

The Oregonian

Portland to ask voters for \$250 million tax for affordable housing

By Brad Schmidt

June 10, 2016

Portland voters will be asked to approve a November tax hike to subsidize about \$250 million worth of new or preserved apartments for low-income residents.

The tax proposal has been months in the making and represents what would be the single-largest financial investment in city history for affordable-housing construction, with the potential to eventually pay for upwards of 1,000 units. The push comes amid soaring housing prices and a declared "housing emergency" to grapple with homelessness.

Details of the bond measure remain unofficial, although the Portland City Council is set to vote on a formal plan June 30 at 3 p.m. City Council approval would send the tax to voters in the Nov. 8 general election.

"The housing affordability crisis is top of mind for everyone in the city now," Commissioner Dan Saltzman said Friday, confirming the plan and expressing hope that voters will approve it.

Portland officials expect to sell bonds repaid with higher property taxes collected over 20 years. Tax rates would increase by about 42 cents per \$1,000 of assessed property value, Saltzman said, depending the final value of the bond, currently planned at \$258 million.

Based on a typical assessed value in Portland about \$178,000 for a single-family home, that's \$75 a year.

Advocates are emboldened by polling results that place housing and homelessness as the top issue for Portland voters. But they also know voters may be wary – with a potential school bond measure and a statewide corporate tax looming – and are planning a major political campaign to build support.

Saltzman, who met with campaign backers Friday morning, said they hope to raise \$500,000 to \$1 million to help sway voters.

"We're going to have a very robust campaign, and we'll need it," he said. "There will be other measures asking for money."

The greatest need for affordable housing is at the lowest end of the income spectrum. As of 2014, Portland lacked nearly 20,000 units for families earning up to 30 percent of the region's median, which today is about \$22,000 for a family of four.

But officials don't expect to mandate how the bond money would be spent. They are promising to generally focus on the city's poorest residents, however.

"The intent is to use this mechanism to help solve that end of the spectrum, which we haven't successfully done to date," said Jes Larson, director of the Welcome Home Coalition, which has been working to build support for the tax.

While money isn't planned for shelter space, Larson said increasing the supply of affordable housing will in fact help reduce homelessness.

"Solving homelessness is achieved through building affordable housing," she said.

Details of the bond measure have been a closely guarded secret in recent months, even as top local officials worked behind the scenes to plot a politically palatable plan.

At a campaign stop during Portland mayor's race, for instance, candidate Jules Bailey, also a Multnomah County commissioner, confided to business leaders that he'd been helping raise money to conduct polling for housing advocates.

Officials originally planned to ask voters throughout Multnomah County to approve the tax, with the county – and not the city – leading efforts. The Portland Tribune first reported details of the shift Thursday.

Deborah Kafoury, chairwoman of the Multnomah County Board of Commissioners, said the bond measure is better suited for city management. Portland has a Housing Bureau that pays for affordable housing development while the county is set to focus on homelessness.

"It just seemed like a big lift," she said, adding that county leaders consider the bond a top priority and will advocate for its passage. "I'm really excited. There's huge momentum."

But politics also played a role in the shift, Saltzman conceded.

Had the tax been countywide, it would have provided two key benefits: Portland households would pay less because property owners in Gresham and other eastern suburbs would have kicked in, spreading overall costs. That also would have enabled new projects to be built beyond city limits.

But Saltzman said county voters outside Portland are generally less supportive of tax hikes, and the bond measure polled better among city voters.

"Although the need is certainly countywide," he said, "we have a better chance of prevailing at the city level."

If ultimately approved by voters, city officials will find themselves with an unparalleled level of financial and political resources to build affordable units.

Saltzman next week will propose a construction excise tax that could spur anywhere from \$8 million to \$14 million annually for housing. He'd also been looking at a so-called linkage fee, although he said that likely won't move forward.

Additionally, state lawmakers this year eliminated a long-standing prohibition blocking Portland from requiring developers to sprinkle affordable units in big development projects. Saltzman hopes to roll out a plan late this year.

All that, combined with the city's increased commitment to spend more urban renewal money for affordable housing, sets Portland up for the future.

"I view this bond measure as complementary to the other efforts," Saltzman said. "Combined, we can make a real dent."

Ted Wheeler, Portland's next mayor, should visit Houston (OPINION)

By Guest Columnists John Tapogna and Melissa Rowe

June 11, 2016

Mayor-elect Ted Wheeler has an unusual gift of time. Seven months to process, ponder, analyze and organize what he heard from Portlanders and his 14 opponents on the stump. How he spends that time — whom he meets and what they discuss — could make or break his early days in office. A broader perspective would help, and he should get out of town.

We recommend Houston.

