

The Oregonian

Right 2 Dream Too: Developer Dike Dame discusses 'respect' for homeless group, worries for Chinese hotel investors

By Andrew Theen

Dike Dame started his 76th birthday night at Portland City Hall.

The president of the development firm Williams & Dame sat in City Council chambers for the bulk of an often-contentious five-hour public hearing.

It was an interesting crowd. Dame and his longtime business partner Homer Williams, who collectively helped develop large swaths of both the Pearl District and South Waterfront neighborhoods, sat among a packed audience of homeless folks and their supporters.

For the developers, the October hearing was a business trip.

A 223-room Residence Inn by Marriott, a \$49.5 million project spearheaded by Williams & Dame, was scheduled to open in just six months. The City Hall hearing concerned a proposed deal that would bring the hotel an unexpected new neighbor.

The deal? A proposal backed by Commissioner Amanda Fritz to relocate Right 2 Dream Too, the homeless community that would celebrate its second anniversary just a week later, to a parking lot within steps of the Marriott.

Dame wasn't happy about it.

"You're eliminating the use of our brains, you're eliminating the use of our resources," Dame told the City Council, "By cramming this deal down our throats."

Virtually all of the hotel's funding came from foreign investors, Dame said, particularly from China. The investors were participants in the U.S. Citizen and Immigration Services' EB-5 Immigrant Investor Program, which grants foreign investors permanent residency for funding job-creating developments.

Dame didn't want that word of the homeless camp's proposed move next door to the hotel to spread across the Pacific Ocean to blogs and news outlets in China.

"If you lived in a foreign country and you've got \$500,000 of hard-earned money, and you read that something like this is going to happen next to this place or close to this place that you had invested, you'd have concerns," Dame said.

In a recent interview, Dame said moving Right 2 Dream Too next to the hotel "the last thing" Portland could do if it wanted any more EB-5 investments.

"That wasn't going to do any of us any good," he said. Going to court wasn't a good, or cheap, solution either, Dame said.

Williams & Dame pined for more time, so the Pearl Group (made up of the developers, Pearl District Neighborhood Association, Ziba Design and Hoyt Street Properties) could come up with an alternative solution.

Ultimately, Mayor Charlie Hales and the city council delayed a vote on whether to permit moving the camp to the proposed new location at Lot 7, a nondescript city-owned parking lot underneath the Lovejoy ramp to the Broadway Bridge.

Five months later, the City Council signed off on a complex deal pitched to city officials by Dame.

The developers put in \$1.05 million and received the contested parking lot and assurances a "tent camp" couldn't be built north of the hotel, either. Portland's share: \$142,000 back into the urban renewal district,

\$50,000 to REACH Community Development to settle parking rights to Lot 7, and another \$846,000 to help R2D2 find a new home.

In the months between the hearing and the sale of Lot 7, the Pearl group and officials in the mayor's office scoured properties and worked behind closed doors to avoid a lawsuit.

Dame worked both the phone and the streets. He sat down with The Oregonian to talk about his involvement.

Meetings arranged

Dame said he first learned of Fritz's plan to move Right 2 Dream Too to the Pearl from a fellow developer.

Drivers who parked at Lot 7 noticed leaflets tucked underneath their windshield wipers saying they had to find a new spot. A Portland Police Bureau mounted patrol officer also told Dame the word on the street: "The guys at 4th and Burnside are moving under the bridge," he said.

The Monday after the marathon City Council hearing, Dame dialed Ibrahim Mubarak, R2D2's co-founder, to arrange a meeting.

After one solo meeting at his office, Dame put together two more, including other members of the Pearl Group and the Right 2 Dream Too board.

Dame wanted to get to the essence: what did the homeless group want.

It was a simple response with few easy answers: a room and some walls. "A place where the homeless could sleep with both eyes closed," is how Dame recalled Mubarak's description.

The meetings, Dame said, were "civil."

"They're very passionate," Dame said of R2D2. "Very, very passionate. Some of them are very, very well spoken. These are not dumb people."

Dame said he got to know the organization a bit. "They're trying hard to do good things, and you've got to be impressed with that," he said.

"I think they've had some success in turning people around and setting them on a different course in life," Dame said. "I've got to respect what they're trying to do."

He described working with the group as a good experience.

"No matter where you are in life, it's always good to see the other side. And you know, I was never homeless, but I didn't grow up with a lot of money either," said Dame, who grew up on the East Coast and made his way across the country to Idaho for college.

While discussions continued, the Pearl Group also prepared for a lawsuit if need be.

"We never felt it was our obligation to find them a place," he said. "But we wanted to try and help."

Talk Everyday

Early on in the search, Dame learned that Josh Alpert was the man to talk to in Mayor Charlie Hales' office.

