

## The Oregonian

### Changes in Portland rental rules don't go far enough: Guest opinion

*By Guest Columnist Cliff Johnson  
July 02, 2014*

As the Portland City Council prepares to make an important decision on the future of vacation rentals in our community following a public hearing Wednesday at City Hall, there has been increased discussion about what exactly defines a vacation rental and how new regulations will impact the rights of many homeowners throughout the city.

As I manage a Portland-based company with a sole focus on vacation rental property management, I am always struck by the irony of the fact that we are not allowed to engage in our primary business activity in our own hometown. We manage homes all over the state and in five other states, but not in Portland.

Why is this? Currently, the city of Portland generally does not allow rentals of less than 30 days in residential zones. However, the city currently has no easy way of enforcing this rule, and if you look at any vacation rental advertising site, thousands of people are renting out their homes or rooms within their homes as short term rentals despite the technically "illegal" nature of this activity.

Vacation rentals exist as a regulated industry with great success in many jurisdictions of varying sizes such as Bend, Austin and Manzanita. As we operate in 135 of these jurisdictions, we see a variety of regulations that successfully strike a balance between providing rules for vacation rentals and providing a great opportunity for the city or county to earn additional revenue from lodging taxes and additional revenue for local businesses from the increase in tourism that vacation rentals bring.

Portland is currently considering a proposal to address this balance.

Unfortunately, the city is only looking at legalizing a very narrow profile of rentals – the short-term rental of rooms within a primary residence. In our experience, this represents an extreme minority in the world of vacation rentals, as it covers less than 5 percent of all vacation rentals.

Alternatively, the typical vacation rental guest is a family traveling for leisure or to visit relatives. Generally, they want to rent a private home or condo where they can be comfortable for an extended stay without a host on site. The average vacation rental guest stays between three and 10 nights and they are typically uninterested in staying in a hotel room. Many families that travel with kids desire an experience that does not involve cramming a family of two adults and three kids into one tiny hotel room or splitting up a family into multiple hotel rooms.

When an industry is pushed entirely underground as it currently is, it means that the city does not have an adequate way to regulate the industry. It also discourages participation from the members of the community who comply with the law while rewarding those who ignore it by providing them with a decreased competitive supply, which in turn gives them a greater financial gain.

While we feel the city is moving in the right direction by considering the issue, we believe they are stopping short of solutions with the proposed changes. We believe a fair, comprehensive regulation for vacation rentals will lead to the best result for the city and the diverse communities within it. The vacation rental industry is a coveted green industry that belongs in city like Portland that is looking for sustainable, low impact industries to help boost the economy.

As far as a regulation to put in place, we don't have to look any further than Newport, Ore. Newport started allowing vacation rentals approximately two years ago in residential zones and it is gaining a substantial benefit from the lodging taxes received and it has a much easier time regulating the industry now that it has been brought to the surface. We love this city and we would love to maintain our headquarters here but we believe it is critical that the city shows its support for an industry that we believe in.

Cliff Johnson is chief operating officer and co-founder of Vacasa.

## **Portland City Council again open to Airbnb-style rentals in apartments, condos**

*By Elliot Njus  
July 02, 2014*

The Portland City Council is ready to legalize Airbnb-style short-term rentals in private homes, but it's still ambivalent about whether to allow them in apartments or condos.

The council is expected vote July 23 on a proposal that would allow the short-term rental of one or two bedrooms in a single-family home after an inspection and only if the bedroom meets a set of safety requirements. The rooms would have to be in the operator's primary residence, though the operator doesn't have to be home at the time.

Most members of the council appear to agree that those rentals should be legalized, but some are still undecided on a proposal to allow the same in multifamily buildings. It's putting off a decision to study that issue, but may reexamine it as soon as this fall.

"It's really become clear ... that multifamily was a huge part of the issue that we had not as a city addressed yet," said Dana Haynes, spokesman for Mayor Charlie Hales. "We can't pretend it's not happening."

Hundreds of short-term rentals already operate in Portland, mostly in violation of the current code. The operators have shown up in force at hearings on the topic, saying their guests don't disturb neighbors and that the rent they pay provides a financial lifeline.

Legalizing the rentals would open the door to wider collection of lodging taxes, as paid by hotels and tradition B&Bs.

Neighborhood groups have said legalizing the rental would opens to door to a revolving door of renters into residential areas, and with them more traffic and noise.

Portland planning officials originally excluded apartments and condos, saying the state building code would impose safety requirements few residential buildings would meet.

But Airbnb has lobbied for allowing the rentals in multifamily buildings, calling it a matter of equity. Excluding them would also rule out many of its listings in prime areas for tourists, including the Pearl District.

Multifamily NW, an rental industry association, urged the council to wait on allowing short-term rentals in apartments, saying most leases prohibit short-term rentals.

"It's the rule rather than the exception," said Deborah Imse, the association's executive director. "It's critical that the city not mislead applicants about their ability to do those short-term rentals."

The issue has also raised concerns about the affordable housing supply. In other cities, housing advocates have said short-term rentals have replaced long-term rentals, decreasing the supply and driving rents higher.

Contract managers of vacation rentals also testified, saying the rules don't go far enough. They want Portland to legalize the short-term rental of entire houses rather than just bedrooms.

## **Dew Tour approved for August 'showcase' event starring professional BMX riders, skateboarders in downtown Portland**

*By Andrew Theen  
July 02, 2014*

A few blocks of Southwest Broadway in downtown Portland will be transformed into a BMX and skateboarding competition next month after the City Council officially approved a permit request Wednesday.

The Dew Tour, the traveling skateboarding, BMK riding and extreme sports showcase, will return to Portland in August for the first time since 2011. The 2014 edition will make the eighth time Portland has hosted the tour in its decade-long existence.

But for the first time, the event won't be held at the Rose Quarter. NBC Universal, which owns and broadcasts the summer Dew Tour stops, will host a two-day competition with four events along a stretch of Southwest Broadway.

The idea is to frame the Arlene Schnitzer Concert Hall and the famous Portland sign for a national and international television audience.

Broadway will be closed between Southwest Jefferson and Southwest Salmon starting the evening of August 15 and lasting until the morning of August 18.

Chris Prybylo, the vice president of NBC Sports subsidiary Alli Sports, said the Dew Tour sought out Portland as a potential site for the downtown event.

"We'll make sure people have a sense of place," he told the City Council.

San Francisco hosted a similar Dew Tour production last year. The tour will also host a street style competition in Brooklyn, New York in September.

Prybylo billed the Dew Tour stop as an economic boon for the city of Portland. It will include five hours of combined TV coverage (on NBC and NBC Sports) of the August 16 and 17 events, and live streaming.

Drew Mahalic, CEO of the Oregon Sports Authority, told the City Council the Dew Tour will bring thousands to downtown Portland and create a truly memorable experience. "Every nation that we care to do business with and we care to attract tourists from, will be able to see the Dew Tour on TV," he added.

Despite lacking the official sign-off on permitting and proposed street closures, it appears the Dew Tour was already ready to move forward. The Portland stop is featured on the official website, and was included in a May press release.

City officials said they've already worked with the Heathman Hotel and other surrounding businesses that could be impacted by periodic closures of cross streets. Officials said there were no objections to the event.

