

## The Oregonian

### Streetcar's next stop: some of Portland's major commuting corridors

*By Elliot Njus*

*June 19, 2016*

The Portland Streetcar runs on 16 miles of track, past soaring downtown office towers and through neighborhoods offering postcard-perfect river views.

But it was an unassuming spot near a short curve in the track, where the streetcar line's eastside spur meets the Tilikum Crossing bridge, that Dan Bower recently met a group of touring transportation officials.

"This," the director of Portland Streetcar Inc. said, "is our most important 45 feet of track."

The short section, opened at the same time as Tilikum Crossing in September, completed a full loop of Portland's central city. With it, a decades-old vision for a streetcar line circulating residents and visitors throughout the city's core was finally complete.

But streetcar officials aren't done. Bower's nonprofit, the city and TriMet are now negotiating a new vision, considering additional spurs that would compete with existing TriMet bus routes.

Few other cities have dared put streetcars up against workhorse bus fleets. A commuter route would tie the streetcar more tightly into the city's transportation network, and the experiment would be closely watched by cities across the country that have their own fledgling streetcar lines.

"What's going on here is an evolution from where we started out with streetcars to where we might be headed," said Portland Mayor Charlie Hales.

But it could also shine a spotlight on its shortcomings. Some transit experts say expansions could cost taxpayers a lot of money without improving service for commuters. Worse, an expanded streetcar network could actually hurt the commuting public by cannibalizing the bus system.

"Quite simply, the streetcar must prove that it is making speed and reliability better rather than worse, compared to the bus lines that are there now," said Jarrett Walker, a Portland-based public transportation consultant. "If a streetcar plan fails that test, then it is likely to make travel times and reliability worse while consuming money that could have been spent on making them better. This is going to be controversial."

#### **Economic development origins**

The streetcar is confronting an identity crisis that dates to its founding.

It was conceived of primarily as a tool for economic development, designed to encourage housing development in downtown Portland and what would become the Pearl District. Backers claim credit for billions of dollars in economic development and property value increases along the route.

At \$251 million to build, "It's the single best investment the city has ever made," said Hales, who promoted the streetcars both as the city's transportation commissioner as a private-sector consultant.

The Portland Streetcar is owned by the city, but its day-to-day operations are overseen by Portland Streetcar Inc., an organization with a board of directors made up largely of developers and others involved in real estate.

Despite that focus, at 15,200 passengers a day in April, the streetcar's ridership approaches that of the MAX Yellow Line. Hour-for-hour, it's busier than most bus lines.

Under Bower, a former Portland transportation bureau manager who in 2014 became Portland Streetcar Inc.'s first full-time director, the streetcar has made moves to improve its transit bonafides.

It has closed stops in order to decrease trip times through downtown, and Portland has approached Seattle about buying surplus streetcars to increase frequency.

"We should be doing everything we can to squeeze every last dime out of this existing system," Bower said. "As for growing the system in the future ... the best investment is to leverage it with little spurs out of it."

### **Dual missions**

Along the way, Portland's streetcar has drawn criticism. In 2014, the office of the elected auditor found potential for conflicts of interest in the cozy relationship between Portland Streetcar Inc. and the city, ostensibly its client.

It followed up later that year with a second audit that criticized the city for not holding the streetcar accountable to stated goals. The city, for example, said it wanted the streetcar to be on time 98 percent of the time. Few, if any, transit systems could meet that high standard, and the streetcar couldn't come close. (The goal has since been relaxed to 85 percent by 2020, and the streetcar is currently at 82 percent.)

Yet the city had gone on to approve expansions that added complexity to the system. Meanwhile, the lack of a strategic plan for the streetcar left auditors confused as to how the city might evaluate expansion proposals.

"Is the system here for transit, or is the system here for economic development?" said Drummond Kahn, the city's director of audit services. "Streetcar suggested the system was there for both, but our audit found that it is unclear how the city reconciles any competing goals. Clear, overall goals would help any system decide when to expand and, if they do, which routes to prioritize."

The streetcar has since assembled a strategic plan that includes both transit performance goals and budget goals. It also outlines plans for the next expansion, with the goal of teeing up "at least one" new streetcar route for funding.

