

The Oregonian

Development deja vu: Portland considers forgiving second loan in three months for Armory project

*By Brad Schmidt
September 10, 2014*

Portland's public subsidy in the successful Gerding Theater at the Armory would double to nearly \$4 million under a proposal headed to the city's urban renewal agency Wednesday.

The Portland Development Commission will consider forgiving \$1.91 million owed to the agency three months after officials forgave a separate \$2 million loan tied to the theater project.

But taxpayers won't come out completely empty-handed.

As part of the deal, the Portland Development Commission would receive \$1.25 million from loans that originally totaled about \$5.2 million, recovering about twenty-five cents on the dollar.

The development agency's board of commissioners figured it's the best deal they could get. Tom Kelly, chairman of the board, said it's "questionable" if the city would be repaid.

"In this situation, it's a very pragmatic business decision," he said.

The proposed Armory deal is the latest public subsidy for a project that hasn't been able to make good on its debt. Earlier this year, the development commission agreed to recover about 60 percent of outstanding debt tied to the Nines luxury hotel. In the preceding decade, Portland wrote off nearly \$10 million from delinquent loans.

Development company Gerding Edlen bought the Armory Building in 2000 as part of its Brewery Blocks project, one of the first large-scale redevelopment efforts in Portland's now-thriving Pearl District.

In 2003, the city's urban renewal agency approved \$4.6 million in loans to help redevelop the Armory into a new home for Portland Center Stage. The loans went to Portland New Markets Investment Fund LLC as part of a complicated deal involving historic and new market tax credits.

The building, at 128 N.W. 11th Ave., reopened in 2006. The Amory features two theaters with 799 seats, winning a slew of design and environmental awards. In any given year, the theater hosts some 800 events and the upcoming theater season includes 11 plays.

But the business side hasn't been so celebrated.

With accrued interest, the loans grew to about \$5.2 million when they came due this year.

In June, Portland Center Stage's artistic director, Chris Coleman, asked the city to forgive \$2 million and delay collection on the rest until 2024.

"We do not have the ability to repay that loan right now," he told the development commission at its June meeting.

The board voted 3-1 to reduce the debt, with the understanding that the remaining \$3.2 million would be repaid eventually. Although city documents offered "no plan" for how the loan would be satisfied, officials asked Portland Center Stage to devise options within two years.

"If we're not going to get paid back, then I'm not comfortable," Commissioner John Mohlis said during the June meeting.

But Patrick Quinton, the agency's executive director, said neither side was truly satisfied with the June agreement.

"They felt like pushing the loan out 10 years didn't really resolve anything, and the board wanted resolution," he said. "And they knew that Portland Center Stage was probably in position to make some kind of payment on the loan now."

Coleman did not return a message seeking comment.

During the past three months, Quinton said agency officials worked with theater representatives to strike a second deal. An entity called Armory Theater Fund would repay the debt.

Rather than collect no payments or interest for 10 years while hoping to be repaid, the development commission is now poised to take what it can get.

"In some respect, there's a little bit of the Nines calculation in there," said Quinton, referencing the hotel concession. "What's the best course of action?"

Commissioner Charles Wilhoite, who voted against the June agreement, said he's leaning in support of the new deal.

While Wilhoite was uncomfortable forgiving \$2 million three months ago, he said he may be willing to forgive nearly \$2 million on Wednesday because the agency would recoup \$1.25 million in the process.

"I don't want to wait 10 years," he said. "And there's no guarantee that in 10 years they'll be in a position to repay it, anyway."

Gerding Edlen buys property from Portland in Old Town Chinatown for \$37 million development

*By Andrew Theen
September 10, 2014*

The Portland Development Commission on Wednesday approved a \$2.6 million land deal with development giant Gerding Edlen that will bring a new six-story building to Old Town Chinatown by 2016.

Mark Edlen, the company's president and CEO, was not in attendance. Edlen is Mayor Charlie Hales' choice to fill a vacancy on the five-person board. The Portland City Council will vote on Edlen's nomination on Oct. 1.

The estimated \$37 million project is another step for the urban renewal agency in selling off its moribund or underused property in Portland's oldest neighborhood to bring people and jobs to the area, one of the key objectives outlined in a recently approved five-year vision for the neighborhood.

Gerding Edlen's project calls for 60 apartments, 80,000 square feet of commercial space and another 5,000 square feet of retail. The property is along Northwest Naito Parkway between Northwest Couch and Northwest Davis Streets.

Although the PDC vote ultimately was unanimous, commissioners expressed some concern about the lack of parking included in the project.

The development replaces an existing 75-space parking lot on the northern section of two-thirds of an acre property. The city will lose revenue from that lot, which generated an estimated net of \$358,000 in the past two years.

