
Meeting Notes

Urban Renewal Advisory Group

PDC Commission Conference Room
2:00 p.m. – 5:00 p.m.
Tuesday, January 15, 2008

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: David August, Karen Bean, John Beardsley, Nancy Davis, Betty Dominguez, Jamaal Folsom, Patricia Gardner, Patrick Gortmaker, Mark Gregory, Richard Harris, Marion Haynes, Elaine Howard, Eric Johansen, Lorelei Juntunen, Christopher Kopca, Shelley Lorenzen, Marissa Madrigal, Peter Matthews, Jim Middaugh, Jan Oliver, Carly Riter, Constance Smith, Eric Steinmeyer, Patricia Tigue, Paul Verhoeven, Terri Warpinski, Joe Zehnder.

PDC Staff Present: Lisa Abuaf, Bob Alexander, Lew Bowers, Julie Cody, Bob Durston, Peter Englander, Karen Fox, Leah Greenwood, Joleen Jensen-Classen, Morgan Masterman, Kim McCarty, Steven Shain, Cheryl Twete, Bruce Warner, Fred Wearn, Keith Witcosky.

1) Staff Response to Directions and Discussion

Commissioner Wilhoite began the meeting by reviewing the agenda and stating that the goal for Urban Renewal Advisory Group (URAG) should be to reach a consensus on outstanding issues--not everyone's requests will be fully met. He explained that the Downtown Waterfront (DTWF) and South Park Blocks (SPB) Urban Renewal Areas (URA) are set to expire in 2008, but the Advisory Group needs to make a recommendation about how much new debt should be incurred.

The URAG approved the [12/18/07 meeting notes](#) as submitted

Bob Durston showed a [PowerPoint](#). He explained the map was generated by PDC staff in collaboration with various stakeholders. PDC staff was instructed to come back with 45 and 56 acre options. Old Town Chinatown is the basis for the 45 acre option. He explained that to meet the 56 acre option, there are four nodes that you would move to River District (RD) including the Lincoln Building, General Growth (Pioneer Place), The Fairfield Hotel, and the 10th and Yamhill garage. He also stated that the McCoy building, requested by the County Commissioner Cogen, would be added to the map.

Bob Alexander went on to discuss the [draft decision tree](#) which allows us to analyze which projects can be funded through DTWF and SPB with a 2018 close-out date, which projects cannot be funded through DTWF and SPB, and which projects are proposed to be moved to RD. Commissioner Rosenbaum asked if each project listed in the decision tree had at one time appeared in a PDC budget and Alexander replied that they had. Commissioner Cogen asked if these projects were examples. Alexander said they were and clarified that the URAG's decision is on capacity and this decision tree shows categories of projects and rough percentages.

Rosenbaum asked how much the Not Funded projects added up to. Alexander stated they added to the difference between 2018 and 2024 close-out dates as listed at the top of the decision tree (approximately \$29M for DTWF and \$17M for SPB).

Alexander clarified that the set aside amount for an island district would be \$46M if pending legislation passes at this year's special state legislative session. He also pointed out that the box titled "Underfunding/Timing Issues" calls out cash flows issues in the RD over the next five years. Commissioner Saltzman pointed to the island district box and stated that he did not recall a discussion about Section 8 as a satellite. He stated he had suggestions for a satellite as well including a domestic violence center. Alexander stated that this was not a recommendation rather it simply points out that Section 8 is an unfunded issue. Jon Kruse asked how the amount for a satellite was determined. Alexander stated it equals 15% of the increase of maximum indebtedness as proposed in the pending legislation.

Wilhoite clarified that if the URAG targets a 2018 close-out date for SPB there is \$41.2M in additional debt. If they go to 2024, there is another \$17M. For DTWF, if the URAG targets 2018, there would be \$47M to invest. And \$390M is the additional resources we have to invest in RD. Sten said this is an illustrative list and reminded the group that the URAG does not have authority to choose specific projects. Durston added that no projects are locked up except for legal commitments. Sten clarified that if the URAG agreed to the "yes" list, the map boundaries represent that list. Kruse asked if any of the projects on the Not Funded list had been started. Staff responded that PDC had not legally committed to any of those projects but some represented long-term expectations. Wilhoite added that the Not Funded list concerns him because downtown retail and economic development programs are listed there.

