

## The Oregonian

### Portland Street Fund: How progressive is the income tax, and details on Thursday's hearing (links)

*By Andrew Theen  
November 20, 2014*

When it comes to the income tax proposal, half of Portland Mayor Charlie Hales and Commissioner Steve Novick's \$46 million road plan, just how progressive is it?

Brad Schmidt analyzed how much residents would pay under each of the 11-tiers in the income tax proposal of the duo's street funding plan.

As Schmidt reports, the degree of progressiveness is in the eye of the beholder, but the proposal that emerged after weeks of work meetings throughout the summer is significantly less progressive than other options presented this summer.

Read: How progressive is the income tax, which would hit the richest Portlanders for \$900 a year.

Portland residents and business owners get their chance to comment publicly on the revamped proposal to collect millions of dollars for street maintenance and safety projects.

The hearing, which starts at 2 p.m., is the first since a marathon public meeting in May.

Want to know more about today's meeting and how to watch along?

#### I want to go. Where is it?

The public hearing is at the City Council Chambers on the second floor of Portland City Hall, 1221 S.W. Fourth Ave #110, Portland. It starts at 2 p.m.

#### How can I watch online?

Have a few minutes to duck away from work? You can watch all Portland City Council meetings (and work sessions, if you want to geek out) by bookmarking this page.

#### What exactly will happen?

Hales and Novick will debut details of their proposal (read more about it by clicking on the City Council documents, Items 1212-1214) then welcome public comments.

#### Who will/can speak?

Novick and Hales are likely to speak briefly, but they plan to keep testimony from Transportation Bureau officials to a minimum, before opening up the microphone to public comments. Public comments are typically three minutes long, but occasionally the City Council limits testimony to two minutes.

#### I want to speak in favor/against the street fund. How do I sign up?

The city clerk will open the signup sheet, outside City Council Chambers, at 1 p.m.

Need a quick refresher of what's happened in recent weeks?

- Hales and Novick call the **\$46 million plan 'bearable'**
- Plan split means twice the **votes needed to refer to voters**
- Spending plan would include **59 new positions in PBOT**
- How **\$46 million nets \$33.8 million**

- Would the city dedicate **enough money to paving streets?**
- All you need to **know about the plan**
- **Hales and Novick face critics**

## Portland Street Fund: Just how progressive is city's plan to tax rich \$900 a year?

*By Brad Schmidt  
November 20, 2014*

A proposed income tax on residents has been broadly labeled as Portland's progressive solution to its growing transportation problem.

There's just one hiccup.

"This one isn't really all that progressive," said Commissioner Steve Novick, who is championing the income-tax proposal.

The tax is but one of several divisive elements of the Portland Street Fund, which would raise \$46 million a year for street repairs and safety projects -- \$23 million from a tax on residents, and \$23 million from a fee on businesses and other organizations. The Portland City Council will consider the proposal at 2 p.m. Thursday and vote Dec. 3.

Gone is a May proposal from Novick and Mayor Charlie Hales that would have capped residential fees at \$144 a year, regardless of income.

In its place: an 11-tier income tax, with low-income Portlanders paying nothing while those with an annual adjusted gross income of more than \$333,000 would pay \$900 a year.

So how progressive is the proposed tax, and how did the city get here?

Novick said an income tax, as opposed to flat fees, distributes the burden more equally.

"It's hard to ask people in the middle to pay the same as the people at the top, when the people at the top are making more money," said Novick, who oversees the Portland Bureau of Transportation. But the notion of any income tax – progressive or not – has the influential Portland Business Alliance calling foul.

Sandra McDonough, president of the chamber of commerce, said the city should impose fees for all collections. The group is also concerned that too many residents would be exempt, paying nothing, even though they also use the city's crumbling streets.

About 118,000 of 265,000 tax filers would be exempt – some 45 percent, according to city estimates. Even Novick has conceded that he would like to exclude a smaller share of Portland residents. If the city is hell-bent on implementing an income tax, McDonough said, it should not be unilaterally approved by the City Council.

"The right way to determine if it's a great idea is to put it on the ballot," she said, "and ask the voters."

### **From fees to taxes**

Portland's push for an income tax runs contrary to what other jurisdictions are doing across America. Nearly 5,000 cities, counties and school districts have some form of an income tax, according to the Tax Foundation, a nonpartisan think tank in Washington, D.C.

But most of those taxes have been around a long time, and most are in the Rust Belt, said Joseph Henchman, vice president of legal and state projects for the Tax Foundation. Some jurisdictions are phasing them out.

"This is really the only new one I've heard of in a while," Henchman said.

Hales and Novick in May proposed a fee-based system similar to those used by 28 other cities in Oregon. At the time, Novick said polling suggested residents dislike income taxes. Novick took heat because he called the city's \$35-per-person arts tax, approved by voters in 2012, "beyond regressive."

