

The Oregonian

Jordan Schnitzer demands \$1.3 million from city of Portland

By Brad Schmidt

March 23, 2016

Developer Jordan Schnitzer is demanding \$1.3 million from Portland's urban renewal agency after city officials ended their negotiations to sell him waterfront property in the Pearl District.

Schnitzer's ultimatum is the second from an angry developer in five years for Portland's snakebit Centennial Mills project, which has become a money pit with an ever-changing path forward.

The Portland Development Commission last week received a demand letter from Schnitzer's attorney, John DiLorenzo, alleging that city officials are in breach of contract.

"In light of the time and financial resources Mr. Schnitzer and his company committed to Centennial Mills, I am personally disappointed by how he was treated by public officials connected with the project," DiLorenzo said in an email to The Oregonian/OregonLive.

Patrick Quinton, the agency's executive director, said officials dispute that Schnitzer has any claim to payment.

If a settlement isn't reached, the dispute could go to court – just like it did last time, when Portland officials in 2011 ended negotiations with Schnitzer's predecessor, California-based LAB Holding.

The standoff with Schnitzer stems from his October 2014 proposal for Centennial Mills. He pitched a \$115.7 million project along the Willamette River – with housing, office and retail space – that would have required \$38.5 million in public money, double the amount budgeted.

City officials late last year declared the project financially infeasible, a decision made at the same time Portland scraped together more money to buy its top priority, the Pearl District post office campus.

Schnitzer argues that Portland officials strung him along for 2 ½ years, changed the scope of the redevelopment project, then unilaterally pulled the plug on negotiations without his consent.

Schnitzer wants the city to waive repayment of a \$350,000 predevelopment loan, a request that was likely to be approved. But Schnitzer also wants the city to reimburse \$950,000 for expenses his company, Harsch Investment Properties, incurred while working on the project.

"That was his decision to do that," Quinton told The Oregonian/OregonLive in November.

"There's nothing in our agreement which in any way required him to spend that money, and it doesn't contemplate that we'd reimburse him for that."

Indeed, city officials and Schnitzer signed only a non-binding memorandum of understanding – not a formal development agreement. But DiLorenzo argues that one part of the agreement was binding – that Schnitzer would retain the exclusive right to negotiate a formal development agreement.

Instead, DiLorenzo alleges, Portland officials didn't negotiate toward that development agreement in good faith.

He claims that city representatives didn't provide a draft development agreement for more than two years. In the process, city officials also decided not to move the Police Bureau's horse barn on the property, a move that eliminated half of the site's redevelopment potential.

That change dramatically altered financial projections for a new project and rendered predevelopment architectural and financial work "meaningless," DiLorenzo wrote.

A similar dispute played out in 2011, when the city abruptly changed plans for the redevelopment project and required more space for businesses. California developer Shaheen Sadeghi sued for \$1.7 million and ultimately settled for \$480,000 in loan forgiveness and a \$200,000 payment.

Depending on the outcome of Schnitzer's fight, the city's cost for Centennial Mills may continue to grow.

Officials acquired the 4.75-acre Centennial Mills site in 2000 for \$7.7 million. By 2013, total investments had reached at least \$13.2 million.

Last year, city officials signed off on more money: an \$8.6 million contract to demolish most of the old buildings on the property, pushing costs to nearly \$22 million.

Now, officials hope to recoup some of that.

Soon, they'll hire a broker to list one acre of land, which includes a 45,000-square-foot flour mill. Officials plan to require full restoration of the seven-story flour mill, and they'll give developers an option to renovate a 21,500-square-foot feed mill on site.

But that's it. The remaining acreage is being used for the city's horse barn, and officials say they have no plans to move it to redevelop the rest of the waterfront property.

Quinton on Tuesday said city officials consider the horse barn a "public amenity." He also pledged that any future development will need to include "additional open space requirements" beyond a riverfront greenway, which is required by city code.

He said those improvements could include a "plaza-like" connection from Northwest Naito Parkway to the greenway, or something similar.

Officials have selected CBRE to market the property for at least 90 days. Any sale will need to be approved by the development commission's board.

And despite the conflict, city officials did extend one concession to Schnitzer.

He can still buy the 1-acre site – provided he agrees to match the sales offer that Portland ultimately selects, "term for term."