ADVERTISING

inRead invented by Teads

The self-branded "City with No Limits" has no zoning, multiple ring roads and a 13-lane highway. As one unapologetic housing developer put it, "We have an urban growth boundary. It's the Rocky Mountains — and when we hit it, we'll have skiing."

Houston is even more anti-Portland than L.A.

But important lessons could be learned from a place so different, and Angela Blanchard shared a few on a recent Portland stop. Blanchard is the president of Houston's nationally acclaimed Neighborhood Centers Inc. — a nonprofit powerhouse with a quarter-billion dollar budget and more than 70 service sites in 60 Texas counties. Her organization serves more than half a million clients annually — many first-generation immigrants — with services that include charter schools, health clinics, credit unions and senior centers. JPMorgan Chase, the Brookings Institution and the White House seek her advice.

Blanchard speaks with a folksy East Texas wisdom and describes her hometown as the land of opportunity.

"Unlike Portland, people don't move to Houston for nature," Blanchard says.

Of late, Houston's nature has been dominated by snakes swirling around in flash floods.

"People move to Houston for a job and chance to get ahead," Blanchard says.

They come from Columbia, Honduras, El Salvador, Somalia, Syria and dozens of other countries. And after Hurricane Katrina, more than 100,000 came from New Orleans. Houston and Blanchard's nonprofit did their best to assimilate them all.

Blanchard says, "People mistakenly believe Houston is run on oil and gas. But Houston is run on people." To excel on this front, she believes a thriving region must continuously ask itself two questions: Who's welcome here? How long does it take to turn aspiration into achievement?

It's in the answers to those two questions where her concerns about Portland begin.

"You have built a precious place," Blanchard says, "but has it become so precious that some people aren't welcomed here?"

During her short visit, Blanchard zeroed in on the fundamental difference between our regions: Houston's culture is animated principally by its people, and Portland's culture is organized around the place. And that becomes clearer when you think about where Portland excels and where it falls short. Portland is a recognized leader in designing and protecting its natural and physical environment. We've done a lot of big, impressive things.

We turned a freeway, Harbor Drive, into Tom McCall Waterfront Park. We killed the Mount Hood Freeway and built blue, red, yellow, green and orange light-rail lines. We kept downtown buildings shorter to protect views from the International Rose Test Garden in Washington Park. We've built a nationally leading park system, LEED-certified buildings, the Eastbank Esplanade, the Lan Su Chinese Garden, 350 miles of bikeways, 1,350 bioswales and a first-in-the-nation bridge that doesn't accommodate cars. All are great accomplishments and are major reasons we chose to raise families here.

But when we turn to "people-related" initiatives, persistent challenges crowd out accomplishments. Yawning achievement gaps — across race, ethnicity and incomes — persist in our schools. Too many kids are chronically absent. High school graduation rates are edging up but remain unacceptably low. Our pre-kindergarten programs are underbuilt and underfunded. Dental outcomes are abysmal because we can't figure out how to deliver fluoride to children — whether through the water or tablets.

The housing crisis is Portland's latest people-related challenge. An influx of well-paid in-migrants coupled with an undersupply of housing is pushing lower income families to the urban fringes. The evolving income segregation will make it tougher to climb the economic ladder.

How Mr. Wheeler addresses the housing crisis will determine the answers to Blanchard's two questions. For now, it's clear fewer people are welcome in Portland as each day passes. And the longer the crisis persists, the harder it will be to turn aspiration into achievement.

The mayor-elect won't find solutions in Houston's specific policies or programs. Freeway-supported sprawl won't work here. But in Houston, he'd be introduced to a people-focused perspective that this region could use a little more of.

On Portland's arts tax, a court victory for a bad policy: Editorial Agenda 2016

*By The Oregonian Editorial Board
June 10, 2016*

Oregon's Court of Appeals ruled Wednesday that Portland's arts tax is constitutional. Thomas Lannom, the city's revenue director, proclaimed his department "pleased" by the decision, but we suspect the majority of Portland's taxpayers are not. The arts tax proves the maxim that what's legal ain't always what's right — including in matters of public policy.

Portland City Council pitched the tax to voters in 2012 as a way to pay for arts teachers in the city's public schools and, secondarily, to raise money for local arts organizations. The tax

prevailed, but not without controversy on a number of fronts. Some critics argued that the tax violated the state Constitution's prohibition on poll taxes, which are taxes assessed on a per-capita basis. At the time Portlanders approved it, the arts tax was to have collected \$35 from every adult earning any level of income except those living in households below the federal poverty line.

The arts tax is not a poll tax, the court ruled, because its application is not blind to the ability of those affected to pay it. Rather, it "incorporates ... financial exceptions, yielding diverse, income-predicated applications that contradict the fundamental per capita character of a 'poll or head tax.'"

