
Review Committee Recommendation to PDC Commission

Date: November 19, 2004

To: Portland Development Commission Board

From: Central City Urban Renewal Study Review Committee

- Janice Wilson, PDC Commissioner (chair)
- Debbie Aiona, League of Women Voters
- John Ball, Multnomah County
- Sandra McDonough, Portland Business Alliance
- Ethan Seltzer; Portland Planning Commissioner

Re: Recommendation to the PDC Commission on the Central City URA Study Question #1

Background:

Since June 2004, the members of the Central City Urban Renewal Area Study Review Committee have worked with the Study's Technical Team to become educated on the operation and financial nuances of urban renewal. The Committee used this knowledge to specifically study the impacts of the first question in the Study Charter:

Can PDC and the City implement a boundary change where Old Town/Chinatown could be shifted from the Downtown Waterfront URA to the River District URA? What are the residual effects of being able to issue and pay off debt in each one of these districts?

Mayor Vera Katz requested the PDC Commission return to City Council with a response to this question by the end of the calendar year. Therefore the Review Committee transmits the following two recommendations to the PDC Commission. Both of these recommendations respond to the question above. The full recommendation and rationale for developing this position are part of the attached materials (Appendices A – I).

Review Committee Recommendation
November 17, 2004
Page 2 of 5

Recommendation 1:

The Downtown Waterfront Urban Renewal Area shall finance as many needs as possible of the Old Town/Chinatown neighborhood. If there is a change in PDC budget circumstances with DTWF, and additional resources become available, it is important PDC and the City ensure all interested parties are brought together to take input on these opportunities in order to keep the needs of OT/CT as an emphasis for any new resources.

Rationale:

In Fiscal Year 2004-2005; the total financial resources for DTWF are about \$120.9 million. This figure is comprised of DTWF's current resources/requirements from FY 2004-2005 Adopted Budget (\$42.1 million); and forecasted resources from FY 2005-2006 through 2008-2009 (\$78.8 million [\$10.0 million in non-debt resources and \$68.8 in remaining indebtedness]¹. Of the 120.9 million, \$97.7 million in resources are forecasted for expenditures through 2008-2009².

Of the \$78.8 million in debt and non-debt resources, \$49.6 million is expected to be used for future OT/CT projects³; \$6.7 million is budgeted for non-OT/CT projects; which leaves \$22.4 million available for other projects. While there are not budgeted commitments for this amount there are projects under consideration⁴.

We believe the projects in OT/CT could be implemented in a timelier manner by leaving them in the DTWF; rather than moving those projects to the River District.

The total financial resources for RD through FY 2007-2008 are about \$79.2 million. This figure is comprised of RD's current resources/requirements from FY 2004-2005 Adopted Budget (\$34.6 million); non-debt resources (\$6.2 million); plus the anticipated debt to be issued from FY 2005-2006 through 2007-2008 (approximately \$38.4 million)⁵. All of these resources are committed and budgeted for projects that have been implemented, committed or contracted⁶.

¹ See Appendix A "Sources and Uses".

² See Appendix B "DTWF Project Details".

³ See Appendix C "OT/CT Project Details".

⁴ See Appendix B.

⁵ See Appendix A.

⁶ See Appendix D "RD Project Details".

Review Committee Recommendation
November 17, 2004
Page 3 of 5

By FY 2008-2009; it is anticipated that RD will have a remaining indebtedness \$85 million. \$16.1 of that indebtedness is expected to be spent in FY 2008-2009 to complete projects in the current FY 2004-2005 Adopted Budget. That leaves the RD with \$68.9 million in remaining, and currently uncommitted, indebtedness from FY 2009-2020.

While the Committee recognizes there will be other needs in the DTWF urban renewal area, up until the time of any transfer, PDC should make an effort to dedicate as many of its urban renewal resources as possible to projects in OT/CT.

Review Committee Recommendation
November 17, 2004
Page 4 of 5

Recommendation 2:

PDC should determine whether moving portions of OT/CT to the River District will facilitate financing of Old Town/Chinatown urban renewal projects.

If it will; PDC should determine what property should be moved and when a move should occur.

Rationale:

By State Statute, up to 62 acres of land in OT/CT could be added to the River District urban renewal area⁷. While we are recommending the DTWF URA fund \$70.0 million in projects in OT/CT, the district may have greater needs which could be funded by the River District.

Our current analysis of the PDC budget indicates RD monies would not available to be considered for OT/CT projects until 2009/2010. This analysis is based on future funding needed for projects currently identified in the 2004/2005 budget; commitments that have been made (such as the match for light rail on SW 5th and 6th); and contracts and legal agreements that have been signed.

A decision to pursue a move of property will first require a completion of the following analysis and assessment:

- An analysis of the River District urban renewal plan, including it original goals; it expectations and remaining needs.
- The acreage and assessed value and parcels that would be moved.
- The timing and cost for completing known and aspirational OT/CT projects.
- The input of all stakeholders.
- The timing of a transfer.

⁷ According to State Statute, the initial area (acres) of a district cannot be increased by more than 20% of the plan's original size, for the life of the district. For River District this equals 62 acres. Insurance agreements with AMBAC limit the City to not withdraw more than 10% of the assessed value of taxable property in a district during any five-year period. For DTWF this equals \$84.3 million

Review Committee Recommendation
November 17, 2004
Page 5 of 5

Conclusion:

The Committee reached these recommendations by assessing which urban renewal area is best equipped to financially meet the communities priorities for completing projects in OT/CT; and developing a short and long term strategy based on the assumption that the goal is to give OT/CT the best opportunity to have urban renewal resources available for projects and programs in a timely manner.

Recommendation #2 was reached because there are blocks in OT/CT that are clearly blighted, but will almost certainly not see new development by the time the DTWF Plan reaches is last date to issue debt (April 2008). The needs of the neighborhood will extend beyond 2008, and the River District Plan has over \$68 million in debt that can be issued after 2009.