
Meeting Notes

Urban Renewal Advisory Group

PDC Commission Conference Room
2:00 p.m. – 4:30 p.m.
Tuesday, December 18, 2007

Advisory Committee in Attendance: PDC Commissioner Charles Wilhoite (Co-Chair); City Commissioner Erik Sten (Co-Chair); PDC Commissioner Mark Rosenbaum; City Commissioner Dan Saltzman; County Commissioner Jeff Cogen; Planning Commissioner Don Hanson; Jon Kruse.

Public Attendees: Debbie Aiona, Lenny Anderson, David August, Karen Bean, Doug Capps, Betty Dominguez, Jamaal Folsom, Patricia Gardner, Patrick Gortmaker, Marion Haynes, Elaine Howard, Eric Johansen, Marissa Madrigal, Lili Mandel, Irwin Mandel, Jim Middaugh, Jerry Powell, Carly Riter, Patricia Tighe, Terri Warpinski, Dan Zalkow.

PDC Staff Present: Lisa Abuaf, Bob Alexander, Lew Bowers, Julie Cody, Bob Durston, Karen Fox, Joleen Jensen-Classen, Morgan Masterman, Steven Shain, Cheryl Twete, Bruce Warner, Keith Witcosky.

1) County Issues

Commissioner Cogen presented a [memo](#) to the Urban Renewal Advisory Group (URAG). He discussed his three-part solution to free up service dollars for Multnomah County. The proposal included:

- 1) A Bricks and Mortar Strategy – Cogen requested that PDC work with the County to redevelop the Mead and McCoy buildings ([see map](#)) and acquire for the County a building such as the Lincoln Building for a downtown service hub. Cogen also proposed including the Lincoln and McCoy buildings in the River District expansion boundaries.
- 2) Allow the URAs to expire and return property to the tax rolls – Cogen proposed that the URAG keep the last dates to issue debt for Downtown Waterfront (D'TWF) and South Park Blocks (SPB) at 2008. He stated it is critical that these areas get back on the tax rolls as soon as possible.
- 3) Create an inclusive process for urban renewal decisions – Cogen proposed that the County have a voice in decisions relating to creating or expanding a URA, increasing the maximum indebtedness of a URA, and changing the last date to issue debt.

Commissioner Saltzman agreed with Cogen's proposal and asked the URAG how they felt about it. Commissioner Wilhoite stated that everyone agrees that the County needs more funds; however he didn't have a sense of what the impact of adding the Lincoln building to the River District would be.

2) What We Know: Summary of Relevant Factors

Bob Durston presented a [PowerPoint](#) to the URAG discussing different scenarios. Jon Kruse asked if "early payoff" (slide 5) referred to issuing no new debt. Durston clarified that that scenario refers to issuing bonds in 2008 that would lead to a 2018 payoff. Kruse asked why such projects as the

Grove Hotel and the Yards at Union Station cannot be moved into the River District. Durston responded that money for those projects is due prior to the earliest date they could be moved into the River District. Cogen asked if it was possible for money to be borrowed from other URAs. Bruce Warner said it was possible, but you would have to pay interest. Eric Johansen approached the group and clarified that the Office of Management and Finance (OMF) does not believe money can be lent from one URA to another.

Kruse asked if the No New Debt scenario (slide 12) gave the opportunity to put these areas back on the tax rolls. Durston responded that it does and you would be looking at a 2012 close-out date. Sten added that this scenario does not allow for the funding of Section 8 housing, which would cost eight times the amount to replace. Cogen said he has heard two items in the news recently about Section 8. First, the Schnitzers managed to preserve Clay Towers by selling to a non-profit and secondly, Meyer Memorial Trust established a \$6M fund to preserve Section 8 housing. He asked if these options could be used for other Section 8 housing projects in SPB. Cogen asked if the Section 8 was part of the \$12M housing set-aside. Durston said Section 8 preservation would qualify as an affordable housing allocation but that pending Section 8 projects were not currently covered by the adopted SPB budget. Cogen asked why it hasn't been considered for a shift into the River District. Durston said it has and gave the Fairfield as an example of a preservation project that probably be recommended for transfer to River District.