Commissioner Steve Novick quipped that it's fitting the Dew Tour will hold an event under the watch of Mayor "Skateboard Charlie" Hales.

When Hales was a City Commissioner, he earned the moniker after ending laws outlying skateboarding in downtown Portland.

Sidewalks on Broadway will remain open for pedestrians, although some crossings on side streets may be closed.

Here's a more detailed breakdown on road closures (from council documents):

- S.W. Main Street between S.W. Broadway and S.W. Park beginning at 12:01 a.m. on Thursday, August 14 and ending at 6:00 a.m. on Monday, August 18
- S.W. Main Street between S.W. 6th, and S.W. Broadway, S.W. Broadway between S.W. Salmon and S.W. Jefferson, and S.W. Madison Street at its crossing with S.W. Broadway beginning at 7:00 p.m. Friday, August 15 and ending at 6:00 a.m. on Monday, August 18.
- Local access to S.W. Madison Street shall be via temporary conversion to two-way street sections between S.W. 6th and S.W. Broadway and between S.W. Park and S.W. Broadway beginning at 7:00 p.m. Friday, August 15 and ending at 6:00 a.m. on Monday, August 18.

# City of Portland, federal Justice officials now await judge's decision on settlement agreement regarding police reforms

*By Maxine Bernstein  
July 02, 2014*

Final legal briefs were filed Wednesday on whether a federal judge should accept the settlement on a package of police reforms reached between the city of Portland and the U.S. Department of Justice nearly two years ago.

The outstanding question is whether U.S. District Judge Michael H. Simon will accept the agreement, order each party to appear annually before him to provide updates on the reforms, or accept an alternative proposal to have the city compliance officer/community liaison appear before the judge instead.

Simon, in a phone conference with the parties last month, signaled he could make a ruling as early as Thursday.

Simon made it clear in court this spring that he's not likely to approve the negotiated settlement without requiring annual status hearings in his court.

Attorneys from the city and police union balked.

Late last month, city lawyers, Justice Department attorneys and the police union submitted an alternative proposal.

They have suggested that a compliance officer/community liaison, still to be hired by the city, report to the judge each year to satisfy his wishes.

The Albina Ministerial Alliance objects to the alternative proposal. And, again Wednesday, the alliance urged the judge to order the parties to the case to make the yearly updates.

The alliance suggested the judge could accept the proposed settlement and then issue a separate order requiring the annual hearings by the parties in his courtroom, to avoid a potential appeal by the Portland Police Association or the city.

In a brief filed late Wednesday, the alliance wrote: "Months of delay have ensued over the City and PPA's resistance to the Court's request that the Parties, at least annually, simply appear at a hearing and respond to the Court's questions regarding implementation of the PSA (proposed settlement agreement). The AMA Coalition maintains that the Court's proposed hearings serve an important feedback function, and that the City and PPA's objections to those hearings are unfounded."

The community alliance asked last year to intervene in the case and the judge allowed the group limited status. It has argued that the settlement fails to address concerns raised about police use of force against people of color, among other things.

The court's involvement stems from a Justice Department investigation in 2012 that found Portland police engaged in a pattern or practice of excessive force against people with mental illness or perceived to have mental illness. The investigation also found that police use of stun guns was unjustified and excessive at times. A negotiated agreement calls for changes to Portland policies, training and oversight.

All parties to the case are seeking the judge's acceptance of the agreement without a trial.

City attorneys have argued in court papers that the city would be "significantly burdened in having to review, investigate, and respond to materials generated by and for an adversarial court proceeding."

"Whatever benefit the Court might gain by allowing the parties and enhanced amicus to make presentations is significantly outweighed by the damage to public accountability that would result from the inability of the Court and the City's elected officials to meaningfully respond," deputy city attorney Ellen Osoinach wrote in court documents.

Anil Karia, attorney for the Portland Police Association, said the alternative proposal represents a "meeting of the minds."

But the alliance dismissed the city's and union's arguments.

"Contrary to the City's characterization, this is hardly 'extensive ongoing court proceedings,'" alliance attorney J. Ashlee Albies wrote.

The settlement requires that the compliance officer position be independent of any city office or the Police Bureau and responsive to the City Council, the public and the federal government. The compliance officer's quarterly reports would be reviewed by a Community Oversight and Advisory Board and be presented in public town hall-type meetings.

The city, Justice Department and police union ask the court to approve the settlement and "conditionally dismiss" the federal complaint against the city by placing it on the court's inactive docket. The court would retain authority to enforce the agreement, hold annual conferences on the status of reforms with the city compliance officer and dismiss the complaint once the reforms are adequately adopted.

## **A \$15 minimum wage for all city workers would cost more than \$3 million: Portland City Hall Roundup**

*By Andrew Theen  
July 02, 2014*

Earlier this month, minimum wage activists testified before the Portland City Council with a few specific policy recommendations

The goal: a \$15 per hour minimum wage for all Portlanders.

There are some obvious barriers to raising the wage city wide. First and foremost, state law prevents Oregon cities from setting their minimum wages.

But activists said despite that roadblock, the city can do a few simple things to improve lives for its thousands of city workers. Their proposals: Pay all city employees at least \$15 per hour, mandate city contractors pay the same wage and create a new "living wage tax" on local businesses that don't pay employees the \$15 wage.

Putting the political minefield of creating a new tax on businesses to the side for a moment, we looked at what it would take to tackle the other two requests and what that would cost on an annual basis. The answer (thanks to public records requests), upwards of \$3 million per year.

Here's a breakdown:

### **PAY ALL CITY EMPLOYEES \$15 PER HOUR**

Portland has roughly 5,522 total positions working city government, both full and part time. According to Bureau of Human Resources officials, all but "a few classifications" outside the thousands of unionized workers start out at earning more than \$15 an hour. "They are primarily trainee classifications and/or are not widely used," HR officials said in an email.

But the city employs another 2,072 casual or seasonal employees that make less than \$15 an hour. Those employees work fewer than 1,400 hours in a given year.

The vast majority of those employees work at the Bureau of Parks & Recreation. Commissioner Amanda Fritz, who oversees the bureau, said it would cost roughly \$2.7 million per year to pay all those workers more than \$15 an hour.

Anna Kanwit, the city's Human Resources director said that estimate is likely far too low, saying that figure doesn't include any benefits or overtime.

### **COULD PORTLAND REQUIRE CONTRACTORS EARN \$15 AN HOUR?**

Yes. Oregon state law provides for specific exemptions to the minimum wage laws. Mayor Charlie Hales' office asked the city attorney's office to look into it.

How much of an impact would that have? That part is difficult to quantify. Procurement officials said they don't track how many employees work under all city contracts.

Portland must comply with prevailing wage laws for contracted work through the Oregon Bureau of Labor and Industries. The bulk of those positions already eclipse the \$15 per hour figure..

The city also has a Fair Wage Policy written into city code affecting service contractors. Fritz asked city officials for an analysis of what bumping those workers to \$15 an hour would cost. The answer: more than \$676,000 per year, according to city data.