But development commission leaders said the city doesn't have a strategy or the capacity to accommodate new parking structures at the moment.

"There's just no room in Old Town," Patrick Quinton, PDC's executive director, said.

The agency recently started to work on a district-wide parking strategy.

Commissioner Charles Wilhoite asked how many parking spaces would typically be required for a development of this size, and officials said "between 50 and 125."

Gerding Edlen will try to work with the adjacent Smart Park to secure some parking spaces for residents or employees.

The property has its issues. PDC officials said they'd hold an estimated \$965,000 in escrow to deal with environmental contamination and the possibility of archaeological artifacts on the site.

Ankrom Moisan, an architecture firm, plans to take up at least 40,000 square feet of space in the new building. The University of Oregon is another tenant, with some 10,000 square feet of the building going to the school's Executive MBA program and newly created Masters of Sports Product Management degree.

The building will include a roof top deck and "active alley" on the Northwest First Avenue side of the property, a feature made possible by an existing easement belonging to the adjacent Oregon College of Oriental Medicine campus.

Jill Sherman, Gerding Edlen's vice-president, said the company has a "pretty firm schedule" of finishing construction in early 2016, partly to help accommodate the UO's class schedule.

Sherman said Gerding Edlen qualified for the Portland Housing Bureau's multiple-unit limited tax exemption program because 25 percent of the units will have rents affordable to people earning 80 percent of the region's median family income.

Sherman said the project's design has evolved considerable throughout the design review process. "I think it's a great design," she said.

The deal completes a process that began in August 2013 when the PDC first asked firms to express their interest in developing the property.

In October 2013, PDC chose Gerding Edlen to move forward.

It won't necessarily be the last Gerding Edlen project that will come to the development commission's board after Edlen joins it. The CEO has said he expected to recuse himself from discussion and votes on projects involving his firm.

At least one of Edlen's fellow Portland developers thinks his appointment is a positive sign.

"Gerding Edlen has been the most successful developer to utilize PDC funds in the last 15 years," said Jordan Schnitzer, president of Harsch Investment Properties. "So certainly Mark knows what PDC has the capability of doing."

Schnitzer said he understands the dilemma of putting a prominent and active developer on the PDC board because of potential conflicts of interest. But he said Edlen was a wise choice.

"Its easier to deal with the conflicts and have people with the experience," he added.

Willamette Week

City Housing Award Spells the End of St. Francis Park Catholic Charities will develop housing on park site

*By Erin Carey
September 10, 2014*

The Portland Housing Bureau today awarded Catholic Charities and Home Forward \$6.5 million, in a transaction that will contribute to the rapid changes occurring to inner city to help develop a piece of land that is currently the St. Francis Park at Southeast 11th and Oak Streets, in the Buckman neighborhood.

The award to Catholic Charities and Home Forward is by far the largest chunk of the \$13 million the Housing Bureau allocated today for low-income rental housing.

St. Francis of Assisi Catholic Church owns St. Francis Park but decided to sell it after the park became too much to take care of and required too many of the church's resources were tied up in the park, according to St. Francis' pastoral administrator Valerie Chapman. The church and neighbors built St. Francis Park in 1969, using soil from the excavation of what was then the U.S. Bank tower and is now called Big Pink.

Catholic Charities plans to develop 102 apartment units where the park is now, separated into 73 studios, 28 one- bedrooms, a singular unit of two bedroom space and 33 parking spaces.

"Ninety one units [will be] affordable for families earning 60 percent of the median income, [and] 10 units would be set aside for those earning only 30 percent of the median income," Trell Andersen, Director of Housing & Community Development for Catholic Charities tellsWW.

Andersen also says 25 units will be set aside for victims of domestic violence. Andersen says the project will provide much needed housing for low-income Portlanders in a part of the city where numerous market-rate projects have been planned or built in the past year.

Although the proposed development may add affordable housing, it will also eliminate a rarity in this city—a private park. St. Francis has long been a refuge for the homeless, who eat meals at St. Francis' adjacent soup kitchen. The heavy homeless presence at the park has caused tension with neighbors and nearby businesses. Buckman is also gentrifying rapidly, led by the long-delayed renovation of the old Washington-Monron High School at Southeast 14th and Stark Streets.

Andersen say that Catholic Charities wants to maintain a relationship with the homeless community, but the organization's priority for the property it will buy is addressing Portland's affordable housing shortage. "We want to provide people space where they want to live," Andersen says.

The Mercury

Cop Watch

Body Cameras for Most Portland Cops? Maybe.

*By Denis C. Theriault
September 10, 2014*

FOR YEARS, Police Chief Mike Reese has dreamed of outfitting every police cruiser with a dashboard camera—to produce audiovisual records of police encounters for court cases or, when needed, to ferret out the truth in misconduct claims.