Durston moved on to discuss the [Draft URAG Recommendations](#). He clarified that the McCoy Building would be added to the proposed boundary map. The proposed boundary would leave a 7 acre reserve. Durston asked the Group if this was enough.

He suggested that the Group consider going beyond a 2018 close-out date (Recommendation 3). This relates to the issue of County funding. Currently, the URAG is looking at moving the Lincoln Building from DRWF to RD where it will compete with other RD projects for funding. The alternative is to use DTWF's full capacity for 2008.

In SPB, Sten noted a strong desire for Section 8 assistance in SPB. We don't have a detailed acquisition strategy at this point, so cost estimates are tentative.

Cogen pointed out that he wasn't specifically asking for the Lincoln Building, but that was illustrative of the County's need for PDC financing. He asked whether staff was suggesting a better way to assist the County is through DTWF and not through RD. Durston indicated that DTWF might offer more financial certainty if it is included in the close-out budget. Cogen asked if cash flow would be an issue in DTWF like it would be in RD. Durston said it would likely not because it would not be competing with a number of time sensitive projects. He explained that moving to a 2024 close-out date provides more options to address County issues.

Rosenbaum: we have not yet had a PDC/County discussion about financial assistance. Wilhoite added that the Group would later discuss a potential new URA where the County can be involved in the decision. Cogen said he knew that this Group was not going to make this decision but the

URAG should consider it. Kruse added that another option to consider would be to use the 2024 additional money for debt defeasance.

Durston continued to review the draft recommendations. In response to the fifth recommendation, Cogen said that the significance of downsizing a district is not that it frees up money but rather that it frees up land for a new district. Durston agreed. Kruse asked if downsizing a district would affect the special levy. Alexander said it would not.

On Recommendation 7, Cogen asked that the Group add an additional recommendation about County involvement in future urban renewal decisions. Rosenbaum endorsed the idea and Hanson was in favor as well. Wilhoite said it was unanimous and we will add this recommendation to the list.

Durston stated that he hopes to come out with preliminary recommendations today with the Group coming back in March to review a final set of recommendations. Saltzman added that he thought the Group was approving draft recommendations today and hearing public testimony.

Sten replied that his prior agreement to the 2018 close-out date was if Section 8 was funded, but the decision tree shows us that that is not possible. If we extend to 2024 and reserve \$16M for Section 8, that is reasonable. Cogen asked if it was absolutely the case that Section 8 cannot get funded with the 2018 scenario. He added that he's heard if the URAG extends DTWF to 2024, PDC has the ability to help the County, but he has also heard that it doesn't necessarily mean they will.

Sten suggested extending to a 2024 close-out date for SPB but keeping with 2018 for DTWF and assist the County with RD resources. Sten added that he felt there was some agreement with City Council that going for a larger RD expansion is somewhat contingent that the County sees some benefit. If we are going to increase RD maximum indebtedness, some should be given to the County. Cogen agreed and noted that his support for any recommendation depended on some assistance for the County.

Wilhoite summarized that Sten's recommendation was to extend SPB to 2024 to fund Section 8 but to leave DTWF at 2018. Sten added that this was with a caveat that \$40M goes to the County. Rosenbaum added that there need to be a discussion on leverage. Cogen stated that with every PDC investment, one-third comes from the County, so the County is not an average stakeholder. He said Sten's ask is a good one: increase maximum indebtedness and reserve a specific dollar amount for the County. Wilhoite clarified that Sten was suggesting that if the URAG comes to a consensus on maximum indebtedness that the County should have a placeholder.

