

## The Oregonian

### Funding dispute erupts between Hacienda and Portland Commissioner Dan Saltzman

By Brad Schmidt

A funding dispute between Portland Commissioner Dan Saltzman and non-profit housing provider Hacienda is pushing the group's Cully office project into limbo while drawing criticism from Latino leaders who say city officials often ignore the concerns of minority communities.

Hacienda, a community development corporation that largely serves Latino residents, last year attempted to secure a \$2.4 million loan from the Portland Housing Bureau, which Saltzman oversees.

Hacienda didn't want the money to build housing. Instead, the company applied for the loan to help finance its proposed \$4.2 million office project in Portland's Cully neighborhood, said Victor Merced, the nonprofit's executive director.

Saltzman blocked the loan in November, over the loud objections of Hacienda and others.

"We never got any traction with him," Merced said.

Saltzman, who took over the Housing Bureau in June, questioned whether an office project should qualify for the loan program, known in industry parlance as the federal Section 108 Loan Guarantee Program.

"In consultation with our City Attorney's Office, I determined that Hacienda's proposed project for an office building does not adhere to the limitations of the loan pool," Saltzman told Hacienda in an email.

Saltzman has since earmarked as much as \$7.4 million from the little-used loan program for housing development. The Housing Bureau launched a competitive process Jan. 14 that favors preservation and rehabilitation of existing projects or development of construction-ready projects, and applications are due Feb. 10.

In a departure from past practices, the city also is offering the money to incentivize housing that serves people with incomes up to 80 percent of the region's median. That cutoff is well above the 60 percent benchmark used previously. The city also is requiring that just 51 percent of the units meet that standard, with the rest open to market rates.

"I don't consider it to be too much of a shift, although it's a shift," Saltzman said in a January interview with The Oregonian, while acknowledging that he expected some community pushback to the changes.

Saltzman is out of the office this week with an illness.

Merced said Hacienda doesn't plan to apply through the competitive process for its office project. At the same time, he said, Hacienda's leadership is exasperated because Saltzman is unwilling to consider options that could make the loan possible.

Part of the problem is that the 2008 city ordinance authorizing the loan program didn't explicitly state that office projects – even if they serve people in housing programs – would qualify for funding.

Hacienda argues that the office project would support its Clara Vista campus, where services include mortgage foreclosure counseling, home-buying assistance, energy and rent-assistance payments, home retention services, and medical and clinical services, among other things.

Merced said the city also used the same pot of money to pay for a similar project, for JOIN, near Northeast 82nd Avenue and Halsey Street.

"We just thought we were kind of being treated differently," Merced said.

Merced said that Saltzman has been unwilling to amend the ordinance to enable funding.

Merced said he is reluctant to make the dispute about ethnicity.

But he drew parallels to the Hacienda proposal and the city's recent decision to subsidize development of a Trader Joe's on Martin Luther King Jr. Boulevard, which upset members of the city's African American community who are concerned about displacement and gentrification.

"What you don't want is your two largest minority communities pissed off at the city," he said. "We want to say, we want to work with you. We want to make this happen."

Commissioner Nick Fish, who previously oversaw the Housing Bureau, and Bertha Ferran, a former Hacienda board chairwoman and former commissioner of the Portland Development Commission, have each written emails to Saltzman in support of the project.

The Portland Housing Advisory Commission this month also wrote a letter in support of the project.

## **Southwest Portland neighborhood sues city with hopes to delay sale of Freeman Tank property**

By Melissa Binder

The Multnomah Neighborhood Association filed a lawsuit against the city Tuesday with hopes to postpone the sale of the Freeman Tank property in Southwest Portland, an agreement the neighborhood says was illegal.

The city agreed to sell the Freeman Tank property, a 0.7-acre wooded site with a defunct water tank, to Renaissance Homes in September 2012. The deal was set to close by the end of this month. Controversy arose in late summer when neighbors learned that the city had agreed to sell the property and asked Commissioner Nick Fish to cancel the contract.

Fish, who runs the water bureau, consistently maintained he was bound by the contract. The neighborhood threatened to sue the city if the sale was completed, saying the sale of the water bureau property violated state and local laws. Faced with a lawsuit regardless of whether the city completed the deal or backed out, the commissioner requested to postpone the sale and try mediation with the neighborhood and Renaissance Homes.

The neighborhood agreed to mediation. Renaissance did not.

"I don't believe the neighbors were willing to compromise," said Ned Perry, the development company's attorney.

Perry said after receiving the city's request for mediation he reached out to Kristian Roggendorf, the Multnomah neighborhood's attorney. Based on their correspondence, he said, he didn't believe the neighbors were really most concerned about the process that led to the sale, or whether or not the sale price was fair.

