

The Oregonian

Will Portland score big discount buying land from prominent developer?

*By Brad Schmidt
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Portland and one of the city's most prominent developers, Hoyt Street Properties, have yet to finalize a deal for more affordable housing in the posh Pearl District after nearly seven months of negotiations.

It's not clear why talks are dragging, although Portland is now slated to buy land from Hoyt Street by April 24, a city attorney said Friday. Developers and city officials declined to discuss progress.

The protracted deal-making may provide valuable lessons for city leaders separately negotiating with the Zidell family to ensure more affordable housing for Portland's other upstart neighborhood bookending downtown, the South Waterfront District.

Those lessons? Secure land early, agree on a purchase price and write a contract that protects taxpayers.

Affordable housing advocates hope city officials learn from missteps with Hoyt Street and lock in specifics as part of a deal with the Zidell family, which owns about 30 acres in the South Waterfront.

"It's very hard to go back," said Will White, who led Portland's housing division from 2003 to 2009. "Waiting always costs you more money."

City officials thought they negotiated robust affordable-housing protections two decades ago as part of a pioneering deal to transform the Pearl District from an old rail yard into an urban paradise for Portlanders of all incomes.

In 1997, the Portland City Council agreed to invest tens of millions of public dollars to tear down the Lovejoy viaduct, build a streetcar line and construct three parks. In return, Hoyt Street Properties agreed that 35 percent of all housing units built on the company's 34 acres would be affordable to individuals or families of modest means.

As a protection, Portland could buy up to half a city block from Hoyt Street at a discount if the company failed to deliver, according to the city's revised 1999 contract. Portland would have two years to begin construction on a new affordable housing project, according to the deal, otherwise Hoyt Street could buy back its land.

In March 2014, Portland officials realized that Hoyt Street wasn't on track: of 2,556 units built or under construction, just 727 - or 28 percent - would meet affordability standards. The Oregonian reported the deficiency in August but city officials said they were undecided about buying land from Hoyt Street.

On Sept. 3, five days before the city's deadline to notify Hoyt Street, Portland Commissioner Dan Saltzman told the company it was out of compliance and the city wanted land.

Nearly seven months later, Saltzman and the Portland Housing Bureau refused to answer questions about progress or release documents requested by The Oregonian/OregonLive.

The Oregonian since Feb. 3 has been seeking information about the purchase price and the level of discount taxpayers will receive.

"Negotiations with Hoyt Street Properties are currently underway," Saltzman and the Housing Bureau said in a prepared statement. "We expect to conclude negotiations this spring."

Tiffany Sweitzer, president of Hoyt Street Properties, did not respond to requests for comment. Sweitzer is the stepdaughter of influential developer Homer Williams, who previously served as the face of Hoyt Street before losing his stake in the company to Portland real estate mogul Joe Weston.

According to the 1999 contract, Hoyt Street was supposed to pick a piece of land it would sell the city. Both sides would hire their own appraisers to determine the value. If they couldn't agree, an independent

appraiser would weigh in - and also determine how much of a discount Portland should receive for the taxpayer-funded parks, streetcar and transportation improvements.

But for whatever reason, that approach wasn't acceptable to Portland housing officials. According to a Sept. 2014 memo, officials planned to "immediately begin negotiations to include a simplified pricing methodology and possible extension or elimination of the construction start time limit."

Martha Calhoun, a spokeswoman for the Housing Bureau, declined to answer any questions about the Hoyt Street transaction, including whether terms of the 1999 agreement changed or what parcel of land has been offered. The city also refused to provide appraisals or documents about the city's discount, citing an exemption in the state's public records law.

Lisa Gramp, a deputy city attorney, said the city and Hoyt Street tentatively reached a deal this week and Portland should close on the property by April 24. Disclosing any details now, Gramp wrote in a letter Friday, would harm the public by compromising the city's leverage or "opening the negotiations to competing buyers."

White, the city's former housing leader, said the city should be transparent with the public about the appraisals - particularly since the 1999 contract called for Portland and Hoyt Street to freely share details during negotiations about a piece of land Hoyt Street is contractually obligated to sell the city.

"If those have been put on the table with Hoyt Street Properties, then it's not a secret anymore," he said. "I would think that that should be publicly available."

White and others see parallels between Hoyt Street and struggles to develop affordable housing in the South Waterfront, where just 209 rent-restricted units have been built amid glitzy condo towers.

For months, city officials have been working with the Zidell family to ink a development deal that would include about \$27.4 million in public investments. Affordable housing has been a key holdup. But progress has reportedly been made.

