

## The Oregonian

### Portland to consider foreclosing on 5 'zombie houses'

*By The AP*

*June 15, 2016*

City officials in booming Portland have developed a plan to foreclose on so-called "zombie homes" for the first time in 50 years as the city grapples with a swelling population and skyrocketing home costs that threaten to lock new homeowners out of the market.

The City Council is scheduled to vote Wednesday on whether to foreclose on five of the city's worst abandoned properties, the first part of a long-term plan to free up housing in an overheated market while clearing out squatters who have plagued developing neighborhoods outside the city's hip core for years.

Council members will also vote on whether to alter city code so Portland can sell a foreclosed property for its market value and not just for what's owed in liens.

The idea of cities buying up blighted properties isn't new, and Portland looked to metropolises like Baltimore or Detroit while devising its plan. But unlike those cities, which were hit hard by the recession, Portland is bursting with newcomers and housing demand has far outstripped supply. Portland home prices are going up 11 percent year over year and 1,000 new people move to the city every month, Mayor Charlie Hales said.

"It's fundamentally crazy that we have houses sitting empty in a market where a 'For Sale' or a 'For Rent' sign would cure that by tomorrow morning," Hales said. "We've got to light up every single one of these homes with people living in them."

Portland hasn't foreclosed on anyone since 1965, when a single mother sued after officials took her home over a \$28 sidewalk nuisance fee. That episode chastened the city, which reversed course so dramatically that Hales wasn't even aware it had a foreclosure manager on its staff.

In the five decades since, Portland has essentially operated as a collections agency, putting delinquent owners on payment plans for unpaid liens and boarding up vacant homes.

The sharp policy shift, while a boon for frustrated neighbors, has some residents nervous about potential abuses of power. The city will only take on documented vacant and abandoned homes, but some wonder what would prevent the city from foreclosing on any property that generates too many complaints.

In the Lents neighborhood, where some "zombie homes" are on the city's list, 1,000 homes were razed through eminent domain for the construction of Interstate 205 in the 1980s and that suspicion lingers.

In these narrow blocks of aging, post-World War II homes, Portland's national reputation as a trendy and edgy mecca seems lost amid vacant lots overrun with weeds, sagging bungalows and chain link fences.

"In a neighborhood like ours, it's going to be a sort of divisive issue," said Cora Lee Potter, land use chair for the Lents Neighborhood Association on the city's far eastern edge. "Everywhere you see I-205, there used to be four or five city blocks of housing there."

Chad Stover, a livability project manager on the mayor's staff, emphasized that the city wasn't taking action to make profit, but to restore neighborhoods and bolster housing supply. There are probably hundreds of vacant and abandoned homes citywide that could eventually qualify, he said.

"We are certainly cognizant of anything that pertains to housing right now in the city — and always will be — and the specific homes we're focusing on are the vacant and abandoned homes," he said. "It's very important that we say that over and over again. We're not going after the ones that have anyone living in them."

The city is starting out small with five homes on its foreclosure wish list, but the mayor's office has passed a list of 25 or 30 more to the foreclosure manager for review after working with police and residents.

Police have a list of about 430 properties that generate chronic nuisance calls for officers, but many of those may be occupied and thus not eligible, Stover said.

The first five homes face foreclosure, but future vacant homes could be placed into a third party receivership, in which case a nonprofit would renovate and resell the home at an affordable price.

City officials and guests, including a realtor, toured some "zombie homes" last week and saw their potential, Stover said.

"We're facing this unprecedented housing crisis and we need to be proactive," he said. "There are a couple of homes there that could easily go for at least \$275,000 because of where they were."

One of those homes is less than a mile from Bob Wheeler's place, where he lives in the same house his parents bought nearly 60 years ago.

The fragrant pink, yellow and red roses he planted for his late mother still spill over his chain link fence, but the house two doors down was gutted by fire when his neighbors died and squatters moved in.

"It's a shame, that's what it is," he said. "This was a nice home."

It may well be again: the property is on a priority list, with \$41,000 in unpaid liens outstanding.