"They don't want to see their little private park get developed," he said.

Neighbors have said in the past that while it would be ideal to keep the property green and open, their reason for pursuing legal action is to hold the city accountable for a sale process they say violated state and local laws regarding the disposal of surplus property.

Perry said Renaissance is unwilling to voluntarily postpone the sale, which is set to close Friday.

"That kind of left us with no option at all except to go ahead and file suit," said Roggendorf, the neighborhood's attorney. "All we're looking for right now is to maintain the status quo while these important legal issues are worked out."

A preliminary hearing will be held Friday morning, Roggendorf said, to determine whether the judge will issue a court order to postpone the sale until the lawsuit has played out.

Solving the problem in court wasn't Fish's first choice, said Sonia Schmanski, the commissioner's policy adviser. The commissioner would have preferred mediation, but is open to having another set of eyes on the sale contract, she said.

"We are where we are," Schmanski said. "One way or the other this will be decided."

## **United Streetcar: Portland plans to spend \$2.3 million for sixth streetcar from company**

By Brad Schmidt

Portland transportation officials have proposed spending \$2.3 million to buy a new streetcar from the Oregon manufacturer who failed to deliver its vehicles on time or within budget.

The latest spending proposal, included in documents reviewed by a budget advisory committee last week, would come on top of millions already set aside to buy streetcars from Clackamas-based United Streetcar. The budget proposal also comes as city officials work behind the scenes to negotiate damages tied to the delays.

In July 2009, the Portland City Council approved a \$20 million contract to buy six new streetcars from United Streetcar, a subsidiary of Oregon Iron Works. But city officials quietly reduced their order to five vehicles because of expected cost overruns and delays, cutting the contract to \$19.5 million.

Portland didn't receive its fifth streetcar until Halloween, more than a year late.

Officials have been planning to buy the sixth vehicle at an option price of \$3.5 million, although the revised contract called for discounts of \$145,000 for each vehicle purchased elsewhere in the country.

United Streetcar has secured orders in Tucson, Ariz., and Washington, D.C.

The budget documents don't indicate how the city arrived at the budgeted price of \$2,305,000 for the sixth streetcar. City bureaus are required to submit budget proposals for review by Monday.

According to the city's contract, Portland is eligible to collect \$300 for every day that United Streetcar failed to deliver on time. Nine months ago, the tab was already up to \$350,000.

And that didn't include the money Portland spent extending oversight contracts for the project. As of April 2013, the bill had doubled beyond initial expectations, up to \$3.6 million.

City officials pledged to negotiate damages with United Streetcar only after the city received all of its vehicles.

But transportation officials in recent weeks have told The Oregonian they are reluctant to discuss progress.

## **Gail Shibley, Portland Mayor Charlie Hales' top aide, accused of discrimination based on employee's HIV status**

By Andrew Theen

Portland Mayor Charlie Hales' chief of staff, Gail Shibley, faces a complaint with the Oregon Bureau of Labor and Industries from a subordinate who alleges discrimination based on the person's HIV-positive status.

The allegations, made in a claim filed earlier this month, date back to January 16, 2013, just days after the Hales' administration came to office. Complaints must be filed within a year of the date of harm, according to BOLI spokesman Charlie Burr.

The complaint alleges that Shibley pressured the employee into sharing the person's HIV positive status, implied the person was a "skank," and prevented the person from receiving "certain privileges that others were granted" because of the person's HIV status.

Human Resources Director Anna Kanwit aided and abetted the discrimination, the complaint says, because Kanwit told the employee that Shibley's actions were "indefensible" but also discouraged the employee from filing a BOLI complaint.

The Oregonian is withholding the staffer's identity to protect the person's medical privacy. The Willamette Week first reported the BOLI complaint.

Shibley was out of the office and traveling on Wednesday, and wasn't immediately available for comment.

Hales learned of the civil rights complaint last week, according to spokesman Dana Haynes, when the city's attorney's office notified his office.

Hales declined to comment on the investigation. "The mayor thinks it's inappropriate," Haynes said citing an ongoing human resources-related issue. Hales took a similar stance last July when another aide was accused of making sexually suggestive comments about Multnomah County Commissioner Loretta Smith.

Shibley, the first openly gay person elected to the Oregon State Legislature, joined Hales with a resume that included government stints in Salem, Washington D.C and Germany.

According to the BOLI complaint, Shibley asked the employee in January 2013 why the person had a TriMet "Honored Citizen" pass, given to seniors, Medicare recipients and people with mental or physical disabilities. She "insisted that I explain to her" why the staffer had access to the TriMet pass, the complaint reads, saying the colleague wasn't old enough to have the pass.

