

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** October 10, 2007  
**TO:** Board of Commissioners  
**FROM:** Bruce A. Warner, Executive Director  
**SUBJECT:** Report Number 07-119  
Interstate Corridor Urban Renewal Area Briefing

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

None – information only.

#### SUMMARY

The purpose of this briefing is to update the Portland Development Commission (PDC) Board of Commissioners (Board) on the projects and activities underway in the Interstate Corridor Urban Renewal Area (ICURA or URA). This briefing will also touch on some of the major issues facing the URA and discuss how the Interstate Team plans to address these challenges in the short and long term.

### BACKGROUND

At 3,744 acres, the Interstate Corridor URA is Portland's largest urban renewal area. It was established in 2000 and includes a diverse collection of historic communities in north and northeast Portland, including parts of 10 different older residential neighborhoods that are interconnected by seven commercial corridors and served by three large-scale industrial areas. The Interstate Corridor URA also incorporates parts of regional features like the I-5 and I-405 freeways, the MAX light rail line, the Willamette and Columbia Rivers, and the Columbia Slough.

Since its inception, this URA has seen remarkable growth and revitalization. Several commercial corridors and neighborhoods in the area are blossoming with new businesses, and investments by homeowners and property developers. Some of the key accomplishments<sup>1</sup> in the URA are highlighted below:

- ✓ Interstate MAX Light Rail. In the early life of the district, most of the available Tax Increment Funding (TIF) was used to provide the \$30 million local match for the City's investment in the Interstate MAX light rail line. This investment has spurred a revitalization of neighborhoods along Interstate Avenue.

Important work is now underway via the Interstate Corridor Zoning Study to identify regulatory changes needed to ease the development barriers at the station areas. One of the key actions is to ensure consistency between the

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<sup>1</sup> See Attachments A - C for a graphical representation of PDC's accomplishments and investments.

underlying zoning and the overall policy as described in the comprehensive plan designation so that costly and time consuming zone changes on individual parcels are not needed.

- ✓ *Commercial Corridor Revitalization*. Revitalization of commercial corridors and neighborhoods is occurring by direct business loans and grant programs, and through a series of investments in transportation and park improvements.
  - ✓ *Storefront Improvement, Business Loan and Development Opportunity Service Programs*<sup>2</sup>: Evidence of PDC's investment in businesses can be seen throughout the urban renewal area in improved storefronts, new businesses, and redevelopment of properties. Since the initiation of the URA, more than 150 storefront improvement grants, 100 business loans, and 100 development feasibility grants have been made in the URA. This represents an investment of approximately \$11 million in public resources and a return of more than \$80 million in private investment. Each of these programs is a very effective and popular tool in the revitalization and job creation in the district. See Attachment C1 – C9 for more detailed information on these investments.
  - ✓ *Job Creation and Technical Assistance*: In addition to the physical improvements, business incentives including technical assistance programs have been instrumental in job creation for the Interstate Corridor URA. Since 2000, PDC Economic Development programs have assisted in the retention or creation of an estimated 800 jobs within the Interstate Corridor URA.
  - ✓ *Streetscape Improvement Projects*: Three streetscape improvements were identified early in the district's history as priorities for public investments. Each streetscape project is located at a station area along the MAX light rail line. The improvements reflect the philosophy of upgrading these target areas found in the *Interstate MAX Station Area Revitalization Strategy*, a guiding document for the URA. The improvements, all of which have been developed with significant community input, also function as main street revitalization tools.
    - ✓ The Killingsworth Streetscape project is the largest of the three streetscape projects and is well into implementation. The full project extends from Interstate Avenue east to Martin Luther King Jr. Blvd. Work is being phased and by Summer/Fall 2008 improvements will be completed on ten continuous blocks from Interstate Avenue to N. Commercial Avenue.

Funding for the project comes from TIF, transportation revenue from City of Portland Office of Transportation (PDOT), and the Oregon Department of Transportation (ODOT), including a grant through the I-5: Delta Park Community Enhancement Program. Several block faces were completed through private investment as part of the Portland Community College – Cascade Campus redevelopment.

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<sup>2</sup> Investments in the URA began prior to the formation of the URA. Data are for all investments since 1995.

A total of \$3.9 million has been spent and budgeted on the Killingsworth project through 2008; 21% of that funding was supplied from PDOT and ODOT funds. Some \$400,000 in MTIP funds have been awarded for future project design and engineering from Commercial to Martin Luther King Jr. Blvd. Funding for this final phase of construction is not yet budgeted.