But after a public outcry, Hales and Novick retreated.

The city did a new poll in June with reworded questions. A work group began meeting in July and eventually advocated a tax that would charge higher-income residents more.

McDonough said she's "lost" on why the city started looking at an income tax as the solution. "There are Portlanders for whom this will be a big burden financially," she said.

Ruth Adkins, who led the work group, said the proposed \$900 annual cap is a "significant compromise." The group had looked at limits ranging from \$240 to \$2,400.

"It could have been a lot more progressive, frankly," she said.

### **Taxes increase with income, but discrepancies too**

At its core, Portland's proposal is progressive because the more a resident earns, the more that person pays.

"Then you get into how progressive is it?," said Henschman of the Tax Foundation. "And that really is in the eye of the beholder."

But Portland's effective tax rates don't uniformly increase each step up the income ladder. As a share of adjusted gross income, annual taxes paid to Portland would range from about one-tenth of 1 percent to three-tenths of 1 percent.

In some cases, higher-income groups would receive a discount. Take someone earning \$125,001 to \$182,000 a year. That person would pay \$384 a year – or 0.31 percent of adjusted gross income on the low end of the bracket or 0.21 percent on the high end.

Someone making \$182,001 to \$238,000 would pay \$480 a year -- just 0.26 percent at the low end and 0.20 percent at the high end.

## **Portland council prepares to catch up to short-term rental market with permit process**

*By Mike Francis  
November 19, 2014*

Portland could legalize short-term rentals in multi-unit properties through services such as Airbnb, following a hearing on the subject Wednesday.

But one issue very much on the minds of city councilors and staffers is the low rate of compliance with the city's requirement that people who list single-family dwellings get a city permit. Revenue Bureau director Thomas Lannom said he estimates only about 1 percent of Portland single-family rentals listed by Airbnb had acquired city permits after the city adopted the requirement this summer.

Lannom said he had asked short-term rental listings platforms to disclose the identities and locations of Portland properties using the service, but said none had complied. He said he intends to recommend the city take steps to enforce its requirement that short-term hosts get a city permit.

Under the proposal being considered by the city, people who list rooms in apartments or condo buildings for short-term rental would be required to get a two-year permit for \$100.

Councilors heard from Airbnb hosts who said short-term rental income helped them pay down student debt, cover veterinary bills and fund startup businesses.

But a critic with Portland Socialist Alternative said a proliferation of short-term rentals could deprive long-term residents of needed housing.

Even though short-term rentals of apartment rooms remains technically illegal in Portland, hundreds of such properties are listed with services such as Airbnb. Mayor Charlie Hales said the city is moving to recognize "the new realities of the sharing economy."

The city could adopt final rules Dec. 3.

## Portland Street Fund: Mayor Charlie Hales and Commissioner Steve Novick face critics

*By Andrew Theen  
November 19, 2014*

Portland Mayor Charlie Hales and Commissioner Steve Novick addressed two of the most vocal opponents of their plan to raise millions of dollars for street projects on Wednesday during an OPB radio talk show.

The two politicians driving the \$46 million tax-and-fee plan for road paving and safety projects held countless meetings throughout 2014 where they were blasted by critics.

But a live radio interview with two of the most strident opponents was a different story.

During the lively half-hour conversation on OPB's "Think out Loud," Novick and Hales presented a strong defense of their plan while accusing opponents of lacking an alternative.

"Our job is to make decisions," Hales said on the program. "Our job is to get the job done."

The politicians were joined on the show by Eric Fruits, an economist and vociferous critic of the street fee proposal, and Ann Sanderson, a Southeast Portland business owner who served on a working group of fellow entrepreneurs throughout the summer. Sanderson, owner of Odango Hair Studio, is also the founder of a Facebook page rallying opposition to the street fee.

Hales criticized the opponents' arguments as "intellectually dishonest" and "disingenuous."

UPDATE: Who would pay the most if the street fund is approved? Check out our searchable database.

Sanderson, whose estimated monthly street bill for her business dropped from as much as \$50 per month under previous incarnations of the fee to \$3 under the latest plan, drew particular attention from Hales. "If \$3 a month is too much, then apparently nothing is low enough," the mayor said, saying Portland needs to address its infrastructure needs now. He repeated what's become the mantra of the street fee debate: Either do this, do nothing, or do something else.

Hales added that critics of the street fund "need to come up with a proposal and quit quibbling about ours."

At one point, Novick pointed out that Fruits said the street funding plan had gotten worse while Sanderson thought the new plan was better than a proposal floated in May. "Even our opponents don't agree on how to disagree with us," Novick said.

Dana Haynes, Hales' spokesman, said the mayor passionately believes that the city needs to enact a new tax or fee today. It's the "do nothing" crowd that is most aggravating to Hales, according to Haynes.