Ironically, the tax is bad policy owing in part to some of these exceptions, one of which appears in Wednesday's opinion. Among those not subject to the tax is "a person who receives annual PERS benefits of \$75,000 but less than \$1,000 of income from other, non-exempt sources." The tax's loophole for public pension beneficiaries, including those who belong to the state's Public Employees Retirement System (PERS), is unfair to taxpayers with private-sector retirement income, which is taxed. It's also unfair to income earners living in households just above the federal poverty line, who also must pay the tax.

Worse, City Council created this loophole after voters approved the tax.

Council did this to address a potential problem: Because the tax was to apply to someone earning any income at all, a person who made only \$100 per year would face a \$35 tax bill. This possibility didn't occur to most people until the tax had become law, but when it did Council leaped into action. It created a \$1,000 income floor. Make less than that, and you don't pay the tax.

The income floor created a new problem, though. The city may not tax certain forms of income, including income from federal and state pensions. Most state and federal pension recipients would have paid the arts tax as initially conceived anyway, as even modest additional income — even a few bucks from a savings account — would have compelled compliance. Now, however, they must earn at least \$1,000 per year in nonpension income to qualify for taxation. Those who don't enjoy the arts tax's public pension loophole, which other taxpayers correctly consider unfair. There's a reason compliance has been much lower than anticipated.

We have urged City Council for years now to send the substantially revised tax to the ballot for a revote. That hasn't happened, of course. Instead, Council on June 16 is scheduled to consider a resolution that would send those who have rolled up at least \$100 in unpaid arts taxes to collection agencies. The number of people who are behind on their arts taxes — including those who owe less than \$100 — is 105,000. If you think Portlanders hate the city's inequitable arts tax now, just wait.

There are a couple of lessons here for City Council members and voters alike. Councilors probably dislike the blowback the tax has created and may dislike the tax itself. They must shake their heads whenever they recall that all of this grief is attached to an effort to help entities — public schools and arts groups — for which the city is not responsible. If the Council had focused more carefully on meeting only its own responsibilities, as it should in the future, the arts tax mess would not have occurred.

Portland voters, meanwhile, should exercise appropriate caution when considering other tax proposals hustled onto the ballot by those who haven't thought through the consequences. Among these is Initiative Petition 28, which would hike taxes by more than \$3 billion per year. The citizen initiative is so half-baked that the "neutral" Gov. Kate Brown already has begun to do damage control.

The Daily Journal of Commerce

Portland arena named 'national treasure'

By Beverly Corbell

June 9, 2016

About 100 people visited Veterans Memorial Coliseum on Thursday to hear an announcement that many had been waiting for: the arena has been named a "national treasure" by the National Trust for Historic Preservation.

The coliseum, financed by an \$8 million bond approved by voters, was built in 1960. The city has conducted multiple studies over the past 20 years to seek how to preserve (or replace) the aging building; however, no easy solution has emerged.

City commissioners Amanda Fritz and Nick Fish both pledged city support for renovating the aging, city-owned structure, which in the past was targeted for demolition.

"The longer we wait to make improvements and do upgrades, the harder it will be," Fritz said at Thursday's press conference.

The city this summer will take a first step toward arena restoration by replacing the roof, Fish said.

"I'm here today to say we will stand with you to protect this iconic structure," he said. "Cities that don't protect historic structures are guilty of 'civic vandalism,' but not here in Portland."

The coliseum is already on the National Register of Historic Places. Fish said the "national treasure" designation does not afford any legal protections.

"Instead, it's up to us," he said.

Barbara Pahl, senior vice president of field services for the National Trust, stressed that a coordinated local effort is needed to make sure the building gets the attention it needs. Notably, some of its systems are more than 50 years old and require replacement.

"It will continue to serve Portland as a multipurpose arena, but only if the city and community come together," she said.

Other than the roof replacement, no next steps were spelled out on Thursday.

After the press conference, Restore Oregon Executive Director Peggy Moretti said the building's new status will give it recognition and support from the National Trust, but added that its preservation requires a firm commitment from the city and the community.

“It’s a wonderful step, a national platform to bring an extra layer of political clout – and there is an answer here,” she said. “We’ve been spinning our wheels, but now let’s break into gear.”

The city this past fall studied possibilities for the coliseum. Various scenarios were identified, but no money has been allocated.

According to the report, the least expensive option would be to tear down the building at a cost of about \$14 million. A second option – making necessary upgrades to the electrical, plumbing, HVAC and envelope systems to keep the coliseum functional – would cost about \$35 million. Without the upgrades, the building is at risk of major failure, according to the report.

A third solution proposed in the report would involve major renovations. Five different scenarios would range in cost from \$61 million for enhancements including large seats and an outdoor side terrace to \$145 million for creation of a movable floor system and the addition of an indoor track.