Here's how that shakes out

- *Stadium attendants: \$185,000*
- *Parking attendants: \$163,000*
- *Parking garage security patrol: \$65,000*
- *Office building janitorial: \$176,000*
- *Office building security: \$87,000*

*Disclaimer from the Office of Management & Finance: This is a rough estimate based on projected regular hours and on information from the above related contracts because they were more readily available. Consequently, the cost would be more when factoring overtime and adding the cost for other service providers.*

### **WHAT DOES HALES THINK OF ALL OF THIS?**

Judging by his signature alongside more than a dozen other U.S. mayors, he's supportive of changing the status quo. He also surprised 15 Now organizers at the June 12 council hearing by saying he was opposed to state preemption.

At a United State Conference of Mayors meeting earlier this month, Hales signed a resolution in support of raising the federal minimum wage. The document called for the federal minimum wage to increase to \$10.10 per hour, but said it should be \$10.50 if the wage kept up with inflation.

In a landmark move reported by the Los Angeles Times on Tuesday, workers at L.A. Unified, the nation's second-largest school district, won a battle to earn \$15 per hour pay.

Oregon's minimum wage, set by Salem lawmakers, is \$9.10 an hour. The federal minimum wage is \$7.25 per hour.

## **Portland Mayor Charlie Hales taps Tera Pierce for deputy chief of staff position**

*By Andrew Theen  
July 02, 2014*

Portland Mayor Charlie Hales is adding another new face to his office this month.

In a press release, Hales said Tera Pierce will join his office as a deputy chief of staff.

Pierce will serve as a deputy to Gail Shibley. Her first day is July 14.

According to the release, Pierce worked most recently as the members services director for the Oregon House Democrats. She served in that position starting in October 2013. Before that position, Pierce worked on political campaigns and served as chief of staff to Oregon Rep. Jennifer Williamson.

In an interview in December, Hales hinted at plans to add more bodies to his office, citing some communication issues between his third floor the offices of his City Council colleagues on the second floor of City Hall. Pierce's hire appears to fill that void.

Her work duties include "coordination of priorities and programs" between Hales' office and other elected officials as well as city bureaus and other offices, according to the release. The position was included in the recently approved 2014-15 fiscal year budget.

Hales came into office highlighting the difference between his small, lean staff and predecessor Sam Adams' staff of 25.

Pierce is the 15th member of Hales' staff. Jillian Detweiler is the most recent addition. Detweiler replaced policy director Ed McNamara in June. A constituent services staffer, Grace Uwagbae, is leaving the office next month to go to graduate school.

This post will be updated once we have Pierce's salary.

## The Portland Tribune

### Street fee debate far from finished

*By Jim Redden*

*July 1, 2014*

Mayor Charlie Hales created a stir last week when he dared anyone to prove any city money was misspent in his two annual budgets.

Hales issued the challenge near the end of the June 24 public forum on his proposed street fee for businesses, governments and nonprofit organizations.

"If you can find misspent money in my budgets, I'll show up on your doorstep with \$10 and a TV reporter," Hales told the dozens of people who attended the forum.

A short time later, Dana Haynes, Hales' press aide, said his boss meant any spent "illegally." Haynes said Hales was sick and tired of allegations that the city was spending money illegally — a possible reference to an ongoing civil lawsuit charging the City Council has misappropriated water and sewer rate funds.

"People don't know it, but these budgets are po red over by the independent City Budget Office, the City Attorney's Office, the Multnomah County Tax Supervising and Conservation Commission, and the best press corps in the Northwest," Haynes says. "His challenge: Do what none of those groups can do, and find even one illegally spent dollar in his budget."

Hales also has stressed that his budgets have increased spending on street maintenance. At a Monday morning press conference, he announced that the Portland Bureau of Transportation maintained 103 miles of streets last year, more than double the amount in the previous fiscal year.

"We promised we'd get back to basics, and we have," Hales says.

But it also was clear that many of those who attended the June 24 forum at the Oregon Convention Center were upset about previous city spending, including money spent legally.

Hales and Commissioner Steve Novick are crafting a Transportation User Fee to raise about \$50 million a year, primarily for street maintenance and safety projects, such as sidewalks and crosswalks. A number of people who testified slammed the city for spending transportation money on what they called "vanity projects," however.

Examples included the OHSU Aerial Tram, the Portland Streetcar, and light rail projects. One person also criticized Novick for including \$650,000 to continue studying the Southwest Corridor Plan in the new budget for the Portland Bureau of Transportation, which he oversees.

Novick tried to downplay the previous spending decisions at the forum. He explained that the City Auditor's Office says PBOT needs to spend at least \$75 million a year on maintenance to begin catching up with years of deferred work. But the auditor's office has also found the council has prioritized only \$16 million a year in projects over maintenance. The largest amount was \$6.5 million as the city's share of the Sellwood Bridge replacement project, followed by \$3.84 million for Portland Streetcar.

"So even if we'd done none of those projects, we'd still need \$59 million a year," Novick said.

Hales and Novick want the council to consider the final version of the fee on Nov. 12. They have postponed a council vote to put a measure on the Nov. 4 General Election ballot restricting the funds raised by the fee to transportation projects, calling the timing "confusing."

At a public meeting at Kaiser Permanente on North Interstate Avenue last Wednesday evening, many residents also questioned the proposed fee.

Rodney Marshall of North Portland said he and his neighbors cannot afford to pay any more money to the city, and suggested he might have to move if the council approves it.

“My children were born here — my grandchildren. I have a vested interest in this city,” Marshall said.

Hales and Novick are currently proposing that households pay a fee of \$6 a month beginning in July 2015. It rises to \$12 a month three years later, and includes discounts for low-income households.

But Hales and Novick also offered a number of options at the residential fee forum. They included a flat income tax of 1/4 of 1 percent and a progressive income tax, with wealthier households paying a higher portion of their incomes.

Hales and Novick also mentioned that their proposed nonresidential fee could be replaced by an increase in business licenses taxes, a tax on business profits, or a sales tax that exempts groceries. No consensus to support any of those options emerged during the forum, however.

Instead, some of those who testified repeated complaints from the previous forum that the city has enough money to properly maintain the streets, but is spending too much of it on nonessential projects. A few referenced a January 2013 city audit that found the council had cut back on street maintenance projects, even though gas tax and parking revenues are projected to rise over the next three years.

Hales noted that his budgets have significantly increased the number of miles being maintained by PBOT, however. He insists the city does not have anywhere near the additional \$75 million a year in available funds recommended by the auditor — despite the recent increase in street maintenance spending.

Wednesday’s public forum was the 10th that Hales and Novick have held on their proposed street fee, although only the second since releasing a specific plan.

No more meetings are currently planned. Instead, three working groups are being appointed to work through some of the issues that have been raised over the past few weeks. They include possible breaks for small businesses and how to make the residential fee more progress.

Hales promised that they will hold monthly public meetings as the proposal is finalized.

## **Novick ballot measure stand not new**

*By Jim Redden  
July 1, 2014*

Throughout the debate on the proposed Portland street fee, some of the loudest voices have insisted that the City Council should refer it to the voters for approval.

Mayor Charlie Hales and Commissioner Steve Novick are crafting a fee to raise around \$50 million a year — primarily for street maintenance and transportation projects. It would be evenly split between residential and non-residential properties.

Although Hales has repeatedly said the council should make the “tough decision” itself, Novick, who is charge of the Portland Bureau of Transportation, has even said voters could throw the two of them out of office in 2015 if they don’t like that decision.