## **Charlie Hales urges approval of police contract, says waiting not 'best option'**

*By Brad Schmidt*

*June 14, 2016*

Portland Mayor Charlie Hales is pushing to finalize a new contract with the city's rank-and-file police union, but it's not clear if he'll find the needed political support to actually pay for it.

City negotiators and the Portland Police Association have reached a tentative agreement that includes higher minimum and maximum salaries for officers, changes that could cost taxpayers \$6.8 million to \$9 million a year when fully implemented, interviews and records obtained by The Oregonian/OregonLive show.

In exchange for higher wages, the union would agree to a body camera policy and withdraw 11 outstanding grievances, including a new complaint over shift schedules. Officials would also eliminate a controversial rule protecting officers from being interviewed for 48 hours in investigations over the use of deadly force.

"We ought to be able to get to yes, but it won't be free," Hales said in an interview Tuesday with The Oregonian/OregonLive. "I think there's a very good chance that we'll be able to reach that agreement."

Hales' public comments came several hours after meeting with city commissioners during a closed-door executive session to discuss the status of contract talks. Although the meeting was closed to the general public, The Oregonian/OregonLive obtained a copy of the tentative agreement spelling out key terms of any potential deal.

But Hales' optimism masks broad concerns about how the City Council would pay for higher salaries, whether the salary bumps would actually help retain officers and why commissioners would suddenly support the plan now, after they shot down a budget proposal from Hales last month that tried to cover higher police salaries by raising business taxes.

"I want to see how to pay for it," Commissioner Steve Novick, a critic of Hales' initial business-tax proposal, said after Tuesday's meeting.

The current four-year police contract isn't set to expire until June 30, 2017, but Hales has been pushing to lock in a new deal before leaving office at year's end. The tentative agreement, if approved, would run from July 1 of this year through June 2020.

If successful, Hales could take credit for ending the 48-hour rule and setting the stage for outfitting police officers with body cameras, although implementation may take several years. But because the clock isn't officially ticking, with more than a year before the current contract expires, the City Council could end negotiations now and pick up talks in January, after Mayor-elect Ted Wheeler takes office.

Wheeler, whose transition director attended the executive session Tuesday, didn't weigh in on the specifics being negotiated. Instead, he said he'd support a good deal, if one can be reached.

"I want a contract that ensures a high-quality police force and is fiscally responsible," Wheeler said in a statement. "If we can get that now, I support it. If it takes more time, I am ready to lead."

Hales admits he doesn't yet have support from the City Council. But the mayor – with a track record of failing to get buy-in on several other high-profile initiatives, including a demolition tax, a street fee and the most recent business tax – maintains this time could be different.

"If people want to wait until next year and hope that they'll get a better deal, that's an option. I think that's not the best option," he said. "We're at a position now where we can get to yes,

where they're never going to pay any less than what it will cost to approve this agreement now, and where we need those officers today."

Daryl Turner, president of the police union, said he'd also prefer to lock in a contract now to address what he described as a "catastrophic" staffing problem. Turner, whose union endorsed Wheeler's opponent, Jules Bailey, in the primary election, said higher wages would help recruit and retain officers.

"I think they understand our position on this, and understand the urgency for us," Turner said of the City Council.

Portland included 948 sworn positions in the upcoming budget but only 885 are now filled, leaving 63 open. Hales warned that the number could swell to 100 through attrition by the time Wheeler takes over — something Hales said he wants to avoid.

Pay hikes would help retain officers and attract experienced officers willing to move from other cities, Hales maintained.

"Public safety is a fundamental responsibility, and we are starting to fail in that fundamental responsibility if we don't have enough police officers," said Hales, adding that he's "no law and order tub thumper."

New police officers currently earn \$49,338 but jump to \$60,237 after six months. Under the tentative agreement they would begin at the higher number. Money is already included in the upcoming budget to cover those costs.

Additionally, the tentative agreement would increase officers' top base salary. Cops now max out at \$80,829 after five years. The proposal would add three salary steps, each carrying a 4 percent pay hike, records show. A step would be added each year, delaying the full cost for three years.