The Portland Tribune

Comp plan: Add 'missing middle' housing

By Jim Redden

March 24, 2016

If the City Council has its way, by 2035 Portland will be a city of self-contained neighborhoods connected by more sidewalks, walking trails, bike paths and Portland Streetcar lines. A few neighborhoods will remain largely unchanged, but most will see a variety of new housing options, ranging from duplexes to apartments with on-site parking. The changes could cost hundreds of millions of dollars, with the funding sources yet to be identified.

At least, those are among the concepts proposed by Mayor Charlie Hales and the commissioners as amendments to the recommended update to the Comprehensive Plan, the state-required land use document that is supposed to guide Portland's growth for the next 20 years. Hearings on the proposed amendments will be held on April 14 and 20, and the council is scheduled to vote on them April 28. The final vote could happen in May.

The update has drawn praise and criticism since before it was recommended to the council by the Planning and Sustainability Commission last year. Many Portlanders support its goal of concentrating the densest development downtown, in other designated urban centers, and along major transportation corridors. They also like its call for building "walkable neighborhoods" with nearby housing, employment, shopping and entertainment opportunities. At the same time, some neighborhood associations fear the recommended update will encourage too much growth in residential areas and small business districts, harming their historic character.

The council held five hearings on the recommended update before proposing amendments compiled into a report by the Bureau of Planning and Sustainability, which is staffing the endeavor. The report, which was released March 18, reveals the following themes:

More low-income housing

A majority of the council supports building much more housing set aside for those earning less than the median family income, in some cases far less. Commissioner Amanda Fritz supported services to include "transitional housing, self-built micro housing communities, emergency shelters, temporary shelters such as warming centers, and transitional campgrounds/rest areas."

More "missing middle" housing

A majority of the council supports creating more duplexes, triplexes, fourplexes, row houses, town houses, accessory dwelling units and small apartments built around courtyards. Such housing is considered more affordable and less overpowering than the multi-story apartment buildings and "McMansion" single-family houses currently being built in many neighborhoods. The new lower-density multifamily housing could be concentrated around transit stops and near parks.

Connecting neighborhoods

Most of the councilors want Portlanders to be able to get around town by driving cars. They have proposed amendments calling for sidewalks to be built in neighborhoods that do not have them, like many of those in East Portland.

Increase historic preservation

Hales is taking the lead in calling for the city to increase efforts to preserve older homes and businesses. For example, he has proposed amendments supporting the Eastmoreland Neighborhood Association's request to discourage developers from replacing an older home with two new ones. Although Hales lives in the neighborhood, he has also proposed expanding historic resource protections to other parts of the city, including those that have traditionally been home to minority communities.

Increase involvement of under-represented communities

Commissioner Amanda Fritz has proposed several amendments to continue the work of the Office of Neighborhood Involvement to help minority and other non-geographic communities participate more in public affairs.

Create more employment land

Hales and Commissioner Dan Saltzman have introduced amendments to encourage the conversion of privately-owned golf courses along the Columbia River to industrial land.

Make Portland more age-friendly

Commissioners Nick Fish and Steve Novick want to allow home-based businesses on properties with accessory dwelling units, which are encouraged in part to allow housing for aging parents.

Some of the amendments are likely to prove controversial. Although Eastmoreland residents welcome Hales' support, neighborhood association members in Southwest Portland and other parts of town have been asking for the same protections against infill projects. Southwest Portland residents might also be surprised to learn that Hales wants to designate Beaverton-Hillsdale Highway between Portland and Washington County as a Neighborhood Corridor to encourage more development along it within the city limits.

And the cost of some of the amendments is significant. For example, completing the pedestrian network, which a majority of the council support, is estimated to cost slightly more than \$60 million. New bike paths are estimated at tens of millions of dollars more.

Hales wants to build new Portland Street Car lines along Northeast Martin Luther King Jr. Boulevard, Northeast Sandy Boulevard, and Northwest 18th and 19th avenues to Montgomery Park, which would cost over \$170 million.

Hales also wants to build a new bridge to provide local street access to Hayden Island, an idea considered as part of the now-abandoned Columbia River Crossing project. It could cost \$80 million.