In fact, this is not the first time Novick has said voters don’t need to vote on tax measures. In 2000, he worked against a statewide ballot measure by conservative activist Bill Sizemore that would have required public votes on virtually every fee and tax increase proposed by local and state governments. Measure 93 was defeated at that fall’s general election 856,091 votes to 581,186. The vote was even more lopsided in Multnomah County — 181,978 to 96,742.

When the measure qualified for the ballot, Novick was the sole employee of the Center for Constructive Citizen Action. A lawyer, he helped challenge ballot titles prepared for numerous measures backed by Sizemore and other conservative activists.

Once Measure 93 made it on the ballot, Novick was paid part-time to work against it by the Committee for Our Oregon, a political action committee largely funded by public employee unions.

According to Novick, most of his work involved demonstrating how the measure could devastate local governments — including library and other small districts — by requiring almost all of their fee and tax proposals to be approved by a two-thirds supermajority of their voters. He helped research and prepare some of the Voter's Pamphlet pages and paid advertisements against the measure. They stressed how many minor but essential fees would be subjected to public votes.

"All we were able to do with that was pull together a few Voter's Pamphlet statements and a radio ad," says Novick. "We were rather astonished when we won."

Other cities adopt fees

Novick says he has a different reason for not wanting the street fee referred to the voters. He sees it as funding a necessity that government is obligated to provide. "I think it's problematic to determine funding for basic public services like transportation through campaigns," says Novick.

Novick's views were especially shaped by the closure of the public schools in Cottage Grove in 1976. Novick was in the ninth grade there when the schools closed after voters rejected a property tax levy to fund them.

"After a few months, there was another vote and schools were restored. But it was pretty disturbing that schools could just cease to exist," says Novick. "With transportation, it's arguably even more problematic, because people in Cottage Grove could see that there was literally no school; with transportation, it's not easy to see the gradual disintegration of the streets, and very few people know that the cost of fixing streets goes up dramatically the worse they get."

Novick also notes there are many fee increases in Portland that do not require voter approval. They include what has become annual increases in water, sewer and stormwater managements fees. In fact, Portland voters rejected a measure on the May 20 primary election ballot that would have taken the authority to set the fees away from the council and given it to an independent public water district.

Novick also notes that 28 other cities in Oregon have already adopted some form of street maintenance fee without seeking voter approval. So has Austin, Texas. The city council in Duluth, Minn., approved a street maintenance fee on July 23 that will raise an estimated \$2.8 million a year by charging residents \$5 a month on utility bills. Businesses will pay monthly fees on a sliding scale based on size — \$20 for small businesses, \$90 for medium-sized businesses and \$240 for large businesses.

Novick hopes Portlanders will accept the council's decision if the fee is not placed on the ballot.

"I hope that citizens will ultimately conclude, 'Well, I'm still not sure I like that fee, but at least they're spending it as they said they would, and maybe it really was necessary, so I guess I can live with it,'" Novick says.

The council is tentatively scheduled to consider the final version of the fee on Nov. 12. In the meantime, three working groups will be appointed to consider such issues as discounts for low-income households and small businesses.

## **Fritz: Park bond plan gains citizen support**

*By Jennifer Anderson  
July 1, 2014*

After a lot of talk during the past few years, the Portland City Council will finally vote July 24 on whether to refer a Portland Parks & Recreation replacement bond measure to the November ballot.

Commissioner Amanda Fritz, who oversees the parks bureau, told the Tribune editorial board on Tuesday that she has the support on council.

Fritz says she was encouraged by the 100-plus people who gathered at Cleveland High School Monday night for a Town Hall meeting on the subject, many of them asking afterward, "What can I do to help?"

"The opportunity is too great not to ask," says Fritz, who took over the parks bureau from Commissioner Nick Fish in June 2013. "I lose sleep at night thinking about the conditions of our workers" at parks facilities like the Mt. Tabor Yard Maintenance Facility, Fritz says.

That site dates to the 1930s, the roof held together by steel cables to prevent collapse. It's one of several example projects Fritz and parks bureau officials have been talking about publicly lately, to demonstrate the urgent needs.

If the bond lands on the November ballot and is approved, it would take effect in July 2015 and raise \$56 million to \$68 million for "broken or about to be broken" facilities, says Parks Director Mike Abbate.

It would include some of the city's most deteriorating playgrounds, bridges and trails, pools, maintenance sites, Pioneer Courthouse Square and restrooms. It would address accessibility issues and include the cost of audits and an oversight committee to monitor the bond spending.

The public and the budget advisory committee would help select exactly which projects are funded after the bond passes.

The existing parks bond — approved in 1994 — is paid off in July 2015. If it isn't renewed, homeowners with a home valued at \$150,000 would get back \$13 in their annual property taxes.

A poll in late May showed that just 46 percent of likely voters voiced support for a replacement bond measure. But that jumped 20 percentage points after they were told the bond will not raise taxes.

That message is key as the campaign moves forward, parks officials say.

"I'm obviously not good at fundraising," Fritz joked. "But I'm good at campaigning and grassroots (organizing)."

When Hales assigned her the parks bureau last year, she says, "One of the things he said is, 'You should think about going for a bond measure.'"

Last spring, a poll showed that voters were not economically ready to support one, she said. "Now, we're ready."

For more details, and to take a survey to help prioritize criteria for bond projects, visit [www.parksreplacementbond.org](http://www.parksreplacementbond.org).

## **Short-term rentals likely to be legalized**

*By Steve Law  
July 1, 2014*

Tourists who want to spend the night in Portland's Sellwood neighborhood might want to talk to John.

John is offering six homes and apartments for nightly rentals in a tiny pocket of Sellwood in and around Yukon Street, using the Airbnb web-based service.

There's the Yukon Getaway in Sellwood for \$134 a night, the Gorgeous Home Close to Everything for \$115, the Beautiful City Home in Sellwood for \$202, the Cozy Yukon Studio Apartment for \$129, the Beautiful 4 Bedroom, 2 Bath in Sellwood for \$426, and the Yukon 4 Bedroom Home Sleeps 10 for \$426.

Technically, those and some 1,500 other Airbnb listings in Portland are illegal.

However, the Portland City Council expects to put the finishing touches on an ordinance Wednesday that would bring short-term rentals in residential areas out of the underground economy and make them legal — and tax-paying.

At least some of them, that is.

In a work session last week, city commissioners made it clear they aren't ready to legalize Airbnb and other short-term rentals in apartments and condos, or allow homes in residential-zoned areas to be used as dedicated vacation rentals. Commissioners informally agreed that Portlanders may rent out one or two

bedrooms of their “primary residence” for less than 30 days at a time, if they obtain a city permit for \$180, get their home inspected every six years and pay lodging taxes.

But there are other, undecided issues that city commissioners hope to resolve Wednesday, the last scheduled public hearing before they expect to adopt an ordinance on July 16:

- Can it be the host’s primary residence if they only live there six months a year? How about nine months?
- Must the host be on site when renting out spare bedrooms to tourists?
- Can the host hire an outside manager to handle short-term rentals, perhaps someone like John in the Yukon Street area?

### **Public safety fears**

Several neighborhood associations say that Airbnb allows homes in their residential streets to become de facto motels.

