

The Oregonian

Portland State University and city reach preliminary agreement for \$25 million toward university projects, kill urban renewal district

By Brad Schmidt

The city of Portland and Portland State University have reached a preliminary deal to kill off the city's newest urban renewal district while steering more than \$25 million in land and money to the downtown university for projects in the next decade.

Striking a deal with Portland State University had been a major roadblock in Mayor Charlie Hales' efforts to rewrite a slew of urban renewal districts. With City Council sign off, the changes would mark one of Hales' biggest accomplishments since taking office in 2013.

Hales' proposal to eliminate two districts and tweak three others would pump an estimated \$158 million into city, county and school budgets over the next 30 years while extending and expanding urban renewal spending in the South Waterfront and Central Eastside.

But the windfall for local government is predicated on eliminating the Education urban renewal district, created in 2012 to help pay for projects at Portland State University. The city originally outlined \$50.3 million in Portland State or university-related projects to be funded as part of the \$169 million Education district.

City and university leaders have been working for months to find a compromise to tap into money from a different urban renewal area, covering the South Waterfront district, to pay for university projects while killing off the Education district.

Both sides praised the deal, expected to be finalized this fall.

"This agreement marks a significant milestone in our continued collaboration to fulfill PSU's destiny as one of the great urban universities in the U.S.," Hales said in a release Monday.

"The Mayor and I understand the importance of PSU's role in the City, and the City's role in PSU," University President Wim Wiewel said in the city's release.

As part of the proposed deal, the city's urban renewal agency, the Portland Development Commission, would give Portland State land that it has owned for more than a decade -- the same parcel where former Mayor Sam Adams wanted to build the ill-fated Oregon Sustainability Center. The city estimates that the land is worth \$4 million.

Additionally, city officials would also waive an estimated \$1.8 million in fees paid in lieu of taxes by Portland State University for its hotel property, University Place Hotel.

Beyond that, the development commission would agree to pay \$2 million to renovate the university's business school, \$2 million to \$3 million to renovate the engineering school, and it would acquire for the university a half acre at 2033 S.W. Fourth Ave. estimated to be worth \$2 million.

The commission would also steer an additional \$13 million to the university for redevelopment of the 4 acre University Place parcel, home to the hotel.

Finally, the city of Portland would agree to lease or buy 30,000 square feet of office space as part of a proposed university project at S.W. Park Avenue and Mill Street.

Last year, city officials looked at options to "maximize use of city-owned space" and "minimize" the need to lease space.

The Portland Tribune

Hales details urban renewal changes

By Jim Redden

Mayor Charlie Hales has begun detailing some of the changes he will propose to six of Portland's 11 urban renewal areas during Wednesday's meeting of the City Council.

The changes include specific spending proposals for Portland State University meant to maintain the city's commitment to the university while ending the new Education URA created to benefit it.

The mayor's proposal would provide \$158 million in additional property taxes to local governments — the city, county and state school fund — over 30 years. It does so without asking for a single new dollar from taxpayers, by putting \$1.06 billion of property back onto the tax rolls. The additional money would otherwise be collected and spent by the city for urban renewal and housing projects.

"To our knowledge, no one in Portland has ever done this before," Hales said. "This proposal asks: Are we using urban renewal correctly? Is it doing what it's supposed to do? And can we make our existing tax base serve all the local governments better, without asking for any new tax dollars?"

The proposal calls for altering six urban renewal areas, including the Education URA. Hales' plan would alter the adjacent North Macadam URA to help benefit PSU instead.

The list of proposed actions includes:

- PDC's transfer of its ownership of the Jasmine Block (between Southwest Fourth and Fifth, Harrison and Montgomery) to PSU.
- PDC's support of the redevelopment of University Place, 310 S.W. Lincoln St., both as a long-term development partner and investor.
- PDC's partnership with TriMet to convey the rights to develop, own and transfer the Budget Rent a Car property, 2033 S.W. Fourth Ave., to PSU.
- Tax increment financing assistance for renovation of PSU's School of Business Administration property (615 S.W. Harrison) and School of Engineering property.
- The city's agreement to lease or purchase at least 30,000 square feet of space in a newly constructed or remodeled PSU building.

According to the mayor's Office, the city of Portland, PSU and the Portland Development Commission have signed a preliminary letter of partnership toward the terms and conditions of a master development agreement for PSU-related projects. A formal agreement will be negotiated in the coming months, defining the city's and PDC's best efforts to support PSU's long-term growth, subject to approval by the Portland City Council and the PDC Board of Commissioners as well as PSU leadership.

The final agreement will be negotiated at the same time as the PDC pursues work on the urban renewal package being presented before the City Council on Wednesday, May 7. All parties intend to have the related North Macadam and Central Eastside Renewal Area amendments and a negotiated final agreement approved by Dec. 1, 2014.

"The PSU president and I have been talking about this for months," Hales said. "The city, PDC and PSU have a long history of working together. This agreement marks a significant milestone in our continued collaboration to fulfill PSU's destiny as one of the great urban universities in the U.S."

"The mayor and I understand the importance of PSU's role in the city, and the city's role in PSU," said Wim Wiewel, president of Portland State University. "The final agreement would provide PSU an immediate savings of about \$400,000 a year while contributing more than \$25 million over the next 10 years to accommodate future growth."

PDC Executive Director Patrick Quinton agreed. "PSU's success is vital to the Portland economy," he said. "We're firmly committed to the kind of development investments that will accelerate research and intellectual capital and promote small business growth."

The proposed agreement addresses actions related to multiple properties, including potential investments funded by tax increment financing (TIF) from an expanded and extended North Macadam URA.

The Daily Journal of Commerce

Hales proposing hefty overhaul of Portland's URAs

By Lee Fehrenbacher

Portland Mayor Charlie Hales wants to take a scalpel to the city's urban renewal areas, and carve out some significant savings in the process.

On Wednesday, Hales will present to City Council a resolution that would significantly alter six of Portland's 11 URAs. The changes, according to Hales' office, would provide \$158 million to local taxing jurisdictions over 30 years by placing \$1.06 billion worth of property back on tax rolls.

Hales, in a prepared statement, said the purpose of the resolution is to assess whether the city is using urban renewal correctly, and whether tax dollars are being used most efficiently.

Perhaps most significantly, the resolution would eliminate the Education URA – a 144-acre area adopted in 2012 to pay for development around Portland State University. The area originally was estimated to provide \$100 million toward development of affordable housing, educational facilities and private development over 25 years.

However, the resolution wouldn't leave the university high and dry. It calls for expansion of the North Macadam URA to help fund university-related development. The city, the Portland Development Commission and PSU reportedly have signed a preliminary letter of partnership toward the terms and conditions of a master development agreement for PSU-related projects. It would establish an immediate annual savings of \$400,000 for PSU, and contribute more than \$25 million to the university over 10 years.

The proposed agreement revolves around actions on specific properties, including:

- The PDC would transfer ownership of the Jasmine Block (between Southwest Fourth and Fifth avenues, and Harrison and Montgomery streets) to PSU;
- The PDC would support redevelopment of University Place – at 310 S.W. Lincoln St. – as a long-term development partner and investor;
- The PDC and TriMet would convey to PSU the rights to develop and own the property at 2033 S.W. Fourth Ave.;
- The city would provide tax increment financing assistance for renovation of PSU's School of Business Administration property (615 S.W. Harrison St.) and School of Engineering property; and
- The city would agree to lease or purchase at least 30,000 square feet of space in a new or remodeled PSU building.