Hales has repeatedly said opponents aren't asking the funding plans to be referred to the ballot to find a new and better plan, rather they're trying to kill the idea altogether. The politicians don't plan to refer the fee to voters, but opponents such as the chamber of commerce and petroleum lobby are already discussing that possibility.

Sanderson said in the interview that her opposition isn't so much to the dollar figure, it's the principle of the idea in the first place.

"I've elected you to give us more choices and to make decisions but not to say this is what you should have and you must take it," she said.

## The Portland Tribune

### Biggest street fee? Portland

*By Jim Redden*  
November 19, 2014

The City of Portland would pay the biggest street fee according to a new chart released yesterday — \$4,905 a month.

The chart, prepared by the Portland Bureau of Transportation, appears to contradict previous claims that businesses would pay between \$3 and \$144 a month. Those figures are still posted on the PBOT website devoted to the new Portland Street Fund proposed by Mayor Charlie Hales and Transportation Commissioner Steve Novick.

But those figures are only for each location owned and operated by a business, government or non-profit organization. The chart released Tuesday is the first to give the total monthly fee based on the number of locations. Portland is the highest because it operates out of an estimated 394 locations.

The chart lists all cumulative estimated payments of more than \$500 a month. The second highest is \$4,200 a month for the Kroger grocery company, which has 38 locations. The lowest is \$510 a month for a number of businesses, including Dollar Tree Stores, Inc.

Critics were quick to say the chart shows the fees don't make sense. For example, conservation economist Eric Fruits noted Providence Health Services says more than the Port of Portland, which generates a lot of heavy truck traffic. According to the chart, Providence will pay \$720 a month for 10 locations and the port will pay \$528 a month on 25 locations. Even the Salvation Army will pay more than the port, Fruits noted.

The residential portion of the proposed fund is a progressive income tax. It is opposed by the Portland Business alliance but supported by some advocates for the poor.

The City Council will hold a public hearing on the proposed fund at 2 p.m. on Thursday, Dec. 20, in the Council Chambers at City Hall. The council could vote on the proposal as early as Dec. 3.

The chart can be found at <http://www.portlandoregon.gov/transportation/article/509283>.

## The Mercury

### A Hollow Icon

#### The Past and Future of Portland's Most Controversial Building

*By Joe Streckert*  
November 19, 2014

A FRIEND OF MINE, a city employee, meets me at the door of the Portland Building on a gray, still morning.

"Have you ever been in here?" she asks.

The aqua-blue exterior tiles loom around us and I'm reminded of the '80s-era YMCA where I learned to swim.

"Just in the lobby," I say, "and up to the part with the exhibit about the building. Never to the top floors."

"Ah," she says, "the top floors are a little different."

We take the elevators up to her office and my friend (who did not want to be identified for this piece) shows me the guts of Portland's eponymous service headquarters. The building is famous for its colorful, gaudy exterior, but as soon as you get past the lobby, all of that falls away.

The actual functional parts of the building, the floors where the water bureau and Portland Parks and Recreation actually spend their time making the city function, are exercises in the worst kind of architectural banality.

The close, beige walls are tight and unusually constricting. I try to extend my arms out from my sides in the hallways. I'm unable to do so, as the space is too narrow. My friend shows me her workspace. It's a desk like any other, and a fairly generic-looking cube farm populates the floor. There is one distinguishing characteristic, though: Unlike other offices in the downtown area with wide windows to let in natural light, the Portland Building's are tiny. The square, dark windows seem even smaller when viewed from the inside.

The aesthetics of the building's exterior are debatable. The inside is aggressively ugly. What's more, the 1982 building needs up to \$95 million in repairs to fix systemic problems, most especially leaks, according to an Oregonian article earlier this year. I saw no shortage of drip-catching towels, stained ceilings, and discolored carpets during my tour. One can see why tearing the building down is a perennial topic of conversation.

The Portland Building's failures (both aesthetic and functional) are well known. The architect of the building, Michael Graves, has served as something of a lightning rod for Portlanders' frustration about the structure, and last month Graves (who's also designed numerous handy household items for Target) let fly a storm of his own when he told the Portland Tribune the building's detractors are full of "bullshit," and the problems have been overblown. (I reached out to Graves' representatives several times for this feature, but they did not grant a request for an interview.)

It's easy to see Graves as overambitious, a young architect who attempted to dance and fell on his face. However, focusing on Graves as the whole source of the Portland Building's failure is shortsighted and inaccurate. In reality, myriad issues came into play during the Portland Building's creation, and all of those things, together, ultimately doomed it to ambivalence.

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### *Portland, 1980*

Midcentury Portland was nothing like the city that now gets an incessant drip of New York Times travel articles written about it. In the 1950s and '60s, the downtown area was a gray dead zone, not so much an ideal of planning, but more like a textbook example of urban hollowing. The 1972 Downtown Plan began the process of creating the active downtown that Portland enjoys today.