But, in contrast to other cities around the country where Airbnb has been a hot-button issue, Portland city commissioners appear keen on embracing Airbnb and the “sharing economy” it espouses.

David Owen, the Airbnb public policy director who attended Tuesday’s work session, said the company was disappointed the commission isn’t allowing short-term rentals in apartments and condos. One-third of its Portland hosts live in multifamily units, Owen says.

“I still think this is a phenomenal step forward for those who are concerned about home-sharing,” Owen said.

Robert McCullough, treasurer of the Southeast Uplift coalition of neighborhood associations in Southeast Portland, argues that city commissioners haven’t

“done their homework” on a policy that upends longstanding city efforts to protect the character of residential areas.

“This is a major change to our city; it contradicts our zoning, planning and our comprehensive plan for the last 100 years,” he says.

If a neighbor hung out a sign advertising short-term rentals in their home, people would object, McCullough says. But since the transactions happen over the Internet, people are less concerned, he figures.

Still, he says, it’s easy to use the information available on Airbnb listings to scope out the interiors of peoples’ homes, and ascertain when no one is around.

“What you’re effectively doing is you’re putting a signpost on the Internet that says, ‘burgle me,’ ” McCullough says.

Some city commissioners have compared the Airbnb system to people renting out homes for longer-term tenants, which is perfectly legal. McCullough says that’s different. “As my wife said, she’s not all that comfortable living next to 100 serial strangers next door” in a 100-day period.

Skeptics also have raised questions about legal liability. If a fire or other catastrophe occurs, damages may not be insured because the home is being used for commercial purposes without the owner paying higher premiums.

Staff from the Bureau of Planning and Sustainability and the Planning and Sustainability Commission concluded that renting out a home for the night is akin to other legal home-based businesses, such as teaching piano.

### **Skillful lobbying**

San Francisco-based Airbnb also has played its cards right in its business and lobbying relationships with the city.

The company announced in March that it’s opening an operational headquarters in Old Town/Chinatown and will hire 160 people here. That same month, Airbnb announced Portland will be the first partner in its

Shared City initiative. As part of that initiative, the company agreed to collect lodging taxes from its Portland guests and pass the funds along to the city.

Records filed with the city for the first quarter of 2014 show that Airbnb's local lobbyist, Dan Jarman, has been quite active at City Hall. Jarman met with Mayor Charlie Hales' staff three times in the first quarter to talk about office space for Airbnb's proposed local operations center. From January through March, Jarman met with city officials, including Hales' staff and City Commissioner Steve Novick, six other times. Jarman also reported seven phone calls with city officials, including one with Mayor Hales, in addition to numerous emails.

When the City Council scheduled its first public hearing on the proposed ordinance, Airbnb mobilized several dozen of its local hosts to sign up early to testify in favor of the measure, and ask for more lenient treatment than the proposed ordinance provided. Airbnb took the hosts out to lunch beforehand, which may have helped supporters prepare talking points for their testimony at the hearing.

Owen was reluctant to discuss that effort.

"We do a lot of these type events to talk to folks," he said.

Airbnb hosts are expected to be out in force again Wednesday, when the City Council is expected to hold another public hearing at 2 p.m. at City Hall.

This time, Airbnb is asking its local hosts to meet at 1:30 p.m. at Happy Coffee beforehand.

## **City Council finalizes ordinance to legalize Airbnb style rentals here**

*By Steve Law  
July 2, 2014*

Portland city commissioners informally agreed Wednesday to legalize Airbnb-style short-term rentals in single-family homes, if the host pays a \$180 permit fee, gets their home inspected every six years, pays lodging taxes and lives on-site at least nine months out of the year. Hosts may use a third party, such as a family member or professional property manager, to run their in-home business, under an amendment approved Wednesday. City commissioners also will require hosts to post their permit number at their home and in any advertising, to provide more consumer protection.

Short-term rentals are the staple of new "sharing economy" companies such as Airbnb and HomeAway, which use the Internet to arrange renters in peoples' homes for stays of less than 30 days. Technically, it's still illegal in Portland, though more than 1,500 properties are listed inside the city on Airbnb's website.

After hearing nearly three hours of testimony on a proposed short-term rental ordinance, the City Council approved a package of final amendments Wednesday, giving final form to a measure expected to be formally adopted at the council's July 23 meeting. Each amendment passed unanimously, a sign there is consensus now on the final ordinance.

Mayor Charlie Hales proposed an additional amendment that would allow short-term rentals in apartments and condos, if hosts get signed permission from their landlord or homeowners association. After running into resistance from at least two of his peers, Hales pulled the amendment, and expects to bring it back to the council in a few months.

Airbnb says at least one-third of its Portland hosts live in apartments and condos, and the San Francisco-based company mobilized many of those hosts Wednesday to testify in favor of legalizing such operations here.

Mayor Hales supported the idea where it won't bother the landlord and condo owners association, though it's unclear in how many cases that would really apply.

"We're trying to legalize what's already going on, in a way that's sensible," said the mayor, who is also a landlord.

Hales wanted to start allowing short-term rentals in multifamily units by January 1, and work out any kinks in the plan between now and then.

Commissioner Amanda Fritz scoffed at Hales' argument that the city should legalize short-term rentals in apartments and condos, because it's already happening.

"That has never been a compelling argument to me," Fritz said. Most Portlanders will follow the law, she predicted.

Commissioner Nick Fish said there could be many unintended consequences of allowing short-term rentals in multifamily properties.

Condo owner Peter Covington said it was "classist" to allow short-term rentals in single-family homes but not multifamily properties. "So I believe this is an equity issue," Covington said. "Trying to regulate who can come and go from my condo seems like government overreach."

Many neighborhood association leaders previously testified that allowing freewheeling use of short-term rentals in residential areas runs counter to the city's comprehensive land use plan. But the leader of the state's land use watchdog group, 1000 Friends of Oregon executive director Jason Miner, had a different take Wednesday.

"Our planning code should encourage access to prosperity, not deny it," Miner testified. He suggested the city should legalize short-term rentals in apartments and condos.

One of those unintended consequences Fish was referring to is the potential impact on the city's supply of affordable housing.

Cynthia Brown, a landlord, testified that she could make "three to four times as much money" by converting her rental units into short-term Airbnb-style properties. That's because people are paying up to \$100 or more a night here for Airbnb stays.

Rosemary Brown, who owns a modest seven-unit apartment on Southeast Hawthorne Boulevard, said she'd like the right to convert a few of those 350-square-foot units into short-term rental properties.

That, Fish said, would mean the loss of affordable housing, which he doesn't want to see.

Hales asked city planners to meet with affordable housing advocates, landlords and others in the coming months to frame an amendment to allow short-term rentals in apartments and condos.

He hopes to bring that back to the council this fall for a vote.

## **City road plan still stuck in the muck**

*By Steve Law*

*July 3, 2014*

The city of Portland's plan to foster more paving of gravel and dirt roads in residential neighborhoods is stuck in a rut.

Since the City Council approved then-Mayor Sam Adams' Out of the Mud plan in November 2012, not a single road has been paved under the program.

Portland has an embarrassing 45 miles of gravel and dirt streets in residential areas and the city spends little to address the problem. The city has long expected neighbors to cover the costs — about \$72,000 for a home on a 50-foot-wide lot for a regular road.