If approved, the council would ask Metro to add the projects to its Regional Transportation Plan. Sources for the additional funds are not designated in the amendments, however.

The BPS staff report can be read at <https://www.portlandoregon.gov/bps/article/569929>.

Willamette Week

Has Portland City Hall Learned Its Lesson About Parking Spaces Raising Rents?

City Council faces a test: Affordable housing vs. neighborhood livability.

By Rachel Monahan

March 22, 2016

Ben Schonberger has been saying for years that by forcing developers to add parking spaces to apartment buildings, Portland raises the cost of rent.

This year, it looks like the city is listening.

Schonberger, a board member of Housing Land Advocates, was disappointed in 2013, when Mayor Charlie Hales kicked off his return to City Hall by voting to require onsite parking for buildings with more than 30 apartments.

That policy change pacified homeowners alarmed by parking crunches, especially near booming Southeast Division Street. But parking requirements can also add costs for developers, which they pass along to renters.

In the midst of Portland's double-digit rent increases, Schonberger was surprised to discover this month that city planners recommended expanding that parking requirement throughout Northwest Portland.

"There was a bit of 'here we go again,'" Schonberger says. "It was exactly the same as the proposal put forward three years ago. If that proposal passes at City Council, it would drive up the cost of housing."

Schonberger and affordable-housing allies gained a temporary victory at a Planning and Sustainability Commission meeting on March 8: no new parking requirements.

The final decision now moves to Hales and his fellow members on the Portland City Council.

The vote presents another test for City Hall in a tug of war over housing construction that launched Hales' tenure and has often defined it: Should neighborhood livability trump keeping Portland affordable?

But the political calculus has shifted.

Rising rents in the past three years have supplanted street parking as the most polarizing issue in the city. And Hales, who in 2013 led the charge to increase parking requirements for developers, now says he'll vote against expanding them.

"There is more awareness around the housing affordability issue, which should give anyone pause when making regulations that increase the cost of housing," says Tony Jordan, founder of Portland Shoupistas, which advocates for progressive parking policies.

It will come as little surprise to people who live or work in Northwest Portland that parking spaces are scarce in the midst of a construction boom along Northwest 21st and 23rd avenues.

The city has started to address the parking problem—installing new meters this year and creating neighborhood permits, which cost \$60 a year. In all, 7,000 permits have been issued for 6,000 available parking spaces, according to the Portland Bureau of Transportation.

Neighborhood groups have pushed for three years to add a parking requirement for new apartment buildings after realizing that the 2013 parking mandates carved out an exception for the area. Figures from the Portland Bureau of Planning and Sustainability suggest that developers are in fact including parking. From 2006 to 2015, developers built 584 spaces in Northwest Portland—196 more than required under the proposed rules.

But not all housing developments in Northwest include parking. Take the Tess O'Brien at Northwest Overton Street near 19th Avenue: The pair of six-story buildings include 123 apartments, average size roughly 300 square feet, and no parking.

Rick Michaelson, chairman of the Northwest Parking District Stakeholder Advisory Committee, argues that parking spaces now are "full at all times" in his neighborhood.

"We are projecting another 10,000 housing units over the next 20 years," he says. "There will be no place to park their cars unless they displace current residents or we do some kind of rationing."

But Portland economist Joe Cortright argues that parking requirements add costs that developers pass along to renters.

"I think if we're serious about wanting to make housing more affordable," Cortright says, "we should essentially abolish the system we have of socialism for private car storage in the public right of way and end the requirements for people to have to build parking when they build more housing."

The conflict between new apartment buildings and neighbors' desire for plentiful street parking defined the beginning of Hales' term. He picked parking.

Before his run for mayor in 2012, Hales had championed policies to allow apartments of any size with no parking along transit corridors.

But residents have revolted against an onslaught of buildings with no parking—at least 224 apartments with no parking in a 13-block span ("Block Busters," WW, Sept. 18, 2012).

Hales bowed to neighbors, pledging his support for parking requirements during the 2012 campaign, then passing changes to city zoning code in the fourth month of his administration.

The mayor, who decided in October not to seek re-election and has since then focused primarily on housing and homelessness, now backs density over parking. His spokeswoman, Sara Hottman, says he will oppose new parking requirements in Northwest Portland.