Under such a scenario, the top salary would reach \$90,922 in today's dollars. Once fully implemented, the pay hikes would create a \$9 million annual hit on the city's discretionary general fund.

As a more politically palatable fallback option, the City Council could consider a 3 percent increase instead. It would lead to a top salary of \$88,324 in today's dollars, and would cost \$6.8 million a year once phased in.

Hales would not comment on specific contract points but said generally that some need further refinement.

Winning political support for the pay hikes is only part of the challenge. Hales also must figure out how to pay for them.

"There are not going to be ruinous tradeoffs involved in making good on this commitment," Hales said. "But even if there were, public safety is still job one."

One proposal already floated but seemingly eliminated is money from Commissioner Dan Saltzman's construction-excise tax, which heads to the City Council for consideration Wednesday. Hales could also try to earmark funds from a proposed marijuana tax that needs to be approved by voters in November.

Or, perhaps most unlikely, he could persuade the City Council to approve long-term costs hoping the city's general fund continues to grow. But if the economy dips, then Wheeler and others would have to figure out how to pay for the contract, possibly by making cuts.

Hales said he believes a "financially responsible" contract will not only help staffing levels but also secure key concessions that are important to the community.

"We have a history of making commitments to doing the right thing," he said, "and then figuring out how to pay for it."

## **Ted Wheeler calls \$100 million homeless campus a 'promising alternative'**

*By Brad Schmidt*

*June 14, 2016*

Mayor-elect Ted Wheeler took little time Tuesday to react to a lofty proposal from two marquee developers building support for a \$100 million-plus homeless campus in Northwest Portland.

Wheeler called the proposal a "promising alternative" for steady shelter and ending Mayor Charlie Hales' current decision to loosely enforce anti-camping laws.

"While there are questions that need to be answered – around location, service delivery, available resources, and the specific needs in our community – we cannot allow this opportunity to slip away before it is fully developed and vetted," Wheeler said in a statement.

The Oregonian/OregonLive on Monday reported the \$100 million to \$120 million vision now being pitched by developers Homer Williams and Dike Dame. The campus would include space for up to 1,400 people, half living in a large shelter and half in dormitory-style transitional housing.

Portland's proposed location is city-owned industrial property along the Willamette River.

The proposal is modeled after a facility in San Antonio, Texas, which Wheeler often touted during his mayoral campaign.

Wheeler promised to remain "actively engaged" in discussions.

"We can no longer be a city of 'No.' A city of 'We Can't,'" he said. "We are smart, we are innovative, we are compassionate, and we must find a way to put those qualities into action."

## **Portland mayor looking to move Hazelnut Grove campers**

*By Brad Schmidt*

*June 14, 2016*

Mayor Charlie Hales' office is working to move homeless campers from their Hazelnut Grove site in North Portland to a new but undetermined location.

The declaration Tuesday, in response to questions from The Oregonian/OregonLive, came one hour after residents of the Overlook neighborhood association blasted Hales' office for cutting off communication about the fate of the campsite.

Campers, city officials and neighborhood leaders had been working to strike a formal agreement detailing the specific conditions for Hazelnut Grove's operation. But the neighborhood association said Hales office went "silent" after an April 26 meeting, failing to respond to emails or phone calls.

"We want to be at the table with the City and Hazelnut Grove," neighborhood chairwoman Dannielle Herman said in a statement. "The permit discussion had reached a good point, and we were ready to sign off on it once the details were put in writing. It is deeply disappointing that the city appears to have abandoned a fruitful public process."

But Sara Hottman, a spokeswoman for Hales, said an agreement isn't necessary because the city has decided to find a new location for campers.

"Through productive conversations among the City of Portland, the Overlook Neighborhood Association, and Hazelnut Grove, the City has developed a template conditional use agreement that can be used for all City-sanctioned outdoor shelters that will provide a safe place for people sleeping outside," she wrote in an email to The Oregonian/OregonLive.

"Because the City is actively looking to move Hazelnut Grove to an area that is serviceable, the conditional use agreement is not necessary for that location," she added.