- ✓ The Denver Avenue Streetscape is located on a 4.5-block stretch of Denver in downtown Kenton, stretching from N. Interstate south to Watts. Conceptual design is completed for the project; schematic design and engineering is estimated to be finalized by 2008, with construction is planned to begin in 2009. This streetscape project is a part of the larger Downtown Kenton Revitalization Strategy developed by PDC. See Attachment D for a recent article regarding this project.
- ✓ The Russell Streetscape project extends on Russell Avenue from Interstate Avenue some five blocks east to the I-5 underpass (at Kerby). Russell is in the engineering phase and expected to go to construction in the summer of 2008.
- ✓ *Park Improvement Projects:* In the early years of the district, resources were limited and investments in parks focused on small scale, safety-related improvements. With increased TIF funding, several larger projects are now in progress. These improvements are highly popular with the Interstate Corridor URA Advisory Committee and the larger community.
- ✓ Patton Square Park: PDC is now undertaking its first major park renovation with the reconstruction of Patton Square Park. The park is also an important part of the revitalization strategy for the Killingsworth light rail station area, along with streetscape improvements it complements other investments by PDC at the station including the redevelopment of the Crown Motel and Killingsworth Station sites for affordable housing. Construction of Patton Square Park improvements is anticipated to be complete this winter and the park will re-open to the public in the Spring/Summer 2008.
- ✓ Dawson Park Gazebo Restoration: This historic gazebo is the last vestige of the once-thriving Albina community, and therefore of great historical significance, particularly to the many African Americans who lived there. The gazebo's dilapidated state threatened its long-term viability and PDC is renovating it to improve its safety, functionality and life-span. Renovation will occur in the Fall/Winter 2007.

Additional improvements in Dawson Park, located along the Vancouver/Williams commercial corridor, have been identified in a recent park master plan that was developed with significant community input. However, funding for this work is not yet budgeted.

- ✓ Bridgeton Trail: The Bridgeton Trail is located on a stretch of the waterfront just south of the Columbia River and east of I-5. Trail investments are aimed towards spurring development of high quality,

mixed-use projects on a little more than 16 acres of vacant waterfront property that is adjacent to the trail. Completing the trail will also provide an important link in the 40-Mile-Loop which circles Portland.

The concept plan for the Bridgeton Trail was completed in 2007. Work in this coming year will focus on building consensus for a financing plan for the trail and working with Metro to acquire the needed easements. Currently about a quarter of the total funding for the trail link is anticipated to come from TIF resources. Construction is targeted for 2009, however actual timing will vary depending on funding availability.

- ✓ Housing Investments and Programs. One of the key challenges for this district has been the implementation of projects and programs to ensure that residents in the URA continue to have access to affordable housing. In the early years of the district, PDC assisted with the completion of the New Columbia HOPE VI project with the provision of \$6 million in TIF to construct local streets. Other early projects included the construction of two affordable rental housing projects known as Buka's Place and Fenwick Apartments. These two projects meet a number of Interstate Corridor URA housing goals by providing affordable, family-sized housing with a total of 26 two-and three-bedroom units. Results from the latest tenant surveys for these properties indicate that over half of the households are headed by minorities, and more than half of the households have incomes at or below 30% Median Family Income (MFI). When these two projects were developed there were not sufficient funds in the Interstate Corridor URA to cover costs; therefore, federal funds were used to provide the necessary gap financing.

With the increase in TIF capacity in the district and the new 30% set aside affordable housing policy, several important activities are underway.

- ✓ **Crown Motel and Killingsworth Station Projects:** These projects have been programmed to complement each other by providing a range of affordable housing opportunities at the Killingsworth light rail station. Both sites benefit from their proximity to Patton Square Park, the Interstate Firehouse Cultural Center, and the Killingsworth MAX station area. These projects are one of the area's first attempts to create transit-oriented development situated on the MAX line.

PDC is working with REACH Community Development, Inc. to develop affordable rental housing on the Crown Motel site, which is owned by TriMet. The current program includes 52 rental units, including 12 three-bedroom units. All units will be affordable to households earning 50% MFI, with up to 12 units affordable to households earning 30% MFI and below. Construction is estimated to begin in 2008.

For the Killingsworth Station project, PDC is working with Winkler Development Corporation to provide approximately 50 for-sale condominium units with 9,000 square feet of commercial space on the ground floor. Approximately half of the units will be affordable to families with incomes at 80-100% of the MFI for the Portland metropolitan area. The estimated construction is spring 2008.

PDC staff are working with the Crown Motel and Killingsworth Station project developers to ensure that the new housing units at the two projects are effectively marketed to current residents in the Interstate Corridor URA neighborhoods. The focus is on providing stable housing for families with children in local public schools, and to local minority residents seeking first-time homeownership opportunities, in support of the City's Operation H.O.M.E. initiative. Housing staff anticipate returning to the Board in the near future to discuss the Killingsworth Station project and the emerging financial assistance from PDC that is required to make this project a reality.