Dame decided he and Alpert, Hales' policy director, would talk twice a day: at 8 a.m., and 4 p.m.

Sometimes the conversations were lengthy, sometimes they were short, he said. It's a system Dame uses whenever he's working on a project where "communication is absolutely critical."

"You begin to develop a level of trust in what the other person says," Dame said.

Alpert said Dame instructed him in October about the plan. "I learned a lot in the art of persistence from Mr. Dame," Alpert said, calling it a "very good lesson."

Dame also started identifying potential locations. He talked to and visited a warehouse owner on the eastside.

Then he connected with the Seattle owners of an abandoned building at 320 N.W. Hoyt Street.

Dame prepared a letter of intent on the Hoyt property and made the rounds at City Hall, trying to get the pulse of city sentiment. "I did not give that letter of intent to anyone at the city because I did not want it to be public record," Dame said.

In December, Hales stood outside the warehouse in an impromptu press conference for select media. "Here's an opportunity to get 80 people inside," Hales said.

On Jan. 9, the city pulled the plug on the property after the price tag on necessary repairs topped \$335,000.

Dame said the city made the right call.

Meanwhile, the bones of his plan to buy Lot 7 and eliminate an existing arrangement owing the city \$1.5 million to park at Station Place Parking tower were already starting to come together.

A Transaction

Dame, "intimately familiar" with the parking obligations in the area, saw the solution start to gel. He stepped back from the active search for R2D2 properties and worked on finalizing the deal.

"Somebody is going to have to end up with some money," Dame said.

Essentially, the deal had to be economically viable, and work for all parties.

Last month, the Portland City Council signed off on the deal that resulted in \$846,000 going to help the homeless find a new home. City officials said the deal also frees up space in the parking tower by cancelling the hotel's future obligations, allowing the city to make more revenue in the process.

Dame said owning a parking lot versus renting from the city "will be additive, there's no question about it."

Last month, some elected officials praised the developers for their generous "contribution" to the final deal.

Dame said that was "a very nice statement" from city officials, but he viewed the deal as a transaction.

"Unless we thought it was financially advantageous, we wouldn't have done it," Dame said. "We would've gone the legal route. Which we didn't want to do."

Dame credits Alpert for being a "terrific young man" who worked hard on finding a solution.

Last month, Portland revealed a list of group to buy or rent with the \$846,000.

But Right 2 Dream Too remains where it's been since Oct. 2011 -- at the corner of West Burnside Street and Northwest Fourth Avenue.

The Portland Tribune

Mayor: Old Town needs some TLC

By Steve Law

For decades, Portland's Old Town/Chinatown neighborhood has been treated as a dumping ground for the poor, a place to site soup kitchens, low-income apartments, homeless shelters and social service programs.

Despite the advent of a thriving night-club scene and welcome newcomers like the University of Oregon and Mercy Corps, Old Town/Chinatown is still riddled by boarded-up historical buildings, vacant storefronts and open drug-dealing on the streets. "Over 90 percent of the folks that live in Old Town/Chinatown live in abject poverty," says Howard Weiner, chairman of the Old Town/Chinatown Community Association.

Yet blocks away sits the Pearl District, which — juiced by urban renewal funds and a heavily subsidized streetcar line — has blossomed into a vibrant neighborhood dotted with upscale condos, boutiques and white tablecloth restaurants.

Now Mayor Charlie Hales says it's time to shift the city's urban renewal spending from the Pearl District to neighboring Old Town/Chinatown — \$57 million worth over the next five years. Hales and others have concluded that Old Town/Chinatown has great potential, but that won't be realized without serious city subsidies.

Hales started last year by asking the Portland Development Commission to prepare a five-year action plan for Old Town/Chinatown. The PDC action plan calls for improved policing on the streets, easier pedestrian and motorist connections to downtown, and subsidies so commercial property owners can afford earthquake safety improvements when they rehabilitate their buildings. Another key recommendation is meeting with resistance, which is why the action plan is still labeled a draft proposal. That's the idea of waiving city development fees to entice developers to build middle-income apartments.

Homeless advocates say the city should devote its housing subsidies to low-income units, at least until the homeless problem is solved. And some city commissioners are balking at losing the revenue supplied to their bureaus if the development fees, known as systems development charges or SDCs, are waived.

That part of Hales' plan is "going to be a hard sell," Weiner says.

Finding the money

So far, there seems to be little opposition to Hales' plan to shift money from the Pearl District to Old Town/Chinatown, both of which are located within the River District Urban Renewal Area. A proposed five-year PDC budget shifts \$32 million earmarked for the city to buy the U.S. Post Office complex on Northwest Hoyt Street. Using those and other savings, the budget pumps \$56 million more during the next five years into PDC loan programs. That's a flexible fund that could be used to subsidize earthquake retrofits and new housing developments in Old Town/Chinatown.