Hazelnut Grove launched last fall near North Greeley and Interstate avenues. Neighborhood leaders initially asked Hales to disband the camp and provide indoor shelter space.

## **Willamette Week**

### **East Portland Voters Aren't Pumped About the New 10-Cent Gas Tax**

*By Nigel Jaquiss  
June 15, 2016*

East Portland is a land of cars. Judging from last month's election results, it's also a place that detests the city's new gas tax.

The 10-cent-per-gallon tax squeaked by 52 percent to 48 percent, one of the closest finishes on the May 17 primary ballot. A new map of precinct-level results shows the \$64 million measure won despite a miserable performance east of I-205. In no East Portland precinct did the tax get more than 44 percent of the vote. In some precincts, it received as little as 21 percent.

Aaron Brown, manager for the yes campaign, notes the results came despite earmarks about \$16 million for spending on projects in the areas where results were the poorest. "I wasn't expecting East Portland to vote for the tax in massive numbers. I'm just thrilled it passed," Brown says. "Now it's time to build some trust."

## The Portland Mercury

# Does Anyone Know What Cleaning Up Portland's Toxic Harbor Will Cost?

*By Dirk VanderHart*

*June 15, 2016*

THERE AREN'T a great many instances where a \$746 million price tag looks like a bargain. But last week, when the US Environmental Protection Agency (EPA) slapped that number on a long-awaited proposal for cleaning up Portland's toxic, fish-contaminating harbor, it had all the trappings of a door-buster special.

Consider: The City of Portland had recently pegged the price for cleaning up a century of wanton dumping in the Willamette at between \$800 million and \$2.5 billion. And just last year, the EPA had floated a very similar plan that would have cost \$1.5 billion.

But there it was. On Wednesday, June 8, EPA officials in Washington, DC, and Seattle matter-of-factly stated their plans for cleaning up the Willamette had been slashed nearly in half over night.

Their proposal would leave roughly 87 percent of the river's almost 2,200-acre Superfund site completely untouched—some 1,900 acres affected to some degree by nasty substances like pesticides, PCBs, and arsenic would be left to recover over time. It would haul nearly 1.9 million cubic yards of toxic muck from the river bottom and, depending on how Portlanders react, could put at least 670,000 of those cubic yards in a toxic waste site less than two miles north of the St. Johns Bridge (the plan will cost \$65 million more without that site, the EPA says).

And when it's all said and done? After seven years of intermittent construction and two more decades of "natural recovery"? Portlanders might be able to safely eat nearly 20 of the Willamette's now-toxic resident fish species per year, up from the current federal recommendation of zero. That's the furthest the promises go.

The plan caught immediate flak from environmental advocates, who want a more complete cleanup.

"It looks like pretty weak tea," says Travis Williams, executive director of Willamette Riverkeeper. "They brought a nine-volt battery to a party that needs a big old power cable."

Let's go back to the cost of all this, though, because it's something all Portlanders have a stake in (along with the health of our river, obviously). The city is one of more than 150 polluters that have been tapped to pay for cleanup, and while Portland's share of the tab won't be worked out for months, it won't be nothing.

It's worth asking the EPA, then: How on earth could cleanup for one of the country's largest and most complex polluted riverbeds be slashed so drastically? And what confidence can we place on any estimates that are subject to such wild swings?

So we did.

"What changed is not so significantly the amount of design," says Dennis McLerran, who heads up the EPA's Region 10, based in Seattle, "it is the cost estimate."

Cami Grandinetti, an EPA manager in that office, says the changes come down to faulty assumptions made in an August 2015 study that estimated costs for cleaning up the river. EPA staffers soon noticed something off about those estimates: They didn't square at all with similar cleanups around the country.

For instance, the EPA's \$1.5 billion "preferred" plan to clean up the Willamette would have cost more than the cleanup of a massive Superfund site in New Jersey's Passaic River, Grandinetti says, even though that project was almost twice as large. Meanwhile, a cleanup of the Lower Duwamish River in Seattle was projected to cost less than a quarter of Portland's plan, while removing roughly half the toxic material.