Bob Alexander continued to explain that the River District's current maximum indebtedness is \$225M however \$119M has already been spent (slide 18). Financial capacity now through 2020 is somewhere between \$330M and \$528M. In order to determine what the maximum indebtedness needs to be raised to, you have to add the \$119M already been spent to the capacity you choose. For example, if you want to utilize \$330M you would need to raise the maximum indebtedness to \$449M. If you wanted to utilize \$528M in capacity, you would have to increase maximum indebtedness to \$647M. These are conservative and aggressive scenarios. OMF feels that the likely capacity is closer to \$400M which is based on a 7.5% growth rate next year, 6% the following year, and 5% after that. Patricia Tigue, OMF, attributed the decline in growth rates over prior projections to a drop in utility value and other lower than expected assessments. Sten added that the drop to 4% is an overreaction. He said you aren't going to repeat the build out of the last ten years but there will be some new construction. Tigue responded that they had previously estimated a 7.5% to 9% growth rate.

Alexander moved on to discuss cash flow (slide 19). He explained that you can spend a higher amount next year, but doing that limits your capacity later on. He explained they would probably be looking at something in between the two scenarios.

Moving on to River District projects and budget (slide 20), Rosenbaum asked if "total capacity needed" referred to maximum indebtedness or new dollars. Alexander clarified that it was new money to be spent. Kruse asked if there was a cap to maximum indebtedness. Alexander said that the limit is financial capacity. PDC has to provide an analysis showing that we have enough money to pay off the bonds. Rosenbaum asked if there was money in the expanded RD scenario for economic development or for the downtown core. Alexander explained that only legally committed economic development programs were included and that there were limited funds for the downtown core.

In regards to the release of assessed value (slide 22) Wilhoite asked what an example of a release of \$250M would be. Keith Witcosky stated that releasing the Brewery Blocks acreage from River District would release approximately \$75M in assessed value.

3) Discussion

Commissioner Wilhoite stated that he was hesitant to accept Cogen's proposal. Investment is intended to affect everyone. In 2006, \$10M came to the County as a result of PDC historical investment. He added that he is wrestling with the concept of buying the County a building.

Commissioner Sten stated that he liked the 2018 close-out date. He also said he felt like the maximum indebtedness should be set closer to the aggressive scenario. He added that if there is a package that makes the County happy he is willing to raise maximum indebtedness to that amount. He concluded that he would not accept a maximum indebtedness that did not assist the county and a satellite district.

Kruse mentioned that he felt there was a consensus on ending the districts in 2008. He wanted some more information on what projects that would cover. Wilhoite stated that all were in agreement on 2008 as the last date to issue debt. Rosenbaum asked PDC staff to look at the opportunity to release property in DTWF and SPB with the approval of bond holders.

4) Public Testimony

Patricia Gardner – Pearl District Neighborhood Association

Gardner urged the Advisory Group to think harder about SPB. There needs to be a solution for the Section 8 units there. She said that removing blocks from a district may help in the short-term but not in the long-term. She emphasized how much of an opportunity lies at the Post Office site.

Lily Mandel – South Park Blocks resident

Mandel stated she was upset to see that SPB was not going to be renewed. She said there were still many blighted areas including surface parking lots and the Yamhill parking garage.

Irwin Mandel – South Park Blocks resident

Irwin Mandel asked why PDC should be responsible for the County's shortcomings. He asked why the County has a restricted tax base. He stated that David Douglas residents refused to approve a bond so it doesn't make sense for us to step in. He asked the Advisory Group whether or not they plan on discussing inflation with regards to maximum indebtedness. He pointed out that of the projects listed in the presentation; none included improvements to the downtown core.

Jerald Powell – Goose Hollow Foothills League

Powell stated that Goose Hollow is part of the Central City Plan Area, and that it should be part of an Urban Renewal Area. He mentioned that Lincoln High School is undersized and that it needs PDC funding. He also mentioned that the Burnside/Couch project is already funded through the RD budget, however the needs don't end at I-405, and that this project would attract a good deal of private funding.

Lenny Anderson – Swan Island Business Association

Anderson applauded PDC for ending DTWF and SPB in 2008. He asked the URAG why the school district wasn't present. He stated that the group needed to look for other ways to get money back into mental health, criminal justice, and schools.