"Downtown Portland was definitely experiencing a renaissance" at that time, says Val Ballestrem, an architectural historian with the Architectural Heritage Center. "You had the bus mall up and running. You had the initial planning for what would become Pioneer Courthouse Square. There was a lot of interest in seeing downtown continue to revitalize."

However, in the midst of the dawning downtown renaissance, the city was quite cognizant of not having much in the way of noteworthy buildings.

"We were lucky to have some really talented architects in the area, but [we didn't have] any iconic, internationally known buildings," says Alexander Craghead, an architectural historian formerly of Portland and now at University of California, Berkeley. "The only one with a real reputation was the Equitable, now known as the Commonwealth Building. That was the first modern skyscraper."

The Commonwealth (it's on SW 6th between Washington and Stark) was a modernist wonder in 1948. Its glass curtain wall, large windows, air conditioning, and use of aluminum were like nothing the world had ever seen at the time. The innovation and success of the new building catapulted Portland architect Pietro Belluschi to international fame in architectural circles. However, by 1980 a curtain wall and air conditioning was not going to attract tourists or serve as a symbol of the city. Portland needed an icon.

"There was certainly a tone that the city was trying to re-formulate itself, to become relevant. We had to play catch-up. That attitude was certainly around when [former Mayor] Neil Goldschmidt came in," says Craghead.

"The Portland Building became part of [revitalizing downtown]," says Ballestrem, "they thought it was progressive and cutting edge."

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## *"It Was About Symbolism"*

Portland's best-known collection of government offices was supposed to start a design revolution. In 1980, when it was still only a sketch, the Portland Building started appearing in architectural textbooks as an example of postmodernism—a then-new school of architectural thought.

"The postmodernists thought that architecture wasn't about composition or proportion—it was about meaning. It was about symbolism," says Craghead. "One of the basic ideas was that people react to certain symbolic portions of buildings in certain ways. [For example], a postmodernist would argue that if a person saw a building with columns like a Greek temple, they'd think it was a bank or government office, and that's something wired deep in your psychology."

The main source of the symbols that postmodernists put at the center of their philosophy was, indeed, classical architecture.

"Postmodernists tried to reinterpret classical architecture in a very abstract sort of way," says Ballestrem. "In the early 20th century we had all these classical revival buildings with columns and such. Postmodernism was saying, 'Well, we're not going to do a full-on column, we're going to do an architectural detail that looks sort of like one of those columns, but has a spin.' Graves talked about the Portland Building as being typical tripartite architecture with base, middle, and capital. That goes back forever. It was reinterpreting that with a 20th century mindset."

In 1980, Portland needed a municipal office building. Civic employees worked in rented offices dispersed throughout the city. As part of a comprehensive plan to reinvigorate downtown, the city wanted to build a permanent home for municipal offices. This had the potential to be the one thing Portland was missing: a world-class landmark.

At the same time, adherents to postmodernism had an opportunity to finally make their mark on a major American city. One architect who heard of the project early on was a young postmodernist named Michael Graves. Prior to the Portland Building, Graves had designed a few houses and remodels in the Princeton, New Jersey area, but nothing like a major municipal building. This was his big break.

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## *The Contest*

Portland wasn't going to merely hire an architectural firm to design a new building. No, the city decided to hold a contest to decide what would be the newest addition to their up-and-coming downtown. The jurors for this contest were not going to be merely local architects (Portland's own Pietro Belluschi was not invited to take part), but world-class luminaries of building design. Heading up the selection committee was Philip Johnson, a well-respected architect who was something of a mentor to Graves. According to Meredith Clausen—a University of Washington architect who wrote extensively about the Portland Building in the *Journal of the Society of Architectural Historians*—Johnson was eager to help with the selection, and even waived his consulting fee.

Clausen does not paint Johnson as an unbiased selector. He knew Graves, and was ideologically predisposed to the postmodern style. Clausen goes so far as to state that with "Graves bidding for the project, Johnson's appointment as architect juror rendered the outcome all but given."

Indeed, Johnson called the three entries in the competition "a classic glass box, a doughnut, and a temple." The postmodern design, obviously, was the temple, complete with a goddess, Portlandia, who would keep watch above the entrance. Johnson told the *Oregonian*, "This will make Portland famous."

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## *Putting a Price on an Icon*

By 1980, Neil Goldschmidt, the young, flamboyant mayor who wanted to give Portland an icon, had flown off to join the Carter administration. The zealous politician who had overseen downtown's rebirth was gone. The man now most involved with the project was City Commissioner (and future Mayor) Frank Ivancie, a far stodgier leader, who was more concerned with getting a building done cheaply than making something impressive.