"We're saying the first priority for projects in the River District is now in Old Town," says Patrick Quinton, PDC executive director.

While many view the post office site as a prime spot to lure a major new employer to Portland in an urban campus-style setting, it's unclear if the federal agency will ever part with the property. And PDC still proposes to leave \$29.5 million in its five-year budget for the post office, perhaps enough to do some sort of public/private partnership at the site, says Lisa Abuaf, PDC's central city manager.

As Quinton views it, the added \$57 million could allow PDC to spur redevelopment of seven to 10 existing Old Town/Chinatown commercial buildings. Hales wants much of that money to subsidize earthquake

retrofits, enabling rehabilitation of those buildings to pencil out. Seismic upgrades for a relatively small, two-story building in the neighborhood can easily cost \$1 million.

But Quinton doesn't think the same level of subsidies are needed to spur so-called workforce housing — middle-income apartments — in the area.

“We see that housing projects are closer to penciling (out) than commercial projects,” he says.

For those projects, Quinton says, freeing some property owners from paying SDCs may be enough to spur them to build workforce housing. Giving breaks on SDCs would not impact the PDC budget, stretching the impact of the action plan, Quinton says.

Killer buildings

Old Town/Chinatown is Portland's oldest neighborhood, where the city was initially settled. It's home to the city's highest number of historic, unreinforced masonry or brick buildings.

“These are, as they say, the killer buildings; they most likely collapse and kill people during an earthquake,” says Carmen Merlo, director of the Portland Bureau of Emergency Management.

Other West Coast cities haven't retained as many of these historic brick buildings, in part because Portland has treasured its historic structures and has largely been spared from major earthquakes. “We still have most of our older, most vulnerable buildings still standing,” Merlo says.

But the city's historic districts limit the height of buildings, and renovating those historic structures often requires costly seismic retrofits that can't be justified by the rents landlords can charge. Seismic improvements are expensive, but still won't enable landlords to collect the highest “Class A” office rents, says Bernie Bottomly, the Portland Business Alliance's vice president for government affairs and economic development.

That partly explains why many historic commercial buildings in Old Town/Chinatown remain largely empty.

Pushback on SDC waivers

Building new structures is a different kettle of fish. PDC, business leaders and Old Town/Chinatown leaders also want to see new development on surface parking lots and other underutilized properties.

In some cases, though, PDC has tried to give away its land holdings in the neighborhood and hasn't found any takers, Bottomly says.

He figures that enticing developers to build new workforce housing in Old Town/Chinatown could well require SDC waivers as well as property tax abatements and other aid from PDC.

But just the SDC waiver has caused pushback for Hales and PDC.

SDCs are used to offset the impact new development has on urban services. There are separate SDCs charged for each project's impact on sewer, water, road and park systems, and the money goes to those city bureaus.

The biggest pushback is coming from commissioners Amanda Fritz, who oversees the parks bureau, and Nick Fish, who oversees the sewer and water bureaus. Both also may be the City Council's biggest champions for the poor and low-income housing.

They're not the only ones raising concerns.

“It seems to me we need to see the impact SDC forgiveness would have on these bureaus,” says Debbie Aiona, action committee chairwoman for the League of Women Voters of Portland. The league hasn't formulated a position on Hales' proposal, but is a longtime advocate for steering urban renewal money away from the Pearl and toward Old Town/Chinatown.

City Commissioner Steve Novick, who oversees transportation and might be the swing vote on this issue, says he wants to talk to housing advocates, but is generally supportive of bringing middle-income housing to Old Town/Chinatown.

Defenders of the Hales/PDC proposal argue that without new development, there won't be any SDCs. During the past decade, only about \$90,000 in parks SDCs has been raised from development in Old Town/Chinatown, Abuaf notes. That's enough to pay one or two parks employees for a year.

"The actual amount of SDCs the city is collecting from this area is very low, because there's been little development," Bottomly says. "Do you want 100 percent of nothing, or some percentage of something that is actually happening?"

Weiner says even a new apartment developer granted SDC waivers would pay some SDCs for the ground-floor retail. Those buildings also would pay property taxes, he says, unless they were also granted tax abatements.

As for those who complain the city should put its housing subsidies only into low-income housing, Weiner says that's what's occurred in Old Town/Chinatown for decades. The community needs a broader mix of residents, including more with disposable incomes, he says, to support retail development and get more activity on the streets that discourages drug dealing.

If that's not the city's goal, Weiner says, "you might just call it a day" and give up on urban renewal there.