- ✓ **New Affordable Rental Housing Projects:** Two new projects were recently identified through a Notice of Funding Availability:
  - The Mira Flores project will be developed on N. Newell Avenue and will include 32 rental units. The 2- and 3-bedroom units will be made affordable to households at 50% MFI. The project will also include five Permanent Supportive Housing Units (which also supplies a social-service component). The project was approved for 9% Low Income Housing Tax Credits (LIHTC) and PDC will provide \$220,000 in subsidy. Construction is not estimated to begin until after 2008.
  - Shaver Green: The Shaver Green project will be developed at the corner of Martin Luther King Jr. Blvd. and Shaver and will include 85 rental units that will be made affordable at 30-60% MFI. Ten of the units will be subsidized with Project Based Section 8 vouchers and will serve as Permanent Supportive Housing Units. \$2,140,800 in TIF and \$1,000,000 in H.O.M.E. funds will be used to subsidize the project. Construction is not estimated to begin until after 2008.
- ✓ **New Affordable Homeownership Development:** A request for proposals (RFP) was issued in August 2007. Approximately \$1.325 million in TIF funds are available through the RFP over the next two fiscal years. The RFP called for the development of family-sized housing at prices affordable to households at 80% MFI. The RFP requires coordination with Operation H.O.M.E. and efforts in green construction. Four proposals were received in response to the RFP. Projects funded through this RFP are estimated to go to construction after 2008.
- ✓ **Homeownership Retention Program:** PDC is working to develop a pilot program that will focus on retaining homeownership for existing low-income, minority and/or elderly homeowners in the district. An RFP solicitation is being developed to seek out a qualified organization, or team of organizations, that will serve in a housing advocacy role by identifying homeowners who may be in jeopardy of losing their property due to foreclosure, back taxes, or other factors and directing them to appropriate resources and programs for assistance. This pilot program will be funded with non-TIF resources.
- ✓ **Community Livability Grant Program.** For two years in a row, PDC staff in the Interstate Corridor URA have administered a grant program to solicit and fund a

wide range of community livability projects. The purpose of this grant program is to aid in the revitalization and stability of key non-profit organizations in the URA. During the last two years, 12 projects have received \$350,000 in grants.

This is a very popular program and provides an important funding source for revitalization and capital maintenance to organizations providing services within the district. In 2007, the largest award went to the June Key Delta House project, which will assist a sorority of professional African American women to create a community center at the corner of Albina and Ainsworth St. Once completed, this facility will provide space for daytime programming for seniors, after school programming for local youth, and will be available for public use in the evenings.

### **The Future:**

The Interstate Corridor URA faces numerous opportunities and challenges in the years ahead including:

- ✓ Continue Commercial Corridor and Station-Area Revitalization.
  - Continue successful business assistance programs such as DOS, Storefront, Business loans, business incentives, and technical assistance.
  - Continue implementation of the three committed streetscape projects on Denver Avenue, Killingsworth and Russell.
  - Push for implementation of Interstate Corridor Zoning Study recommendations to ease development barriers and maximize the value of the investment in light rail.
  - Work with TriMet and the community to redevelop the former Triad Mechanical site in Kenton, located at Argyle and N. Interstate Avenue, owned by TriMet.
- ✓ Carry out URA-wide priority initiatives.
  - Continue the Community Livability Grant Program.
  - Work with other public partners, including the school district, to identify underutilized parcels in the Interstate Corridor that are in public ownership and where redevelopment partnerships can be established.
  - Identify and secure non-TIF resources for the Bridgeton Trail.
- ✓ Implement identified affordable housing projects and increase homeownership opportunities. While many areas in the urban renewal area are seeing important new development and economic activity, a central challenge of this district remains: how to provide affordable housing opportunities so that longstanding residents can continue to live in the area. Key housing projects over the coming years include successful completion of:
  - Crown Motel and Killingsworth Station projects,

- Mira Flores and Shaver Green affordable rental housing projects,
  - Development of new affordable housing projects.
- ✓ Think strategically and plan for the future. The Interstate Corridor URA is seven years old and one-third of the way through its authorized life. In order to guide future investments, it is appropriate to now revisit and refresh some of the guiding strategy documents for the URA to be nimble and responsive to new opportunities and to think critically about priorities for public investments in the remaining two-thirds of the district's life. Such a process will require the involvement of community stakeholders, Interstate Corridor Urban Renewal Area Committee, the Board and City Council.
- ✓ Manage stakeholder and community expectations. Expectations for this district were set extraordinarily high. Tensions can flare as the community expects quick progress in developing projects, greater flexibility with TIF funds than is available, and more significant and substantive input on PDC investments and activities.

PDC staff on the Interstate Corridor URA Team welcomes the opportunity to showcase some of the accomplishments in the district and to have a discussion with the Board about the opportunities and challenges that face the district.

**ATTACHMENTS:**

- A. PDC Projects and Economic Activities from 2000 - Spring 2007
- B. PDC Housing Activity from 2000 - Spring 2007
- C. Commercial Corridor Investment Maps 1-9
- D. Daily Journal of Commerce Article, September 11, 2007

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