### **Expansion on commuter routes**

Options under consideration include spurs that extend north on Martin Luther King Boulevard; east on Sandy Boulevard to the Hollywood neighborhood; east on Broadway Boulevard to Hollywood; or south from the South Waterfront on Macadam Avenue.

Each is a heavy transit corridor, some already served by frequent service bus lines, potentially putting regional transit agency TriMet in an awkward spot.

Though the city owns the streetcar and Portland Streetcar Inc. administers it, the streetcars are driven and maintained by TriMet employees, and the agency pays at least half the operating costs of each existing line. TriMet's contribution increases over time — provided people are riding it.

"We expect the streetcar to serve a mobility role early and grow from there," said Alan Lehto, TriMet's director of planning and policy. "If we see a plan that doesn't seem to do that, we're going to have some questions."

And, he said, the system shouldn't replace the bus, forcing long-distance passengers to get out and transfer.

"The system has to work together," he said.

A streetcar could be an upgrade for some. Streetcars can carry more people than a bus and offer a smoother ride.

Like buses and unlike MAX, streetcars usually travel in traffic lanes and can get caught up in congestion. But unlike buses, streetcars are unable to go around a stopped vehicle or to temporarily reroute. They also don't offer the operational savings of MAX, which carries four times as many passengers as a bus.

"This is why very few American mixed-traffic streetcars have been built replacing existing bus lines," said Walker, the Portland transportation consultant. "The comparison with the existing bus service usually shows the streetcar is worse at actual travel time and access outcomes, and especially at reliability because of all the situations that will disrupt streetcars but not buses."

Those issues leave transit experts skeptical a streetcar system would be worth the expense.

"The streetcar is really what planners call a place-making tool, not a transportation tool," said Aaron Golub, an associate professor at Portland State University. "It's not meant to transport a lot of people quickly, which a bus does."

But Bower said that belies the streetcar's growing transit role.

A survey showed some 32 percent of riders took the streetcar to work. Another 17 percent took it to college classes. And Bower said the streetcar deploys its wheelchair ramps more often than TriMet buses, suggesting frequent use by seniors and people with disabilities.

"It's not Carrie Bradshaw going from the Pearl District to the art museum and back," Bower said. "You've got 15,000 people riding this thing. It's really a disservice to all these people to just call it a development tool."

### **Cities look to Portland**

Portland's "modern streetcar" has become a model for cities across the country to move people around their downtown core. Brand-new streetcar systems have opened this year in Washington, D.C., and Kansas City, Missouri, and others are under construction in Detroit and Cincinnati, Ohio.

The national movement has been helped along by the Obama administration, which changed the way transportation agencies evaluated transit projects when doling out funding. Now, land-

use and economic development can add weight to a project, along with cost effectiveness, rider time savings and reducing congestion.

"That's helped fuel the rush," said Art Guzzetti, the vice president for policy at the American Public Transportation Administration.

A recent analysis by researchers at the Mineta Transportation Institute, however, found that other cities should be cautious in following Portland's lead. Co-author Jeff Brown, who chairs the urban planning department at Florida State University and calls himself a streetcar skeptic, said most cities aren't treating their streetcar systems like legitimate transportation modes.

Portland, he said, has tried to balance transportation needs with economic development goals. But it could, perhaps, take a lesson from its own success.

"What are the implications for riders?" Brown said. "Is all of this going to actually lead to an overall ridership increase, and at what cost? From a transportation perspective, that's what we should be concerned about."

## **The Portland Tribune**

### **Arts tax: Are we getting our money's worth?**

*By Shasta Kearns Moore*

*June 16, 2016*

Stanley Penkin's elementary school-age granddaughter loves her new arts teacher. But, she tells him, at only 30 minutes of instruction per week, the teacher doesn't know her name.

"That really hit home for me," says Penkin, who is the chair of the city's Arts Tax Oversight Committee. Penkin says the committee has even seen half-time arts teachers with 500 to 600 kids on their rosters and arts instruction only every other week.

"That raised a real red flag for us," he says. "Is that quality arts education?"