"I burst into tears," the employee says in the complaint, before proceeding to tell Shibley about being HIV positive.

Shibley also asked the staffer, a former employee of then-Mayor Sam Adams, what Adams was like as a boss. "Shibley stated to me that Adams must have been something of a 'skank,'" the complaint reads, "adding that I must be a 'skank' as well."

In that same time period, another Hales staff member, front desk staffer Rachael Wiggins, "began to inquire" about the complainant's TriMet pass. Wiggins continued to inquire about the bus pass, according to the BOLI report, and those overtures continued into August.

"I disclosed my condition to Wiggins because she would not stop inquiring about it," the Hales' staffer said.

The complaint says Shibley told the employee that she would discipline Wiggins, but added "inquiries regarding my status were my own fault because I had invited everyone at the office to my home."

After the staffer informed Shibley of Wiggins' persistent questioning, Shibley gave Wiggins more responsibilities and additional time off, the staffer alleged, "benefits that I have been denied."

BOLI has up to one year to complete its investigation into the allegations, although Burr said the state agency strives to complete investigations within 180 days.

## **The Portland Tribune**

### **Freeman neighbors file suit against Water Bureau sale**

By Drew Dakessian

After trying for months to convince the Portland Water Bureau to stop the sale of the Freeman Water Tank property, a group of neighbors are trying a different approach: litigation.

The suit, filed in Multnomah County Circuit Court on Tuesday, aims to stop the sale of the Southwest Portland property to Renaissance Homes for development. It was filed after Renaissance rejected a proposal by City Commission Nick Fish, who is in charge of the water bureau, to mediate the dispute.

Fish said he was amenable to having the issue resolved by the court. He was absent when the City Council voted to sell the property and was assigned the water bureau after the sales agreement had been signed.

The decommissioned Freeman Water Tank sits on a .76-acre property in the Multnomah neighborhood. For the past five months, neighbors of the property and others, collectively known as the Woods Park Advocates, have opposed the sale for infill development, arguing that the \$140,000 price tag was preposterously miniscule, that the city's efforts to notify the surrounding community was insufficient, and that the sale violates local and state law.

Last fall the Advocates formed an ad hoc subcommittee of the Multnomah Neighborhood Association, enabling them to secure funding under the auspices of Southwest Neighborhoods Inc. to hire an attorney, Kristian S. Roggendorf.

In response to growing pressure from the Advocates, Terence L. Thatcher, Portland deputy city attorney, sent a letter to the Advocates and Renaissance on behalf of Water Bureau Commissioner Nick Fish offering to enter into three-way mediation and requesting that Renaissance "delay the closing date and that the neighbors postpone any legal action until we have given mediation a chance to work."

But Renaissance Homes President Randy Sebastian refused.

"I'm a very transparent person," Sebastian told the Portland Tribune. "We are prepared to close, and will close."

On behalf of three Multnomah Neighborhood Association officers, Roggendorf filed a writ of mandamus against the Water Bureau in Multnomah County Circuit Court on Tuesday .

"Renaissance would not agree to hold off on the sale of the property until we worked out whether or not there was going to be any mediation," Roggendorf told the Tribune, "So they essentially forced our hand, and we called them on it."

According to Sebastian, Renaissance was prepared to offer half of the property, once purchased, to the Multnomah Neighborhood Association for use at their discretion. But Roggendorf said this wasn't enough.

"In fact, they're talking about 50 percent open space that's already in the plan, but ... for the neighborhood association it's not about negotiating with Renaissance; the deal between the Renaissance and the city is the deal between Renaissance and the city. We don't feel the city did the right thing here. The city isn't being difficult at all; they're cooperating a lot on helping us get this in front of a judge, but the decision whether or not to go forward with the contract is between the city and Renaissance. ... We want the sale to stop, but we were willing to go to mediation and discuss options.

"The problem, of course, is if you only get two parties out of three that want to go to mediation, mediation doesn't work."

In an email sent out to members of the media on Jan. 28, Roggendorf said, "We do not have a time or judge for the preliminary injunction hearing tentatively scheduled on Friday, but should hear something in the next day."

## Willamette Week

### More Harassment In City Hall?

**An aide to Mayor Charlie Hales says chief of staff Gail Shibley discriminated against him for being HIV-positive.**

By Aaron Mesh

A staffer in Mayor Charlie Hales' office has filed a state civil rights complaint alleging that the mayor's chief of staff, Gail Shibley, pressured him into revealing that he is HIV-positive and then verbally harassed him because of his illness.