"Some of the city leaders, Ivancie and such, were a little bit conservative on the spending side of things," says Ballestrem. "They wanted a building that was going to be new and pretty and fancy—but at the same time they didn't want to pay for all of the bells and whistles."

With Ivancie involved in the contest, budget became a paramount concern for the entrants. The cost of Portland's new office space was to be 90 percent of market rate for buildings at the time.

Graves, who knew about the project before any of the other entrants, was more familiar with the price constraints. Each of his competitors designed more traditional, modernist office buildings that struggled to fit into the budgetary limitations. Graves, though, designed a dramatically cheaper building that was able to sacrifice expensive elements such as large windows and flowing lobbies. The postmodern design wasn't just new—it was also less expensive than a modernist one.

Graves was awarded 783 points by Johnson and his colleagues. His competitors ranked far behind, with scores of only 663 and 606. The contest was controversial at the time, with many detractors claiming it wasn't a design competition at all, but rather a race to see who could make the cheapest building. Joan Smith, president of the Portland Planning Commission, was quoted by the *Oregonian* as saying, "I don't think it mattered what the building looked like as long as the bottom line penciled out."

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### *Acrimony, Threats, and Reactions*

What happens next is complicated. The city council demanded several changes to Graves' and the runner-up's design. Graves' team alleged this violated procurement regulations for government work. They threatened the city with a lawsuit, as did the runner-up. The two entrants were eventually allowed to submit revised designs to the city, and, despite the saber rattling, no lawsuits were actually filed. The city now had to choose between a standard modernist office and a postmodern temple.

During this second selection process, city council chambers played host to a series of debates about the nature of design, with Graves giving a long, impassioned speech where he pleaded with the city that human beings had "moved [away] from the primary identity of the machine, as it is expressed in buildings," and that "we have an enormous opportunity here to not only say something about city government, but to say something about any building in any city."

Ultimately, many aspects of his design were, in fact, pared down for cost-saving measures, and the cheap building was made even cheaper. Large flowing drapes that would have graced the side of the building were turned into two-dimensional ribbon-like structures on the north and south sides. The exterior would be concrete (rather than stucco), and various small structures on the roof would be struck from the final version. Graves also had the interior design taken away from him. A Portland firm outbid him to do the building's insides.

However, the exterior remained much the same. Portland would finally have its temple.

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### *Legacy*

Bart King, the author of *An Architectural Guidebook to Portland*, is not a fan of the Portland Building.

"Pietro Belluschi, Portland's most significant architect to date, he hated that design," says King. "He called it an 'enlarged jukebox.'" That's not the only thing that Belluschi called it. He also referred to the project as an "oversized, beribboned Christmas package."

In his book, King collects an array of criticism about the structure. Probably the harshest is from Carter Wiseman, who at the time called the building "a rather condescending exercise performed by a sophisticated academic on a culturally average community."

Unfortunately for postmodernism, these critics have not been silenced by history. Unlike, say, stodgy music critics who dismissed the Beatles as a fad, these assessments don't seem particularly wrong in hindsight.

"Within architecture, [postmodernism] is considered to be a failed experiment," says Craghead. "Most of architecture has gone to what's known as late modernism. Postmodernism as an architectural form doesn't really exist anymore. The last examples I can think of are shopping malls from the 1990s. I don't think it offered much that was intellectually deep. It was a very limited way to be, and restricted your ability to design because you could only use certain sets of symbols."

Craghead goes on: "You also had a lot of people who attacked [postmodernism] intellectually. They said it was a shallow idea, and wasn't true. There's nothing in your brain that interprets columns as a public building, or a steeped roof as a house. That was just pop psychology."

Then, of course, there are all the repairs the building needs. It also has a spot on the National Register of Historic Places, making it nearly impossible to tear down.

King, who lacerates the building in his book, would be perfectly fine with getting rid of it completely.

"One could say that it's served its purpose. It put Portland on the map in architectural circles, it gave Michael Graves his reputation, the Portlandia statue gave the city a symbol (sort of)... It gave Portland the postcard images it needed."

Craghead disagrees. Even though the Portland Building is controversial, it is still significant.

"Portland has a history of tearing down buildings and regretting it later," he says. "This is one of the most important buildings that's ever been built in the city. No matter how bad it is, no matter how questionable it is in its taste, no matter how much it has caused problems over the years, if we tear it down... people are going to look back and think we're a bunch of bone-headed idiots."

## Hall Monitor

### It's Time for the Nuclear Option

*By Denis C. Theriault*  
*November 19, 2014*

UNSURPRISINGLY, there's already an air of doom hanging over Commissioner Steve Novick and Mayor Charlie Hales' controversial push to raise millions in new revenue—via an income tax and business fee—for badly needed street paving and safety projects.

The day the plan came out, last Monday, November 10, the always-skeptical Portland Business Alliance (PBA) extended its middle finger—after spending months at the negotiating table, winning several concessions—and suddenly declared it couldn't support any plan with an income tax.