It's for these reasons the Arts Tax Oversight Committee is planning to take a deeper look soon at how Portland Public Schools and other districts are managing the citywide tax revenue.

Passed in 2012, the Arts Education and Access Income Tax requires every adult resident earning above a certain income to pay \$35 a year. The intent was to add arts teachers in schools and lower the barriers to local arts programs.

While the tax has raised less money than expected — \$35 million to date; \$6.8 million in 2015-16 — it has added teachers.

Before the tax started, in the depths of the Great Recession, there were 30 arts teacher positions in Portland. Now, supporters crow, there are 91. This means an art, dance or music teacher in every K-5 school in PPS, Centennial, David Douglas, Parkrose, Reynolds and Riverdale school districts.

But the oversight committee wants to find out if those extra hours are actually giving all Portland kids a quality arts education — and taxpayers value for their money.

“If you look at FTE (full-time equivalent teaching positions), you can say ‘OK, there’s an arts teacher,’ “says Dunja Jennings, an oversight committee member and music director for the Vibe after-school music program. “But that doesn’t say anything about quality of instruction.”

Portland Public Schools hasn’t updated its music curriculum since 1990, Jennings notes.

“There should be an aligning of standards — and there needs to be — and we don’t even have district standards,” she says.

PPS spokeswoman Christine Miles apologized for not being able to verify the date of the last music curriculum update, nor comment for this story by our deadline, due to the district’s focus on lead and radon issues.

Kristen Brayson, a PPS arts teacher on special assignment, is quoted in an Americans for the Arts blog post as saying that the district’s investment in her position and in sixth- to eighth-grade arts (which isn’t funded by the arts tax) are examples of how the district is succeeding.

“This crucial step not only offers pathways for students to continue their arts learning, but specifically targets services for English language learners, students of color, and those who live in the opportunity gap, a true investment in equity,” Brayson said in the piece. She did not respond to a request for comment.

### **National standards trickling down**

Marna Stalcup, the director of arts education for the Regional Arts & Culture Council, and author of the Americans for the Arts piece, works with the six districts that get money from the tax. She says that there is a disparity in how much instructional time in the arts each Portland kid is getting.

“That’s one of the things we’re trying to pay attention to this year,” Stalcup says.

Stalcup says creating standards and assessments for arts education is a nationwide effort, with National Core Arts Standards having been revised less than two years ago, and individual school districts still trying to catch up.

“I know that districts are in different places in terms of how far along that path they are,” she says.

But Stalcup says she sees her role as support staff and defers to the oversight committee on holding districts accountable.

“Identifying those problem areas and calling them out, I don’t really see that as RACC’s role,” she says.

Jennings argues PPS has been leaning on contracts with nonprofits to do the work that arts teachers are supposed to be doing.

“The district has an obligation to serve every kiddo and not count on a nonprofit to do the work,” she says. Jennings says that the danger of relying on nonprofits to do the arts and music instruction is that they can cherry-pick students. They don’t have to take the ones the arts tax was most aimed at supporting — kids with hardships like disabilities, language barriers and poverty.

“The entire inequity that they had attempted to address has just continued,” Jennings says.

Partnering with nonprofits also could be seen as a way to outsource responsibility for finding certified teachers and creating a comprehensive curriculum, she says.

Stalcup says that would be a violation of the law and she doesn't see that happening.

"I don't have any evidence that it is," Stalcup says.

Portland Association of Teachers President Gwen Sullivan says the union also has a lot of questions about how PPS is using its arts tax dollars.

"It's very difficult to get this information from the district," Sullivan says. She says that, from her perspective, there should be a minimum requirement of in-school arts instruction before a nonprofit can come in to supplement.

### **No teeth in arts tax law**

Penkin says the committee plans to ask districts next year for qualitative data, not just the quantity of teachers, programs and students. But he also says the committee will leave it up to districts to decide what measures prove they are offering quality instruction.

"Honestly, I don't believe it is the job of our committee to totally define that," he says. "We do not want to interfere with the school district. We're not trying to tell the school districts what to do."