In a complaint filed Jan. 14 with the state Bureau of Labor and Industries, the staffer says Shibley called him a "skank" and said his previous boss, former Mayor Sam Adams, was also a "skank."

The Hales staffer says Shibley made illegal inquiries into his HIV-positive status, harassed him after learning of his disease, and retaliated against him for complaining about her actions.

The complaint also names City Human Resources Director Anna Kanwit, who the staffer says discouraged him from filing a complaint against Shibley.

This creates more trouble for Hales and Shibley, who allowed a sexual harassment allegation against one of Hales' aides to linger last year until it blew up into a larger controversy.

Shibley is herself a lesbian and announced her sexual orientation publicly in 1991, when she joined the Oregon House of Representatives, making her the first openly gay member of the state Legislature.

Hales spokesman Dana Haynes says the mayor has no comment about the allegations in the complaint.

"We are familiar with the complaint," Haynes says. "The mayor thinks it's inappropriate for him to have any public comment while it's under investigation."

Haynes says Shibley remains on the job during the investigation of the BOLI complaint.

Shibley denies the allegations.

"I respect the process," Shibley tells WW. "These charges are groundless. I hope you will pay attention to the responses the city and I provide."

WW is not naming the Hales staffer who made the complaint, because doing so would violate his medical privacy.

The Oregon Bureau of Labor and Industries investigates civil rights and workplace violations. The complaint alleges Shibley's actions date back to Jan. 16, 2013, shortly after Hales took office.

The staffer says Shibley asked him why he was wearing a TriMet "Honored Citizen" pass, which gives discounted fares and priority seating to seniors and people with disabilities.

The staffer says Shibley told him he wasn't old enough for a senior discount and "insisted" that he explain why he had the pass.

"I burst into tears," the staffer writes, "and explained to Shibley that I qualified for a TriMet pass because I am HIV-positive."

The staffer says Shibley later asked him what it was like to work for Adams.

"Shibley stated to me," the complaint says, "that Adams must have been something of a 'skank,' adding that I must be a 'skank' as well, since working for Adams required a different or special skill set.... [I]t was clear that, based on my status as HIV-positive, Shibley assumed that I am a gay male with an active night life involving people such as Sam Adams."

The staffer says that later in January, one of his co-workers, Rachel Wiggins, began asking him repeatedly about his TriMet pass. He says Wiggins' questions continued through mid-August, when the complainant finally disclosed his HIV status.

Wiggins declined to comment on the complaint.

The staffer says he then reported Wiggins' conduct to Shibley.

He writes that Shibley told him Wiggins had previously worked for someone who was HIV-positive, and identified the employer by name. The staffer says he "became worried that Shibley might disclose my name and status to others."

The staffer says Shibley told him it was his own fault people were asking him about his health, because he had invited co-workers to his home.

The staffer says he took his concerns to the city's top human resources official, Anna Kanwit.

"When I informed Kanwit that Shibley told me that it was my fault people were comfortable asking me about my disability because I had invited the office to my home, Kanwit responded, '[Shibley] told me she was going to tell you that, and I told her not to.'"

The staffer says Kanwit discouraged him from filing a complaint against Shibley.

"Kanwit agreed that Shibley's conduct was 'indefensible' but discouraged me from filing a complaint with BOLI," the staffer writes. "Kanwit stated that my complaint with her office, Human Resources, would place her in a difficult position because I was a member of the mayor's staff filing a complaint against the mayor's chief of staff, and Kanwit herself answers to the mayor."

Kanwit could not be reached for comment.

Since inheriting the city's top office from Adams, Portland's first openly gay mayor, Hales has been active in supporting same-sex marriage. He marched in last year's Pride Parade, and he and Shibley both appeared at a rally last June to celebrate the Supreme Court's decision to overturn the ban on same-sex marriage in California.

But Hales again faces questions about how he will handle a personnel matter in his office that involves other prominent figures.

Last year, he was slow in responding to allegations about the mishandling of city funds by Jack Graham, then the city's top financial officer. Hales initially blamed the situation on Adams, but later fired Graham.

In June, Hales' top police aide, Baruti Artharee, publicly humiliated Multnomah County Commissioner Loretta Smith by making sexually suggestive remarks to her at an event for Hales' Office of Equity director, Dante James. Hales waited a month to discipline Artharee, then suspended him for a week. Artharee quit in October.

Those two personnel cases sparked calls for the creation of a whistle-blower's office at City Hall. City Auditor LaVonne Griffin-Valade says she wants to set up an independent process to investigate employee complaints.