Around the same time, potent petroleum-industry lobbyist Paul Romain all but promised a ballot referral—only to be joined by the PBA, finally, on Friday, November 14.

(For what it's worth, transportation advocate Jonathan Ostar, director of OPAL Environmental Justice Oregon, has called the PBA's sudden opposition "a stab in the back"—noting the time the PBA spent successfully softening the income tax, taken as a signal it would hold its nose on whatever emerged.)

That opposition amounts to a massive headwind in the face of what's looking like a December 3 vote. And it's precisely the kind of deep-pocketed threat that killed city hall's last serious stab at raising transportation cash, back in 2008.

But it might be a blessing in disguise.

A ballot fight—if it's framed around rich Portlanders' distaste for an income tax that helps poor people—might actually turn out okay for Hales and Novick.

Unlike in 2008, Portland's not in a recession. We approved another local income tax, the \$35 arts tax, in 2012. The city also went big for 2010's Measures 66 and 67, which raised income taxes statewide in defiance of the business community's sorrowful wails.

"City hall starts with an advantage," says Tim Hibbitts, a partner at respected local polling firm DHM Research—that is, assuming opponents don't successfully frame a campaign around waste and mismanagement instead.

"It's a liberal city," Hibbitts says. "It's not averse to taxes."

And Novick and Hales are still sitting on a nuclear option.

Back in July, after outcry killed Novick and Hales' first attempts at a flatter street fee, Novick paid DHM to examine whether some other revenue-raising options might prove slightly more palatable.

One of those options wasn't just palatable. It was popular. It was so popular it got the PBA and others back at the negotiating table.

A \$55 million plan to aggressively tax Portlanders who earn \$125,000 a year or more—and no one else—won support from a whopping 60 percent of respondents. For those who don't follow these things, that's the kind of starting line consultants dream about when putting measures on the ballot.

The flatter, more tepid tax Hales and Novick are pitching now—raising less while spreading the burden among the middle class—was meant as an olive branch for the PBA and others.

But if the PBA still isn't biting after wasting everyone's time, here's a question: Why bother? Why not revive the progressive tax the PBA hated but everyone else seemed to love?

"That's the challenge in front of them right now," Ostar says of Hales and Novick. "They've bent over backward as far as they can go."

And, yes... that means it's finally time for Hales and Novick to stand up. And stiffen up.

## **Cracking Open the Wallet? Hales Promises Some City Money for Mental Health Facility**

*By Denis C. Theriault  
November 19, 2014*

BACK IN FEBRUARY, the city's lawyers stood up in open court and copped to the troubling truth surrounding one of the most-hyped pieces of Portland's police reform deal with the feds.

Plans to work with other governments and health care providers to build a new "drop-off center" for people in crisis were never more than "aspirational"—and might not ever come together ["An Empty Mandate," News, Feb 19].

And for months, sources say, that reality was reflected in the words and deeds of Mayor Charlie Hales' office. Hales, sources say, kept the city's wallet clamped shut—even after hearing from mental health advocates on the shape of a proposed facility and meeting again, this spring, with representatives from hospitals and the state and Multnomah County health departments.

But now? Something seems to have changed.

In comments first reported by the Mercury, Hales finally promised he'd invest city money in a mental health facility—albeit with some conditions.

First, Hales said he'd seek city funding only if other governments and agencies come forward with substantial investments of their own. And, second, Hales' office clarified that he's interested only in paying for a drop-off center.

"I'm not going to be cheap about things," Hales told the Mercury.

Hales' comments were somewhat off the cuff, coming during a break in a recent Portland City Council meeting. But his office stood by Hales' words after the Mercury wrote them up on Blogtown—even sending out an announcement the next day on social media. Later, his office confirmed he hadn't yet told other governments what he was thinking.

"No, the mayor had not previously discussed contributing money toward a mental health facility," his office wrote in response to questions sent Friday, November 14.

So far, sources close to the discussions are unsure what Hales' proclamation might mean—and most were either troubled or flummoxed they didn't hear about it from Hales or his staffers first.

Talks, so far, have focused on plans for a larger mental health facility pitched by Legacy Health. But those talks, under the auspices of an effort called the "Psychiatric Emergency Services Project," are still extremely "exploratory," says Brian Terrett, a Legacy spokesperson.

Legacy has sent staffers down to California's Alameda County to study a facility that melds emergency care for people in crisis with ongoing treatment. It's hoping to replicate something similar in a building it owns near Holladay Park—in space soon to be vacated by the Oregon State Hospital.

It's unclear what that kind of facility might cost. Or even whether it would include the police drop-off element Hales is offering to build.

"Talking about it in those terms is premature," Terrett says. "The Alameda model isn't based on police dropping people off."