Alexander stated that the URAG asked PDC staff to look at an increase in maximum indebtedness. RD project resources have increased from \$330M to \$390M (as shown on the decision tree). There is \$211M in capacity with \$286M in short-term projects, including the Post Office and light rail. Cogen added that the County's capital needs are short-term needs. He has asked PDC about whether TIF resources could be used to finance a building over time. The Post Office and others are tentative needs. The County's needs are immediate. Bruce Warner added that PDC has worked with OMF on these numbers. We know some projects in the queue are not going to go through and others will get delayed. Budgets evolve over time to reflect various development variables and schedules.

2) Public Testimony

Nancy Davis – River District Families. Davis urged the URAG to assist families in the RD and to fulfill the family portion of the current RD Plan. She argued that these commitments are old priorities and that there is a strong tie between economic development and families.

Paul Verhoeven – Portland Saturday Market. Verhoeven stated that funding certainty for the Ankeny Burnside improvements is critically important to Saturday Market vendors and other Ankeny Plaza stakeholders. The new location for the market scheduled to begin construction this spring. He urged the URAG to follow through on existing commitments and leave the Ankeny Burnside property in DTWF.

Shelley Lorenzen – League of Women Voters. Lorenzen discussed foregone revenue. She stated that increasing RD maximum indebtedness will cost taxing jurisdictions \$144M in lost revenue. She urged the Group to do an analysis on this. She stated that PDC is supposed to do an analysis of what happens with urban renewal and what happens without it. The taxing jurisdictions wouldn't see money until 2032. She questioned whether schools should forego tax revenues for 40 years. She reminded the Group that a lot of the proposed urban renewal development projects are not TIF generating.

Patricia Gardner, Patrick Gortmaker, Chris Kopca – Joint OTCT/PDNA/PBA Committee. Patricia Gardner began by noting that more budget demands get pushed into RD, the harder the URAG's conversation will get. Just what has been asked for today is 71% of the budget, and then you have the 30% set-aside. She stated the Joint Committee has been working on an updated map that they presented to the group in July. Patrick Gortmaker presented their [updated map](#) alongside PDC's map. The correlation between the proposed RD boundaries was high. He explained the orange section around the Burnside Bridge represented the Ankeny Burnside improvements project. It represents timing and certainty of funds. Projects like Portland Saturday Market are ready to go in the March/April timeframe and if those funds are not available, there is no reason not to do them in DTWF.

Chris Kopca stated that for the retail core they recommend adding three blocks of General Growth plus two additional blocks (to be determined) to RD. Gortmaker urged the Group to look at how much acreage is consumed by right of way. Gardner explained that they included the Burger King and Firestone blocks in the RD expansion. Saltzman asked why they don't just let the market take care of those blocks. Patricia Gardner indicated that we could but we should strive for catalytic projects on key downtown parcels with high density potential. If we had left RD to market forces, we would have seen a neighborhood of townhouses rather than the high density development that has occurred.

Cogen asked if there were any significant distinctions between the staff's recommendations and the neighborhood's proposal. Durston responded that PDC staff had worked closely with the neighborhood stakeholders so the discrepancies were likely to be minor although some additional conversation with stakeholders would be appropriate.

Chris Kopca argued that the Advisory Group should keep the 2018 close-out date for both districts. Not all needs in the districts need to be answered with tax increment financing alone. Sten asked for

more specifics about the other resource options. Gardner suggested local improvement districts (LIDs) as a non-TIF option.

Richard Harris – Old Town/Chinatown Visions. The stakeholders' recommendations capture OTCT priorities. Funding for these projects is essential for realization of the neighborhood's development plans including Burnside/Couch, affordable housing and workforce housing. Saturday Market should be completed in DTWF.

David August – Pearl District Neighborhood Association. The neighborhood's primary goal is to bring affordable family housing to RD, but families need schools, community/recreation options and parks. These are short-term projects tied to the Hoyt Streets Property agreement. We need to be concerned about the district's cash flow capacity to meet the various competing needs.

Mark Gregory – Portland State University. PSU will continue to grow and wants to partner with the city to make sure that growth benefits the whole community. PSU is critical to our community's future health because it is educating our future workforce. Housing (both affordable and market rate) is needed to support PSU's growing student population. PSU will be bringing a vision for its future to the community in the coming year. That future would greatly benefit from the formation of a new district and a district should be formed as soon as possible.