Out of the Mud, since renamed Street by Street, shaved up to 80 percent off those costs by allowing bare-bones construction: a narrow asphalt strip for vehicles in the middle of the road and no requirements for sidewalks, curbs, storm drainage and paved parking areas.

Since the program was created, there've been 54 citizen inquiries about it, says Christine Leon, who heads up the program for the Portland Bureau of Transportation. But so far, no neighbors have stepped up to approve a local improvement district to pay for the slimmed-down roads, she says.

The most recent project to hit the skids was on Oberlin Avenue in North Portland, where neighbors have spent thousands of dollars in recent years to fill potholes with gravel and hire a company to grade the street, says Tim Cowan, who used to live there and now rents out his old house.

About eight years ago, Cowan tried to rally neighbors on Oberlin to approve a local improvement district or LID to pay for the road paving, but it would have cost about \$45,000 per homeowner. Still, neighbors wouldn't go for it, Cowan says.

After the Street by Street program made it possible to scale back road specifications, Cowan tried again several months ago. Oberlin property owners between Huron and Newman streets agreed on a simple asphalt road with a sidewalk on one side, which cut the costs down to a typical \$27,000, Cowan says. An LID enables residents to pay the costs over 30 years, using low-interest city financing, so it would cost roughly \$100 to \$200 a month.

Nevertheless, the residents dropped the idea a few months ago when they realized they couldn't get a majority of neighbors to approve the LID, Cowan says.

Leon isn't pessimistic, though. She says the Street by Street ideas are being used as a model in transportation studies of the Division Midway area in East Portland and in Southwest Portland. And some developers are using the slimmed-down standards when building roads as they put up houses, Leon says.

"There's got to be somewhere out there that's wanting to do this," she says. "We've got to get some things built out there so people can see it."

The city is hoping a project being drawn-up in the Errol Heights area of the Brentwood-Darlington neighborhood can become that demonstration project.

Willie Sprague, who lives on Tenino Drive, sure hopes it will be. As water rushes down Tenino, it creates a rut Sprague recently measured at 16 inches deep.

"The wheel literally came off the truck right here," Sprague says, pointing up the hill to a big potholed stretch of Tenino. He had to replace two oil pans on his vehicles, which cost about \$1,000 a pop.

Seven years ago, there was talk of paving the road with an LID, but Sprague would have had to pay \$75,000. "That's like half my house (value) at the time," he says.

But now the Portland Bureau of Transportation and Bureau of Environmental Services are working hard to get 1.2 miles of dirt and gravel roads in Errol Heights paved under a demonstration project. The Portland City Council turned down city funds for the project, Leon says. But the environmental services bureau is keen on preventing runoff from the unpaved roads getting into nearby Errol Creek, part of a natural area containing wetlands that the city hopes to protect. "There's a lot of water carrying a ton of sediment down these hills," says neighbor Kathleen Guillozet, who's hoping the LID gets approved.

Some of the land is pegged for a future active-use park.

City ownership of the land could make it easier to get a majority of property owners to approve an LID. Under LID rules, a project must get majority support from neighbors, and the city is the biggest neighbor in the area.

City mum on costs

So far, the city isn't saying what the project would cost, other than to say monthly costs should be in the range of someone's cell phone bill. "They are holding their cards really close to their vest," Guillozet says.

Sprague says the neighbors' needs are simple, just a basic road that will enable folks to drive their cars in and out, and make it easier for ambulances and fire trucks to get into the neighborhood.

"We just want to be able to drive on our road," Sprague says. "I'd like my son to be able to ride a bike in front of his own home."

Louella Hall, who has lived in Errol Heights since 1969, clearly sees the need for a paved road. "I can't even drive any more," she says. "Every winter it's gotten worse; it's like a river."

Her own grandson won't drive his car over to see her because of the poor roads

But Hall would be hard-pressed to pay a new monthly fee for an LID, she says. The 79-year-old relies on Social Security plus a reverse mortgage, a scheme that pulls equity out of her home each month to pay her a check.

It's people like Hall who often cause LIDs to fail, either because they vote against them or their neighbors are unwilling to cause them more financial distress.

The Street by Street program is technically unrelated to a pending proposal by Mayor Charlie Hales and city Commissioner Steve Novick to levy a monthly fee on residents and businesses to pay for transportation maintenance and safety improvements. But citizens' reluctance to pay the costs of LIDs are a signal that the Hales/Novick proposal could face an angry public if their idea ever makes it on the ballot.

Residents of the Brentwood-Darlington neighborhood, which has about five miles of unpaved residential streets, aren't confident they have the political clout to get their roads paved if that plan is approved, says Jacob Sherman, Brentwood-Darlington Neighborhood Association chairman. And with that plan, he says, "We're being asked to pay more for infrastructure we don't even have."

## **Willamette Week**

### **Mayor Charlie Hales Looking At Allowing Airbnb in Apartments and Condos**

**UPDATE: City Council will decide July 23.**

*By Aaron Mesh  
July 2, 2014*

Portland Mayor Charlie Hales wants to amend city zoning code to allow short-term rentals like Airbnb in apartments and condominiums.

"It was not in the original proposal from the [planning] bureau, but we asked the bureau to look into it," says Hales spokesman Dana Haynes. "Expecting good debate today."

The hearing on Airbnb and other short-term rentals—when amendments to zoning code can be proposed—is at 2 pm today. Hales' possible amendment to allow apartments and condos has already drawn opposition.

"The mayor's office has specifically said they want to consider multifamily housing," says Deborah Imse, executive director of property management association Multifamily NW. "We have a lot of serious concerns."

City Council later this month is expected to make it legal for the home-rental marketplace Airbnb to operate in Portland. The decision will give Airbnb a legitimacy it lacks in other cities, including New York, which is cracking down on the company that matches homeowners with tenants looking for a short-term rental.

Hales' office has championed the San Francisco-based startup, which is moving its operational headquarters to a building in Old Town, bringing its North American call center along with 160 jobs.

In January, Portland planning officials proposed zoning-code changes that would ease restrictions, allowing people to rent out one or two bedrooms of their homes after paying a small fee. But the people renting out their rooms must live on the property—and the code changes don't extend to apartments and condos.

Several city commissioners have expressed skepticism about changing the zoning code any further. But Airbnb is still lobbying to broaden the changes, asking clients to attend today's hearing and lobby City Council to extend its permission to apartments and condos.

"Their current proposal takes many big steps forward," Airbnb officials wrote to clients last week, "but still prevents Portlanders who live in apartments and condos from sharing their homes. Our goal is to fill the City Council Chambers with home sharers showing support like we did last time!"

Multifamily NW director Imse says her association members—who manage more than 150,000 housing units in the Portland area—are troubled by the idea of allowing vacationers access to apartment common areas without a background check.

And she says Airbnb violates the terms of many apartment leases.

"We have thousands of rentals that prohibit this kind of activity," Imse says. "If the city is OK'ing this and issuing permits to people who would be violating their lease, you raise false expectations that people are going to be able to do this."

UPDATE, 6:15 pm: Hales submitted an amendment at this afternoon's hearing that would allow Airbnb and other short-term rentals "in multi-dwelling structures beginning January 1, 2015."

The amendment was moved forward to a July 23 vote, with commissioners Dan Saltzman and Steve Novick saying it deserved further consideration. Their colleagues Amanda Fritz and Nick Fish voted no.