That could be a deal-breaker. Hales' office was remarkably specific that city money would only go toward "capital costs related to construction of the buildout of a drop-off center."

And Hales has personally maintained he's not interested in spending cash on anything else.

"We're not in the business of providing mental health or medical services," he says. "There are others who are."

## **Advocacy Group Lays It Out for Novick, Hales: Make Street Fund Tax More Progressive, or We Might Not Back You in Ballot Fight**

*By Denis C. Theriault  
November 19, 2014*

One of the advocacy groups prominently backing Commissioner Steve Novick and Mayor Charlie Hales' controversial bid for millions in new transportation revenue has just issued a soft ultimatum concerning that support—given the likelihood that certain business interests have promised to put the plan before voters next spring.

Ditch the more spread out income tax that's been cooked into the "Portland Street Fund" proposal as drafted—a concession that failed to win support from the Portland Business Alliance despite months of talks and negotiations—and replace it with a tax that's far more progressive.

That demand comes from OPAL Environmental Justice Oregon, in the form of a letter (pdf) from its executive director, Jonathan Ostar. He's almost certainly referring to a proposal, floated in a poll this summer, that would have raised up to \$55 million just by taxing Portlanders making \$125,000 a year or more. A very eye-opening 60 percent of respondents said they liked that idea.

OPAL's letter also seems to be asking Hales and Novick to undo another concession handed the PBA: tilting the balance of spending from the "Street Fund" back toward safety and away from maintenance.

*Should a proposal eventually be referred to voters, OPAL's willingness to join the "Yes" campaign and invest resources in upholding this proposal will likely depend on whether the City Council passes a truly progressive package, one that is fairer for the middle class and places a stronger emphasis on safety. Given our unwavering support, and given that the concessions afforded to the business community have not secured the level of support intended, we recommend that City Council amend the proposal to ensure that working families and middle-class households are not burdened at the expense of the wealthiest among us, who can clearly afford to pay more.*

Ostar has already told me he sees the PBA's opposition as "a stab in the back." I quoted him saying so in Hall Monitor, out today, which also suggested that Hales and Novick revert to the more progressive, and apparently more popular, tax plan floated this summer.

*A ballot fight—if it's framed around rich Portlanders' distaste for an income tax that helps poor people—might actually turn out okay for Hales and Novick.*

*Unlike in 2008, Portland's not in a recession. We approved another local income tax, the \$35 arts tax, in 2012. The city also went big for 2010's Measures 66 and 67, which raised income taxes statewide in defiance of the business community's sorrowful wails.*

*"City hall starts with an advantage," says Tim Hibbitts, a partner at respected local polling firm DHM Research—that is, assuming opponents don't successfully frame a campaign around waste and mismanagement instead.*

*"It's a liberal city," Hibbitts says. "It's not averse to taxes."*

# UPDATED: Fritz Wants to Open More Apartments, Condos for Short-Term Rentals

By Denis C. Theriault  
November 19, 2014

Ahead of city hall's first major hearing this afternoon on Mayor Charlie Hales' expansion of short-term rentals to apartments and condos, Commissioner Amanda Fritz is pitching a major change in suggested rules first reported by the Mercury last month.

That hearing starts at 2 pm. Once it starts, the Mercury has learned, Fritz will publicly float an amendment meant to lift a carefully negotiated cap on how many units in a given apartment or condo building would be allowed for rent.

Currently, the draft rules would allow no more than 10 percent of building's units to be offered up on Airbnb-style listings sites. Fritz says she'd rather see the number lifted to 25 percent—more than doubling the allowed pool of units. That could be a tough sell. The cap was put in place—and left at 10 percent—for two major reasons: (1) it allows building owners to avoid strict and costly building code rules for hotels and motels that would kick in if most of a building suddenly went up for short-term rent. And (2) the current cap has soothed some concerns among housing advocates that affordable long-term rental units might disappear, in the midst of a housing crisis, if landlords had a way to make more money on the short-term market.

I asked Fritz about her rationale for pitching the change. She sent back a lengthy reply arguing that 10 percent is "overly restrictive" in terms of fairness, while also making the point that other restrictions on rental units—including a limit on how long a unit can be on the short-term market.

*Tenants must be residents for 270 days per year, leaving only 90 days for renting out a one bedroom or studio apartment. So there is a built in limitation that is unlike Single Family residences which are more likely to have more than one bedroom. If this mechanism of making ends meet is good for Portland's homeowners, folks who can only afford to rent should also have access to the opportunity, if their landlord agrees. 10% is overly restrictive given these factors.*

**Update 2:16 PM:** Fritz has shared a more detailed [rationale \(pdf\)](#) for her amendment, which you can download here or read after the jump.///

It's unclear how other offices in city hall will take that suggestion. The cap took some pushing, mostly by Commissioner Nick Fish's office. It's possible it may be enough, at the end of the process, that some kind of cap, no matter the size, is still in place.