She says this isn't a reversal for Hales, because he wanted the parking requirements expanded only in the corridors where he voted to add them in 2013.

"Mayor Hales has not changed his view," Hottman says. "He can't justify adding more parking for multidwelling development if it will potentially drive up the cost of housing, or incentivize car use in an already walkable, transit-rich area."

Three commissioners—Nick Fish, Amanda Fritz and Steve Novick—declined to say how they'll vote. But Dan Saltzman, the city's housing commissioner, says he's leaning against additional parking spots.

Schonberger says the decision will show whether the City Council really has learned a lesson about keeping rents down.

"They really get a choice between car storage and housing," he says. "If they're serious about affordability, I think it's a pretty clear choice."

The Portland Mercury

Hall Monitor: Remember, Portland, Your River's Also Filthy

By Dirk VanderHart

March 23, 2016

AS OUR FAIR CITY freaks out about heavy metals that have been clouding the air for decades, Portlanders are about to get a stark reminder of a far older, far filthier issue.

In coming weeks, the US Environmental Protection Agency (EPA) is slated to release a hugely important report—16 years in the making—laying out the cleanup the feds will require at the massively polluted Portland Harbor Superfund site.

The Superfund site, you should know, is a 10-mile stretch of the Willamette River—roughly extending from the Fremont Bridge to the mouth of the Columbia River—that public and private interests used as a dumping ground for a century or so. It's a complex patchwork of toxicity, containing dozens of nasty compounds and involving more than 150 players who are potentially responsible for cleanup.

And it's all ours!

The omnipresence of the pollution in the heart of the city is, for most, an all-too-familiar fact—so it's understandable that a new threat, like the recent alarming levels of cadmium from Portland glass factories, get most of the attention.

But the City of Portland is hoping you'll turn your gaze riverward in coming weeks. As it braces itself for whatever verdict the EPA has in store, the city's also strategizing about how to respond, and it's asking for help. Earlier this month, the Portland Bureau of Environmental Services unveiled a survey Portlanders can take regarding their damaged river.

"It's important to the city that it has feedback about Portlanders' values about the cleanup as the city prepares its comments to EPA," the introduction to the survey reads.

What follows is an interrogation of your feelings on river health. Is a quick cleanup more important than a cheap cleanup? (Total costs could range from \$800 million to \$2.5 billion.) Do you even give a damn about fish anyway? (Their health is a central point of the debate.)

Not everyone's thrilled with the outreach.

To the environmental groups who've been bird-dogging the river cleanup for the last 16 years, the questions are inappropriate. The Audubon Society of Portland refused to distribute the survey to its members. So did Willamette Riverkeeper.

"Unfortunately, there remains far too much content in this survey that in our opinion is inaccurate, misleading, or confusing," Audubon Conservation Director Bob Sallinger wrote in an email to city officials before the survey was unveiled.

Sallinger thinks that the survey is years late, and promotes a viewpoint he's heard often from businesses and some public officials: That restoring the river too much could be needlessly expensive. He also says the city, as one of the polluters responsible for cleanup, shouldn't be the one communicating your viewpoints to the EPA. You can do it yourself, during a two-month comment period the agency has planned.

"The city's had 16 years to engage people and do these kinds of gimmicks," Sallinger says. "They haven't done a damn thing."

Take the survey or don't, but do pay attention to the river in the weeks ahead. Sixteen years is a long time to wait for a verdict, and this is a huge one.

Portland's New Plan to Help Homeless People Leave Town Comes with Questions

By Dirk VanderHart

March 23, 2016

PORTLAND'S FAST-EVOLVING quest to end homelessness got a new frontier last week: the bus depot.

In a move that seemed to emerge from thin air, Portland City Council on March 16 earmarked \$30,000 to buy homeless Portlanders bus or plane tickets out of town—provided they can prove they've got family, job prospects, or other support elsewhere.

Formally called the "Reunification/Transportation Services Program," the proposal popped up in a last-minute amendment to an emergency request for \$2.75 million aimed at slowing the city's homelessness crisis.

And the plan received little scrutiny, which was a bit surprising. Similar programs—sometimes derisively dubbed "Greyhound therapy"—have been controversial in other parts of the country hoping to scrub their streets of homelessness.