Fish was especially skeptical, scoffing at the argument that since short-term rentals are already happening in apartments and condos, the city should legalize them and collect the 11.5 percent hotel tax.

By that logic, Fish said, "we should just start taxing prostitution."

## **Hotseat: Steve Novick**

The City Commissioner talks about his (so far) unsuccessful fight to raise \$50 million a year for streets.

*By WW Staff  
July 2, 2014*

Portland City Commissioner Steve Novick's road forward is uphill.

The freshman councilor has begun a goodwill tour to heal the rancor from his attempt this spring to cram a citywide "street fee" through the City Council without voters' approval.

Last month, Novick and Mayor Charlie Hales hit the pause button on a plan to raise \$50 million for road paving and sidewalk construction by charging households and businesses a monthly fee.

It's an unprecedented moment for Novick, who enjoyed widespread popularity throughout the city before leading the charge for transportation funding. Now the policy wonk, known for voicing a dozen ideas before breakfast, needs just one that voters will support.

Hours after attending a press conference to show off the city's repaving success this year, Novick stopped by WW's offices to talk about why his plans went so wrong so quickly. Novick said throughout the debate he has remained unchanged. He also talked about why he is thinking about raising other taxes on all Portland businesses to pay for road upkeep, and why he may soon get sick of having to pay for the streetcar, and his secret plan to win over Portlanders.

**WW: In the past six years, local voters have passed an arts tax, a library tax, a tax to fund the historical society, at least two school taxes and a zoo bond. This city will tax itself for everything—except transportation. Why?**

Steve Novick: I think people are a little burned out. Also, transportation is something people think of as already being paid for. People know that they pay gas taxes, and they think those address their transportation needs.

**City Hall has tried to climb the street-fee hill three times and died each time.**

It's a setback, but it doesn't feel like a defeat yet, because we're not giving up. What I'm hoping for in the next few months are people that are hoping to engage in a solution. I don't feel discouraged about it.

**Have you changed since you took office?**

I don't feel that I have, except I'm confronted with problems that seem desperately important to solve really quickly.

With the street fee, for me to support something that's regressive is kind of astonishing. I object to this idea with 96 percent of the fibers of my being. But I object to letting the streets continue to deteriorate—and continue to have inequality in terms of pedestrian safety within the city—with 100 percent of my being.

**What shouldn't the city's Transportation Bureau be spending money on?**

I made a pitch to my colleagues last year that the general fund should pick up a chunk of the cost of operating the streetcar. I didn't get very far.

**Would you want the power to be able to shut the streetcar down?**

I haven't said this to anybody yet, including the mayor, but I will say it. If we get to the point where we think that we cannot have an additional source of revenue to fund basic maintenance: Yes, I will wish we were in a position to shut down the streetcar.

**When you delayed a council vote, you told us, "We've been playing not to lose. From here on out, I play to win." What's your plan?**

I'm not going to give you a complete answer. Part of the answer is something that I'm not ready to talk about yet.

**Do you have a secret plan to win the war?**

I do. Just like my idol, Richard Nixon.

The fee is one mechanism of raising money. But there are other mechanisms of raising the same money on the business side. We could simply raise the business profits tax.

**What kind of percentage increase would it take to raise \$50 million?**

Raising half of that, \$26.5 million, it'd have to go from 2.2 percent to 3.06 percent.

It sounds like you're still trying to find ways to avoid putting it to a public vote.

What I think we're going to end up with is something that a fair number of people might say, "That wouldn't have been the way I would have done it. And if I had a chance, I might have waited and voted for something that I liked better. But I can understand why they're doing it. I can grudgingly accept it."

**So you are going to the ballot?**

No. I'm not telling you. Over the next couple of weeks, there will be some things that I'm ready to say that I'm not ready to say now.

**It sounds a little bit like magical thinking—wouldn't it be great if people say, "We'll learn to live with a street fee. Thank God that the City Council made us get used to it." Why not just walk right up to voters and say, "This is what we think is best"?**

Well, that is what happened in 28 other Oregon cities. We had the mayor of Oregon City come to our event last month and he said, "Look, people were upset about this when it passed." But apparently no special-interest group took it to the ballot. People saw how they were spending the money, and people came to accept it.

So that does happen.

## **Water Activists Gather Just 1,000 Signatures, Won't Seek November Ballot**

*By Aaron Mesh  
July 1, 2014*

There won't be another public vote on reforming Portland's water system anytime soon. The coalition of environmental activists campaigning for a People's Water Trust—a proposed alternative to the water war on the May ballot—have scuttled their campaign for the November ballot after gathering only 1,000 signatures.

"We're not going to qualify," says Jonah Majure, a local organic farmer and the chief petitioner for the People's Water Trust. "We're still working on the campaign, but on a 2016 timeline."

The Portland Mercury first reported Monday that backers were suspending signature-gathering efforts. The biggest legacy of the People's Water Trust, at least for now? It eroded political support for Measure 26-156, which would have wrested control of the city's water and sewer utilities from Portland City Hall. (Voters rejected the measure by 73 percent to 27 percent.)

Environmental activists announced last October they would seek a third way between City Hall and the business interests backing the creation of an independent board called a water district. The People's Water Trust would have tightened the rules on what decisions elected officials and Portland Water Bureau staff could make without asking voters.

It would have amended city code to mandate a fight against federal regulations on burying open-air reservoirs, and required city officials to refer to voters any proposal to add new chemicals to the water supply—prohibiting another secret attempt at fluoridation.

Majure says the campaign, which waited for the November ballot while the water wars raged in May, got lost in the fight.

He blames a lack of media attention, and says the confusion made gathering signatures harder. "Most people thought they already signed ours," Majure says. "They thought we were the water district, and they had heard bad things about the water district. Also, we were an all-volunteer campaign. We work on this because we care about it, not because we're being funded by some secret corporate group."

# The Mercury

## Hall Monitor Taking Off the Cap

*By Denis C. Theriault  
July 2, 2014*

CITY COMMISSIONER Dan Saltzman is deservedly proud of the Portland Children's Levy—an 11-year-old property tax add-on that raises millions every year for the city's neediest children.

Given the teensiest opportunity, Saltzman will happily dispense laudations for a cherished program that's now added hunger to an admirable checklist that already included helping foster kids and reducing child abuse.

But make no mistake. Saltzman, ever the engineer and good-government wonk, loves the children's levy just as much for something else: its aura of technocratic elegance.

Almost often enough to justify a Portland City Hall drinking game, Saltzman freely touts the levy's most important mechanical provision: "We hold our administrative expenses"—things like salaries, audits, and office supplies—"to less than 5 percent," he told KGW more than two years ago (in a quote that made an Oregonian Politifact column).

Saltzman's been blowing that horn especially hard these days, what with never-ending voter angst over the city's arts tax and deep ire for a plan by Commissioner Steve Novick and Mayor Charlie Hales to pass a street fee.

It's a good message—positioning Saltzman as a guardian of public trust. The trouble is it's not quite the whole story.

Budget officials confirm the levy doesn't, in fact, have to keep its administrative costs below five percent every single year. That cap applies only over the lifetime of the levy—which needs voter approval every five years. The levy actually exceeded the cap, just a bit, according to the city's 2013-2014 budget.