**Update 2:01 PM:** The hearing's about to start, and I've heard informally from two other offices that there likely won't be any objections to what Fritz has floated.///

Fish's office, sources says, will be proposing some technical amendments requiring landlords or property owners to certify that units have smoke and carbon dioxide detectors, not tenants.

Also unknown? Whether anyone will float an amendment pushing for stricter enforcement. As we reported several weeks ago, Hales' office is sticking with a complaint-driven approach to renters who don't follow the rules, including seeking city permits. Hales, on OPB's Think Out Loud this afternoon, was defiant when asked if tighter enforcement might be in the offing.

"I don't think it's a problem. Because people can complain," he said on the radio. "We're not being any more Big Brotherish with these zoning code regulations than others. So far, so good."

# The Daily Journal of Commerce

## Building's fate is in council's hands

*By Shelby King  
November 18, 2014*

Demolition might not be in the cards for a vacant 95-year-old building in Northwest Portland.

Earlier this year, Portland-based Gerding Edlen announced plans to tear down the Buck-Prager Building at 1727 N.W. Hoyt St. and construct in its place a six-story, 82-unit apartment building with below-grade parking. However, the existing building – empty since a law firm vacated in 2007 – is a contributing structure in the Alphabet Historic District.

On Monday, the Portland Historic Landmarks Commission heard testimony from the developer and stakeholders before deciding to write a letter to the Portland City Council agreeing with and expanding upon the Bureau of Development Services staff report stating that the proposal to demolish the Buck-Prager Building doesn't meet approval criteria, according to Hillary Adam with the Bureau of Development Services.

The next step will be for the City Council on Dec. 10 to hear testimony for and against demolition of the brick building at the intersection of Northwest 18th Avenue and Hoyt Street. The decision affecting the structure's fate ultimately belongs to the council.

John Tess, president of Heritage Consulting Group, a real estate redevelopment consulting firm representing building owners Tim Ramis and Mark O'Donnell, said at Monday's hearing that the decision to apply for a demolition review was made after all other options were exhausted.

"We did not arrive at the decision lightly," Tess said. "Portland has always been a good steward of its historic properties, and we truly believe that, in this case, the city's goals will be better met through demolition."

Rob Mawson, vice president of Heritage Consulting Group, reminded the commissioners to focus only on the issue of demolition rather than the proposed site development.

"There are those that say if you approve this, the whole world will come to an end, but if we as a team truly believed that this was an important historic building, none of us would be here," he said. "We know if we're allowed to demolish the building, the project design must come back to you."

More than a dozen citizens testified against demolition at the hearing. No one spoke in favor of demolition. Some voiced opinions that the proposed building would not fit in with the surrounding landscape, but others questioned Tess' and Mawson's assertion that the building lacks historic significance.

John Czarnecki, a principal at New Traditional Architecture and a former landmarks commission chairman, testified in opposition to the demolition, stating that the commission should consider how the historic district would be impacted if it were to lose a contributing structure.

"The demolition of this building will work to destroy the integrity of the district as a whole," he said. "We're making the building blocks for the future development of the city and this decision will be used as a precedent to go forward."

Only one contributing structure in a historic district – the Kiernan Building, also known as the Dirty Duck pub – gained approval for demolition; the site was redeveloped to hold the Blanchet House of Hospitality. That decision in 2010 was controversial, but the commission approved demolition in part because of the civic-minded nature of the proposed replacement – and citizens noted Monday that Gerding Edlen's project would not be of the same nature.

Others who testified Monday pointed out that the Buck-Prager Building, when it opened in 1919, was home to the Women's Hospital of Portland. It was managed by Alta B.Y. Spaulding, who also was a superintendent of the Multnomah County Hospital and is credited with opening the Multnomah Training School, a precursor of the Oregon Health and Science University's School of Nursing. OHSU has since created the A.B. Youmans Spaulding Endowed Professorship in her honor.

In addition to the testimonies given Monday, several Alphabet Historic District residents submitted letters. Some were in favor of demolition, though most were in favor of preservation.

Earlier this month, Gustavo Cruz and John Bradley, as representatives of the Northwest District Association, submitted a letter of opposition to demolition. "Demolishing historic commercial resources in favor of more large-scale luxury apartment buildings proliferating throughout the city sets a dangerous precedent and compromises our neighborhood's character and the rich diversity of historic buildings within it," they wrote. The letter also contained a position statement signed by 50 district residents.

Two other residents submitted letters of opposition to the project, stating that demolition would detract from the historic theme of the area and citing fears that a building of that size would block views of downtown.

Two district residents submitted letters in support of demolition, stating that the Buck-Prager Building does not use the site as well as an apartment building would. One of the two letters did include a request that the developer be required to preserve nine existing trees if it were allowed to move forward with the project.