Almost a year after the police bureau received \$800,000 to expand a car-camera pilot program—enough for 50 or so cameras—none of that money has been spent. And now Mayor Charlie Hales, the city's police commissioner, has another idea.

Echoing the clamor of the federal judge who approved the city's police reform settlement last month, Hales now wants to put cameras directly on officers' lapels.

Portland's already experimented with the body-mounted devices, putting them on traffic officers, officials say. But by going even further, Portland would follow cities across the country who see the new technology as a way to build trust among citizens, while hopefully reducing the amount of force police use in otherwise routine encounters.

Hales' office says the police bureau will release a report—"soon"—examining how much body cameras might cost, how the bureau would deal with privacy issues related to recordings, and also how the bureau might pay for other ongoing requirements, like paying someone to run the camera program and paying for space to store all the data. The Oregonian first reported Hales' interest this month.

"We want to spend a little time thinking about [all] that," says Dana Haynes, Hales' spokesman.

Haynes says the mayor expects to spend the money already allocated for cameras instead of pushing new spending.

But not all accountability advocates are terribly excited. Dan Handelman of Portland Copwatch says Oregon law sets strict limits on how long and whether police can retain recordings of people who aren't suspected of crimes.

Nor, he says, should cameras preclude other policy changes meant to promote discipline and ease the use of force.

"Having cops wear body cameras," he says, "is not the be all and end all of accountability."

Let the Right One In Who Should Oversee Portland's Police Reforms?

*By Denis C. Theriault
September 10, 2014*

AS PROMISED—since even before a federal judge approved the city's police reform deal with the US Department of Justice last month—Portland City Hall is charging along with plans to hire an independent monitor who will ensure the city delivers on its vows of change.

On Friday, September 5, the Mercury was the first to identify the three remaining candidates for what will be, for the next few years, one of the most important jobs in city government.

And that disclosure—coming a few days before a planned announcement by city officials—is raising some uncomfortable questions.

Despite the reform deal's focus on limiting police officers' use of force against people with mental illness, only two of the three finalists vying to serve as the city's new "compliance officer/community liaison" (COCL) would bring notably deep expertise with mental health policy or training, the Mercury found after obtaining copies of their applications.

Moreover, while all three men appear generally versed in police issues, none come with the kind of reputation that might help an independent monitor stand up to city hall and police leadership.

And each candidate is at least a little familiar to police brass—having either written letters praising officers, been commissioned by the police bureau to work on a survey, or been previously paid to do consulting work.

A special selection committee will meet in public later this month and decide whether the three finalists are fit for final interviews with the city's elected officials. But there's a wrinkle: If the committee decides one or more of the finalists isn't worthy, then city officials would have to reopen the hiring process.

A few mental health advocates who've been actively cheering for a do-over would welcome that. But it would be a major pain for the city, which now has until November 28—90 days after the reform deal was approved—to hire a monitor.

The COCL will earn \$240,000 a year—a pot of money that could be split among a team of hired helpers. Consider this your introduction:

- **Daniel Ward, executive director of the Oregon Drug and Alcohol Policy Commission**

Ward, who's studied psychology, has led this commission only since last year. He last worked for a Denver-area nonprofit that worked with police agencies on mental health issues.

Earlier this year, before he submitted his application, he wrote a letter praising two Portland officers' handling of a mental health call. The letter, as reported by the Oregonian, was read aloud by Mayor

Charlie Hales at a Gang Violence Task Force meeting—and earned the cops Starbucks gift cards, courtesy of Hales.

• **Dennis Rosenbaum, executive director of the National Police Research Platform and a professor of criminology at the University of Illinois at Chicago**

Rosenbaum is known for his work helping police agencies across the country better understand how popular they might (or might not) be—crafting surveys that the cops mail out to people who've been in crashes, people in traffic stops, and people who call police to report crimes. Portland, as the Mercury reported last fall, is one of those cities.

A similar survey in Chicago, Rosenbaum told a newspaper there, confirmed a "silent majority" of respondents thought favorably of officers.

Rosenbaum would bring along three academics familiar with community policing and mental health. One of those scholars has worked with cops on crisis and mental health training.

• **John Campbell, president of Campbell DeLong Resources, Inc.**

Campbell, a facilitator and consultant, has had a handful of contracts with the Portland Police Bureau.

In 2010, he was hired to run a special city committee—made up of police commanders, union officials, accountability advocates, critics, and others—that brainstormed ways to further strengthen citizen police oversight in Portland. The committee's report languished, however, with many of its suggestions dismissed.

Campbell's also worked with the bureau's Service Coordination Team and facilitated its Business Optimization Task Force. But when asked about his team's mental health experience, he said this: "Some, but we are not experts."