In part, the lack of concern was because Portland says its effort has pure intentions, a sentiment homeless advocates agree with. Officials with the Portland Housing Bureau (PHB) vowed at the hearing that the program would be a compassionate means of assisting people who are seeking a way to reunite with loved ones, and not a plot to empty the streets by herding people onto buses.

According to planning documents [pdf] and conversations with housing officials, the plan is modeled largely after a San Francisco project called Homeward Bound. It would require service

providers who receive the new funding to confirm a homeless person has a place to stay in another town, and make sure people are stable enough to travel. It's also voluntary.

"It's very straightforward," says PHB Director Kurt Creager. "We want to... make some money available to folks who have some connection to another community but are out here, stuck."

Portland officials estimate that's a lot of people. The \$30,000 city council approved last week is only designed to last for three months. In next year's budget, which begins July 1, the effort could see another \$195,000 to send 500 people to other cities. That's 13 percent of the 3,801 people that a 2015 count estimated are homeless in Multnomah County.

And the new transportation program is mulling over one potentially controversial element that wasn't raised last week: Spending between \$2,000 and \$5,000 on a "biometric/fingerprinting system," which would track people's usage of the program and ensure they didn't attempt to double-dip.

That possibility came out of A Home for Everyone, the coalition of government officials, social services providers, and homeless advocates that's been developing a plan for reducing Portland's homeless numbers. But several coalition members the Mercury spoke with hadn't heard about the fingerprinting possibility.

Two city commissioners who support the travel program, Amanda Fritz and Nick Fish, also hadn't been told of the possibility of biometric tracking.

"I'll look into that," Fritz said.

The specter of tracking homeless Portlanders' use of the ticketing program via fingerprint scans gave pause to those the Mercury talked to, all of whom said they'd want to know more about the intent of such tracking and the uses of any data collected.

"It does raise some concerns about where that database is going," says Eric Tars, a senior attorney at the Washington, DC-based National Law Center on Homelessness and Poverty. "Is it being shared with the police? How long are those retained?"

"This is where the details of the program become important," says Shannon Singleton, executive director of the homeless outreach operation JOIN. Singleton, whose organization has provided occasional tickets to homeless clients for years, says there are ways to ensure people aren't returning to re-use the program without tracking their fingerprints.

For its part, the PHB downplays the possibility of fingerprinting—even though it appears, with cost estimates, on a planning document that informed the bureau's current budget request.

"We haven't talked about doing that locally," says Sally Erickson, who heads up homelessness prevention for the housing bureau. "We included a reference to biometric system/equipment since this is how San Francisco tracks usage for their program."

In fact, San Francisco's Homeward Bound program does nothing of the sort, according to Scott Walton, a manager at the city's Human Services Agency. Walton says that while some shelters in the city's system of care employ fingerprinting, Homeward Bound does not.

In any case, the housing bureau says it's too soon to say whether fingerprinting will be used. "The bottom line is that we don't want to turn someone away because they don't have ID and we also want measures in place to ensure that no one is accessing the funds more than once a year," housing bureau spokesperson Martha Calhoon tells the Mercury.

There's another big question that advocates ask about programs like Homeward Bound: Do they actually work?

A proposal for Portland's effort calls it "a cost-effective strategy to assist individuals who wish to return back to their family or other support system and serves to divert individuals from our shelter system and/or prevent them from remaining homeless."

It's that last bit that people like Tars, the DC-based attorney, question. Tars says he's never seen definitive proof that programs like Homeward Bound actually get people out of homelessness. Too often, they don't have a requirement that social services providers follow up to ensure that homeless people have actually benefited.

"In many cases, communities cannot even confirm whether the individuals made it to their ticketed destination," Tars writes. "Taxpayers should be entitled to know if their tax dollars are being used effectively—and 'effectively' must be defined as effective for the homeless individuals, not just effective in shipping a homeless person out of the immediate community."

Calhoon says it's possible the city will require follow-up calls, but a decision hasn't been made. Singleton, of JOIN, believes they should be mandatory.

In years of offering up bus tickets as a case worker for the homeless, Singleton says she always kept in contact to see how people were faring, and that it helped.

"They know that someone still cares, and they're still connected," she says. More often than not, she notes, the results were encouraging. "A lot of folks had moved out of the family house or gotten jobs."