"We're still in negotiations," said Patrick Quinton, executive director of Portland's urban renewal agency, which is negotiating with Zidell. "We're not going to comment on specifics."

Dennis Allen, director of development for Zidell, said he's hopeful a deal will be reached. "We anticipate affordable housing being a part of it," he said.

Margaret Bax, a former housing policy adviser for Portland, said she hopes the deal is heavy on specifics - including the site Portland will buy and the price it'll pay.

Given the lengthy process with Hoyt Street, she said, both sides should specify terms now to ensure they don't "waste six months of everybody's time."

"I'd rather see that money and energy going into developing that housing," she said.

Dan Saltzman, King of Gone: Editorial Agenda 2015

*By The Oregonian Editorial Board
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A widely circulated study sponsored by the travel industry declared last year that about 40 percent of working Americans were leaving paid time off unused. That is, it was estimated millions of hourly and salaried workers were electing not to take vacation days and, in most cases, forfeiting them to the employer at the end of the year. The value of the findings to the tourism industry, which loses out, were plain. But the researchers showed a variety of workers feared that if they took their hard-earned time off, they would only return to a mountain of undone work, adding stressful thoughts to any vacation. Yet others feared their absence from their increasingly competitive workplaces would make them vulnerable to replacement. And a few cited competition among many workers for just a few key vacation periods. Happy holidays.

None of such workplace fears would attend Portland Commissioner Dan Saltzman, the King of Gone. Andrew Theen of The Oregonian/OregonLive took attendance at City Hall and in an exhaustive report showed that Saltzman, a veteran member of the council, had taken 32 days off - not including time for sickness or holidays - in the second half of last year, immediately following his reelection in May. Among other things, Saltzman bought a \$799,000 vacation home in Tillamook in August and told Theen several of his absences were aligned with midweek visits to the coast to meet vendors at the house. Happy sand castles.

The absences are mind-bending in their own right. Portland taxpayers remunerate Saltzman annually at the rate of \$110,801, and he missed nearly 1 in 8 council votes last year, some by merely leaving council meetings early. But the city's policy allowing Saltzman to check out so freely is even more stunning: unlimited vacation time and sick leave. Happy is, happy does.

Saltzman is a gentlemanly sort who's achieved much in his time on the council. Theen correctly credits the commissioner with having championed the Portland Children's Levy, a 2002 voter-approved tax that supports nonprofits and advocacy. In more recent years, Saltzman's principled stand in defending reforms to the Portland Police/Fire Disability Fund showed true grit as well as leadership, and his unapologetic antipathy to the founding purposes of the downtown homeless camp Right 2 Dream Too provide valuable counterbalance to a council so open to manipulation. But Saltzman needs to show up more if he is to prove he is engaged.

He also needs to show up more out of respect to his first employers: the voters of Portland. At a time in which the city struggles to fill potholes and find money for basic infrastructure maintenance as well as configure a \$90-plus million overhaul to the Portland Building, commissioners are on the front lines of civic duty in finding fair, efficient solutions. It takes time, plenty of head-scratching and collaboration. A pileup of absences, even by someone known to be as competent as Saltzman, are a phenomena spelled: c-a-v-a-l-i-e-r. They say to citizens that the missing elected leader is part of an elite, immune to the work pressures of most workaday constituents and, thus, unfit to set policies applying to most people. Plainly: If working Portlanders even roughly conform to the findings in the travel industry study, they are in large numbers earning finite amounts of paid time off, some of which they're leaving on the table for perverse reasons. Saltzman's month off in the last half of last year only rubs it in.

Vacation policies allowing unlimited time away do occur, typically in boutique private enterprises. Inc. magazine reported Netflix, Zynga, Glassdoor, VMware, Ask.com, and Motley Fool were among the estimated 1 percent of industries nationally doing so. But when iconoclast billionaire Richard Branson rolled out an unlimited vacation policy for Virgin Airways and its subsidiaries, he set clear metrics that added up to: Get everything done as if you were here, be available 24/7, and take lots of time away if you dare.

Few argue with Saltzman's performance, suggesting he might do fine working for Branson. But he doesn't, and Portland City Hall is not Virgin Airways. Instead, it's a place where privilege should not be defined as the ability to mail it in but instead the opportunity to be available, serve constituents and show leadership. Commissioner Saltzman needs to become known as Hero of Here, while he and his fellow commissioners should consider establishing limits on vacation time applying only to them.