Marion Haynes – Portland Business Alliance

Haynes stated the urban renewal is a critical tool and that the URAG should reduce the amount of time for which tax increment is not available for downtown. Priorities need to get done, such as the 10th and Yamhill garage and Ankeny/Burnside improvements, as well as retail core investments. She stated it is important to look at what projects are appropriate to move into RD and what is appropriate for a reserve.

5) Objective and Directions to Staff

Commissioner Wilhoite discussed URAG objectives (slide 25). Sten said he would like the URAG to look at Section 8 housing and the possibility of moving that into the RD.

Commissioner Wilhoite asked about releasing value (bullet 4). Sten commented that he did not feel it was worth doing in the RD. Durston asked the Group about releasing value in SPB and DTWF. Eric Johansen, OMF, added that reducing the area of an Option 3 district (like DTWF or SPB) does not slow down the payback of debt. It also does not give money to taxing jurisdictions. Rosenbaum said the benefit of doing this would be to put the acreage back in the bank. There are no financial benefits. Sten asked Johansen what the mechanics of doing this were. Johansen said he was unsure. Rosenbaum asked if there was a downside. Johansen responded not unless you run into problems with the bond covenants. Alexander added that you do not have to send a notice for removing acreage from a district.

Commissioner Wilhoite asked staff to address the 5th bullet. Durston commented that the Central Portland Plan is years out. He asked that the Group keep in mind PDC's capacity in the future. Wilhoite said they would keep that in mind.

Commissioner Wilhoite discussed the possibility of a reserve of acreage. Sten felt that 16 acres was too high. He felt that the reserve should be low. He mentioned he was ready to move the satellite issue to the next level, but not necessarily identify where one would be. He informed the Group of a Senate Bill that would allow satellite districts to be formed under certain circumstances. He stated that if this bill passed, the 5 acres for David Douglas would not count against the 61 acres. Saltzman stated that he felt a 16 acre reserve was a good size. Sten suggested the Group ask PDC Staff to reduce the boundaries.

Commissioner Rosenbaum noted that a lot of their time has been spent on larger policy issues and that Commissioner Cogen's ask was tied to housing issues and satellite issues. He said it is important when discussing the satellite issue to keep in mind PDC's work in expanding the Lents Town Center URA. He mentioned it would be interesting for PDC to consider an investment with the County on some sort of matching basis to help them consolidate their facilities. He also stated he was concerned that the Group has not begun to identify the large amounts of money people have asked for. We've had specific asks from city bureaus. We haven't heard specific dollar amounts from PDC or others as it relates to a retail core update or economic development/jobs creation strategy.

Rosenbaum's concern was that if you look at the creation of increment over time and you overlay projects when they are supposed to come on board you will find that over the next ten years, there is only one-fourth the capacity to create jobs than there is the desire for people to have jobs/projects funded. Rosenbaum asked that Staff identify when increment would be created and then overlay projects.

Commissioner Sten asked that Staff give a hard proposal of a 16 acre reserve and a 5 acre reserve with a clear description of what projects are left out of each reserve. Commissioner Hanson said that was more feasible for him.

Durston quickly asked the Group if they were able to approve the [November meeting notes](#). The Group approved the notes as submitted. Durston also asked if the Group would consider a meeting in February to allow time for public testimony, assuming a decision is made in January. The Group agreed.

Next Meeting: Tuesday, January 15, 2008, 2:00 P.M. - 5:00 P.M., Commission Conference Room, Portland Development Commission, 222 NW Fifth Avenue.

**Meeting Notes Addendum:
Directions to Staff**

1. Develop 2018 close-out strategy for DTWF and SPB including recommendations for:
 - a. RD boundary adjustments
 - b. RD maximum indebtedness increase
2. Recommend options for downsizing DTWF and SPB as quickly as possible.
3. Develop 5 and 16 acre reserve options.
4. Show budget impact of 2015 close-out date for DTWF and SPB.
5. Address project based Section 8 Preservation
6. Provide preliminary project analysis for new RD including:
 - a. Timing of new projects
 - b. Timing of increment generation
 - c. Timing of new jobs