Jan Oliver – University of Oregon. U of O's President David Frohnmeyer sent a letter to PDC Director Bruce Warner outlining several areas of concern. U of O has already invested in the OTCT neighborhood by investing in the White Stag project. Work remains to be done to complete the Ankeny/Burnside Framework Plan. Resources need to be available to complete this important project. Some of the work is critical with respect to the March opening of the U of O operation in OTCT.

John Beardsley – Property owner. As a local property owner, Beardsley is concerned about some of the project cuts (e.g., Fountainwalk, 3rd & Oak). These projects should have priority over new projects such as General Growth's potential expansion of Pioneer Place. Our priority should be to benefit local property owners (such as the Naito, Kalberer, and Beardsley families) over out-of-state development interests.

Joe Zehnder on behalf of Gil Kelley – Portland Bureau of Planning. Zehnder distributed a letter from Portland Planning Bureau Director Gil Kelley. Kelley recommends that the RD be expanded to include O'Bryant Square and portions of the east-end of the retail core. He also supported an increase in maximum indebtedness but proposed that allocations be designated for general categories rather than specific projects. The community should have the flexibility to address emerging opportunities and challenges while awaiting the outcome of the Central Portland planning process.

3) Approval of Draft [URAG Recommendation](#)

Wilhoite re-capped the Advisory Group's emerging consensus on the following topics: a) approve recommended increase in RD maximum indebtedness; b) support proposed boundary expansion of RD pending outcome of staff/stakeholder discussion; and c) target 2018 close-out date with a possible exception for SPB for Section 8 housing preservation.

Saltzman asked if we can move more of the Ankeny-Burnside suite of projects into RD. Peter Englander said we could, but timing is critical. If the project needs funding immediately, it probably should not be moved to RD. Sten asked what the critical timeframe is. Alexander replied it will take approximately 60 days from a URAG recommendation to a RD boundary adjustment. Cogen asked if it was possible start the project in DTWF but repay the debt from RD proceeds after we move the boundary. Alexander said no, not according to the City's Debt Manager. Sten stated that the City might be able to offer a bridge loan for the 90 days needed transfer the property to RD.

Wilhoite asked Sten if he would support a 2024 close-out date for SPB. Sten recommended that the Advisory Group should make the affirmative decision to fund the Section 8 housing preservation effort and if necessary, move to the 2024 date. The Advisory Group generally agreed to the proposed boundaries for RD expansion but directed staff to work with stakeholders in an effort to reach a consensus on the boundaries.

Rosenbaum suggested that the Planning Director's recommendations should be adopted. Funding for O'Bryant Square and the east retail core should be taken seriously when staff prepares its last recommendations. The Group generally agreed to look at the extra acreage.

The group discussed the Burnside-Couch projects but directed staff to address it in its final map recommendation. Recommendation 1.

The group agreed to refer its 2018 close-out recommendation to the Joint PDC/City Council Work Group. Some additional debt in SPB would be appropriate if necessary to fund Section 8 affordable housing preservation. Sten indicated that \$16 million for the remaining Section 8 projects was probably high. Recommendations 2 & 3. The group did not agree to any exceptions to the 2018 close-out date for DTWF.

The group also agreed to the proposed increase in maximum indebtedness (Recommendation 4) and directed staff to propose processes to consider: downsizing DTWF and SPB (Recommendation 5); identifying potential new downtown urban renewal areas (Recommendation 6) and developing interim development strategies (Recommendation 7).

Wilhoite and Saltzman requested more information regarding the impacts on taxing jurisdictions. Rosenbaum also requested information regarding ancillary revenue benefits that may benefit taxing jurisdictions due to urban renewal work in a district.

4) Objective and Directions to Staff

Wilhoite asked staff to prepare the draft report base on the Advisory Group's directions.

Next Meeting: Tuesday, March 4, 2008, 2:00 P.M. - 5:00 P.M., **Council Chambers**, City Hall.