

This section of the Report describes existing conditions within the River District Urban Renewal Area (the “Area”) documenting the occurrence of “blighted areas” as defined by ORS 457.010(1). This Plan amendment will expand the Area’s boundary by 8.53 acres, increasing the size of the Area to 359.72 acres. Further, this Amendment will increase the maximum indebtedness of the Plan from \$549,500,000 to \$568,500,000.

Accordingly, tax increment revenues generated under the Plan between the date of this amendment and the expiration of the URA will be used to finance projects and activities that will improve economic, physical and social conditions within the Area and generally further the goals and objectives of the Plan.

A description of existing conditions within the area to be added by the First Amendment (the “Amendment Area” or “David Douglas Expansion Area”) is provided below. The Amendment Area is depicted in the map appearing in Figure 1 below. The conditions within the existing River District Area, including a description of the physical, social, and economic conditions and the expected impact, including fiscal impact, of the Plan in light of added services or increased population, have been described in the Report accompanying the Amended and Restated River District Urban Renewal Plan.

Figure 1. David Douglas Expansion Area

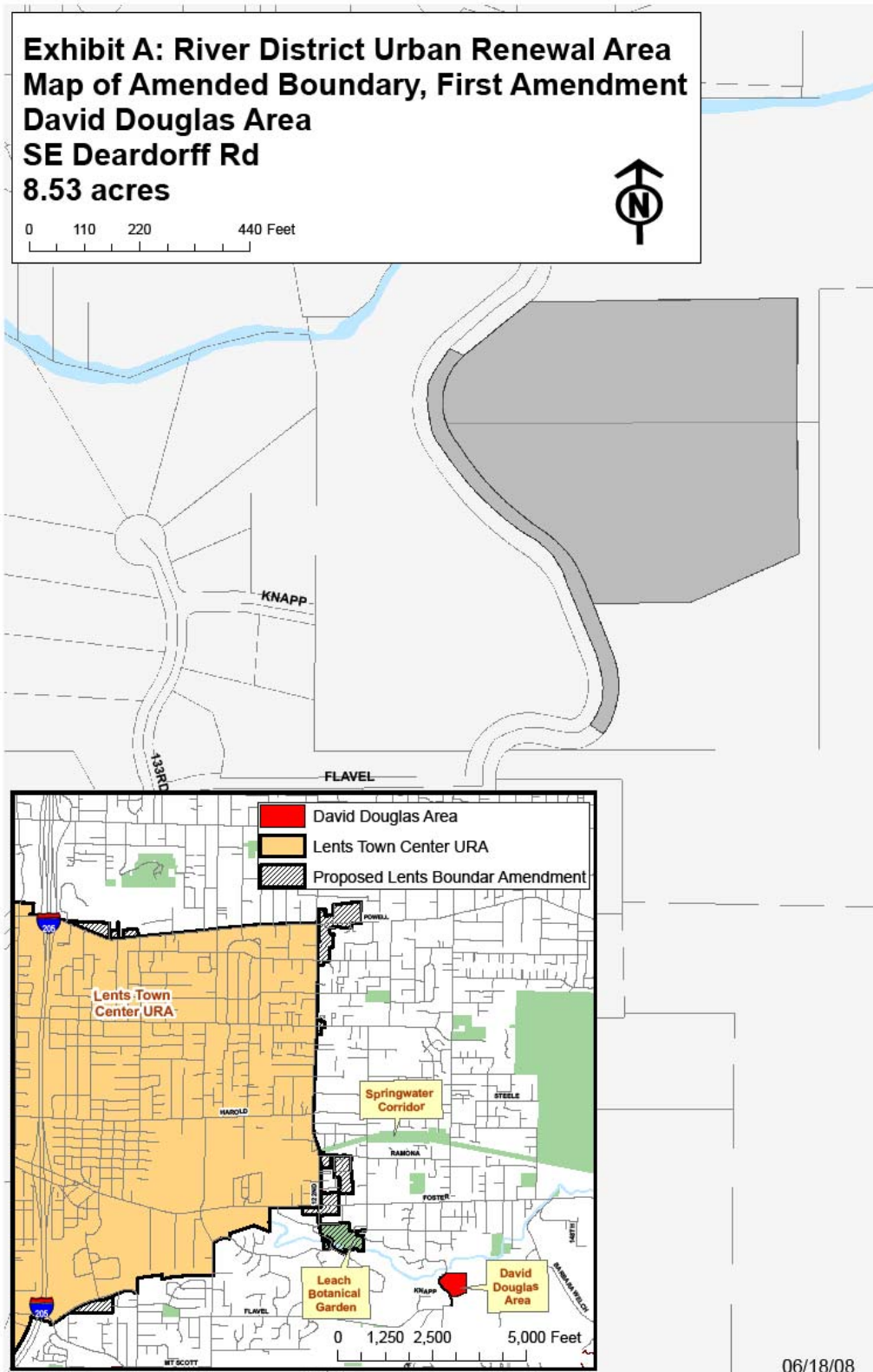


Figure 2. Zoning Map