Beyond that, the levy, every year, has relied on a modest city subsidy. All city offices and bureaus are expected to share the costs of back-office city functions—including the city attorney's office, facilities, human resources, and the city budget office. But the children's levy has never paid more than \$25,000 a year for those services—a discount that gives it precious breathing room.

(That courtesy, interestingly enough, was extended to other funds, like the arts tax, this year.)

That's arguably the small stuff. More important is what happens when the money leaves the children's levy for the nonprofits it contracts with to do its work. The groups who receive the money are allowed to withhold up to 15 percent for administrative costs. All told, in 2013-2014, 9 percent of more than \$8.4 million given to nonprofits was held for that purpose, on top of what the levy also kept back.

Saltzman's lofty rhetoric is careful to skip past those details—which would muddy his message. And it usually goes unchecked.

Not anymore. Novick, at a recent city council meeting, had the temerity to point out that the nonprofits aren't held to the same 5 percent cap Saltzman prizes.

It seemed like Novick was punching back over Saltzman's street fee reticence. (Saltzman's chief of staff and I played phone tag before this column went to press.) But Novick says the idea has bugged him for years—and that he once upbraided former County Chair Jeff Cogen for touting a similar cap on the campaign trail.

It offers, he says, the illusion of good government when the reality—good and bad—is far murkier.

And that, says Novick, is "problematic."

# The Daily Journal of Commerce

## Novick shares ideas to refine proposed street fee

*By Jeff McDonald  
July 2, 2014*

Portland City Commissioner Steve Novick, looking for some community support in his effort to generate money for city street and sidewalk maintenance, is not married to the street fee proposal. He would be willing to ditch the controversial plan, he said, if another were to come along that could raise the same revenues and support.

That is why Novick and Mayor Charlie Hales this summer are spearheading three work groups to learn more. One will address the street fee's regressive nature by looking at ways to reduce the impact on low-income residents. Another will address potential impacts on the business community. A third will examine how nonprofits and public institutions would be affected.

Novick's "pet idea," to adjust amounts paid by low-income residents, would be to give them rebates on their utility bills. They would actually come out ahead, he said.

The problem, in many cases, is that the landlord typically receives the utility bill. The work group will attempt to find a solution to this problem.

For businesses, Novick would like to see a study on a gross receipts tax being added to the trip generation model criticized harshly by the business community. That model would base each business' fee on the number of customer trips it would likely generate. The type of business and square footage occupied would be factors.

What if a business is struggling? An additional fee would be unfair, Novick acknowledged. But add gross receipts to that formula and businesses would pay based on a sliding scale of average trip generation and gross receipts, he said.

Administering that idea would be difficult, however, because it would require different city computer systems to talk to each other.

The work groups are slated to start meeting in mid-July. Portland City Council is slated to vote on the street fee proposal Nov. 12.

More information about the street fee is available at [www.ourstreetspdx.com](http://www.ourstreetspdx.com).

## Proposed bond would help pay for Portland parks maintenance

*By Inka Bajandas  
July 1, 2014*

A proposed Portland Parks & Recreation bond measure would provide millions of dollars for major maintenance at playgrounds, pools, trails and Pioneer Courthouse Square.

The Portland City Council will decide July 24 whether to put the bond measure on the November ballot. The bond over 20 years would raise between \$56 million and \$68 million via property tax revenues, according to estimates. The tax rate of 87 cents per \$1,000 of assessed value would be equal to the rate of an existing bond that voters passed in 1994 and will expire in 2015.

The new bond would help pay for more than \$365 million worth of maintenance projects that need to be completed in the next 10 years, spokeswoman Amy Ruiz said.

"This bond is about fixing the (parks) system," she said.

Top priorities for the parks department include: repairing or replacing 10 to 20 aging playgrounds, fixing several public pools, maintaining trails and bridges in Forest Park and other nature areas, and improving disabled individuals' access to park facilities.

Also, Pioneer Courthouse Square requires major maintenance, and hasn't received any since opening 30 years ago, Ruiz said. A waterproof membrane under the plaza's tiles was intended to last only 20 years, and now its deterioration is causing rainwater to leak into the TriMet office on the square.

Another planned project is replacement of the corroding water filtration system at Grant Outdoor Pool, one of the parks system's most heavily used swim facilities. If this system were to fail, the pool would have to close, Ruiz said. Extensive repairs also are needed at the Matt Dishman Community Center and Peninsula Park pools.

Parks officials have been forced to close all or portions of the playgrounds at Couch and Kenton parks because equipment is unsafe, Ruiz said. The bond would help pay for equipment replacements.

"This is really about making sure our parks stay safe and open," she said. "There are some really serious issues that we need to address to keep our parks open."

## **The Portland Business Journal**

### **Portland City Council gets an earful on legalizing Airbnb rentals**

*By Alli Pyrah  
July 3, 2014*

Portland City Council heard testimony Wednesday on a proposed amendment that would legalize short-term rentals popularized by sites like Airbnb.

Forty one speakers addressed the proposal, which would allow residents to legally rent up to five rooms in their primary residences to short-term visitors. The council is debating how to define primary residence and is considering restricting the new zoning category, "accessory short-term rental", to people who have lived in their homes for six or nine months.

Despite a push from some of the speakers to extend the proposal to second homes, the council is not considering this at present.

Residents would be able to apply for an over-the-counter permit, valid for two years, which would allow them to rent up to two rooms in their homes to short-term renters. Alternatively, they would be permitted to rent up to five bedrooms after successfully completing a conditional use review.

Renters would be eligible with permission from their landlord, although the council is still considering how this would be enforced. There was also vigorous debate about whether multifamily units should be allowed to participate. The council discussed ideas such as sending out notices informing neighbors when a permit has been applied for and requiring users of sites like Airbnb to include their permit number in all advertisements, a requirement in Austin, Texas.

Several speakers pointed out that the proposal would generate substantial tax revenue for local governments, as the city's 6 percent lodging tax and the county's 5.5 percent tax would apply along with a 1 percent state tax.

Matt Curtis of Austin-based online vacation rental marketplace Home Away called the proposal "a huge step in the right direction." He said studies of cities that implemented similar rules suggested they would generate an estimated 375 jobs and \$46.5 million in overall economic impact for Portland.

Portland resident Gary Cash told the council how the income he made through Airbnb allowed him to keep his home when he had to care for his dying partner who was suffering from stage four cancer and his father, who was suffering from dementia.

But opponents warned that the new rules could create "stranger danger" and other nuisances, such as noise in the early hours, for neighbors.

One of those speaking out against the proposal was Deobrah Imse, executive director at Multifamily NW, formerly Metro Multifamily Housing Association, a nonprofit representing owners and managers. Imse said members fear the new rules will mislead tenants into believing it is legal to rent rooms online when most leases prohibit subletting.

She said that particularly in multifamily properties, landlords are unlikely to grant permission because of the potential liability.

"You are talking about residents who are expecting they will have a quiet, safe environment in their building and then people who haven't been screened are coming in and sharing their common areas," she said. "That's not what they signed up for."

She said cities such as San Francisco have "serious concerns about this situation depleting the affordable housing, because people are taking their units off the market and just doing short-term rentals."

The council is scheduled to vote July 16.