It didn't add up.

"Our costs for Portland Harbor looked a little high," says Grandinetti, in something of an understatement. She and others looked into it, and soon realized the agency was mistakenly double billing itself for mitigation work required by the federal Clean Water Act. Something like \$100 million magically disappeared.

Then regulators realized they'd built a massive erroneous assumption into their plans. They'd figured river muck would have to be thermally treated—essentially cooking pollutants out of it, prior to being sent to a waste dump. Grandinetti says the agency should have known that wasn't the case. The EPA had disposed of some of the same muck without cooking it in the past.

"Those two big changes resulted in a few hundred million coming off the cost," she says. Other revisions further slashed costs.

The new price tag feels a bit rushed to Bob Sallinger, conservation director with the Audubon Society of Portland.

"We certainly have not had any ability to assess the credibility of these cuts or whether there were substantive impacts to the plan that resulted," says Sallinger, who's called on the EPA to double the 60-day window it's allowed for public comment.

In fact, Grandinetti concedes there's a decent chance the estimates are still off. The Lower Willamette Group (LWG), a coalition of 14 river polluters including the city and Port of Portland, took its own stab at pricing cleanup a few years back. It came back with lower costs, she notes, and the EPA's found many of the group's cost assumptions to be sound.

"Our costs are still higher than what the LWG had, and what the Passaic and Lower Duwamish had," she says, then notes: "They're not so high that we feel like something's wrong."

## **Hall Monitor: ALERT!**

# Surprise! Commercial Property Types Want to Duck a Tax for Housing

*By Dirk VanderHart*

*June 15, 2016*

THE EMAIL went out this past Monday, and had the word "ALERT" bolded at the top. The city's commercial real estate honchos were calling their colleagues to action.

"The Portland City Council is attempting to rush through a significant new fee on all new commercial development to raise funds for affordable housing," read the message, sent by the local chapter of the Commercial Association of Brokers (CAB) to its hundreds of members and allies. Such a fee, it said, would "have an adverse effect on the local economy and reduce the ability of developers to include affordable housing as part of their developments."

The CAB's gaze had landed, somewhat belatedly, on Portland's latest idea for generating cash to build desperately needed cheap units.

Under a proposal Housing Commissioner Dan Saltzman is putting forward Thursday, June 16, city council will consider slapping a new one percent "construction excise tax" on most new development permits in the city. The new tool would raise an average of roughly \$8 million annually over the course of five years, according to the Portland Housing Bureau. And thanks to a change of heart by Mayor Charlie Hales, there doesn't seem to be much disagreement about where it will go.

Hales had considered pushing for some of the money to be spent on higher police pay, but has since thought better of tangling with housing advocates in the middle of the housing "state of emergency" he himself declared.

The CAB's urgent missive shows that doesn't mean the council vote over the new tax will be drama-free.

While people within city hall say opposition to the new tax has been mild so far, commercial property owners now have a list of talking points from their friendly trade organization (which the CAB cautions they should write out in their "own words").

Those include calls for the city to "slow down" and an argument that the one percent figure was "pulled out of thin air." The trade group also notes Portland's probably going to vote on a general obligation bond for affordable housing in November that would raise taxes, and that there are already forthcoming changes—like higher parks fees and an inclusionary zoning policy—that will raise project costs.

The man who wrote the email is Kelly Ross, who advises the CAB and other commercial real estate types in wrangling government officials.

"There is a fee that we could accept" for affordable housing, he tells me. "I'm not sure that one percent is the right amount."

Ross says he thinks, sure, residential property owners should pay the tax. But he wouldn't freely concede his commercial property-owning members—for instance, the segment that dabbles in mixed-use and multi-family buildings—has reaped good money from this housing market, and is just as responsible for chipping in.

Which is when Ross' otherwise reasonable arguments lost me.

At any rate, they likely won't matter. Some city officials, after all, have taken to talking about the new excise tax as a done deal, even without a first hearing.

It's on the way. And it's about time.