But Jennings says she hears a lot of grumbling from Portlanders frustrated by the slow progress of arts instruction. Parents who still have to pay arts supply fees, in addition to the tax, are wondering why it isn't working. Willamette Week reported in April that English-language learning students at Harrison Park (K-8) School in outer Southeast Portland have to miss music and art for their English classes.

But Jennings says the arts tax law doesn't have any consequences for agencies that don't comply. Neither the oversight committee nor the Regional Arts and Culture Council, which administers the revenue, have any teeth.

"I feel like, ultimately, it's a group of parents showing up to board meetings and not settling and not taking 'We don't have any money' as an answer," she says. "Other districts are doing better than we are and we tend to get more (money) per student."

## **Portland forecloses on 'zombie homes' with unpaid liens**

*By Bianca Pahl*

*June 16, 2016*

The Portland City Council voted Wednesday to foreclose on five private properties — the first city foreclosures in 50 years. The five are part of a collection of so-called zombie homes that number in the hundreds and were the focus of a Tribune series in May. Last Friday, Portland Mayor Charlie Hales led a tour of some of these abandoned properties and committed to adopting policies that would allow them to become usable housing again.

As part of that process, Sarah Landis, chief deputy city auditor, on Wednesday announced two major changes to the city's code regarding foreclosures and sale prices.

Until now, city code limited the foreclosure sale price to no more than the total of lien principal, interest, penalties, collection costs and sales costs. That means a property could potentially sell for a fraction of the value of the property. The new code allows for the sales price to be the greater of the lien principal, interest, penalties, collection costs and sales costs, or 75 percent of total assessed value.

A new section was added into the code that allows the city treasurer to apply proceeds first to pay off costs of conducting the sale. After that, proceeds would go to unpaid liens and penalties, then to anyone with a court-recorded interest in the property, and then to the debtor or the debtor's heirs.

"The foreclosure process will not be a quick fix, nor will it be appropriate for every blighted property with delinquent liens," Landis says.

Mayor Charlie Hales says new positions in the Bureau of Development Services and in the City Attorney's office have been funded to deal with the extremely distressed properties.

Landis says plans also are in the works for weekly communication about vacant properties between the auditor's office, the Bureau of Development Services and the city treasurer. The Tribune series pointed out that a lack of such communication and cooperation between agencies was holding back action to deal with the homes.

The first five properties slated for foreclosure are: 4112-4118 S.E. 91st Ave.; 15803 S.E. Powell Blvd.; 7101 N.E. Prescott St.; 9120 N. Tioga St.; 8515-8517 N. Portsmouth Ave.

"Each of these properties is among the worst of the worst," Landis says.

They are also a part of the Bureau of Development Services' Extremely Distressed Properties Enforcement Program. Together, these five properties carry a total of 37 liens worth \$378,291, according to Landis. Much of that owed money is the result of unpaid nuisance violations.

Hales made clear that the homes on the foreclosure list are vacant, abandoned, have a long list of violations and have unresponsive property owners.

The council unanimously approved the code changes and the foreclosure list.

## **Willamette Week**

### **New Obstacles Face Portland's Proposed \$100 Million Homeless Campus**

*By Rachel Monahan*

*June 17, 2016*

Last week, Portland real-estate developer Homer Williams made headlines by announcing in *The Oregonian* an ambitious project to fight the city's surging levels of homelessness: a \$100 million homeless campus on vacant city property in industrial Northwest Portland.

It wasn't the first large-scale homeless center to be proposed this year, or even the first time Portland officials discussed using this particular patch of industrial land for a shelter. But Williams' project—which he dubbed "Oregon Trail of Hope"—has captured the imagination of citizens and the interest of Mayor-elect Ted Wheeler.

Modeled on a \$20 million San Antonio project, Oregon Trail of Hope could provide sanctioned outdoor sleeping and transitional housing for as many as 700 people a night at Terminal One North at 2400 NW Front Ave.

But a new memo being passed around City Hall today casts doubt on whether Williams' project could legally break ground on the chosen site within the next two years—if at all.

City Commissioner Nick Fish writes that the zoning on the property won't allow for a shelter—and changes to that zoning couldn't be made before 2018 because of the lengthy Comprehensive Plan process.

Fish has been a consistent critic of using the Terminal One property as a homeless shelter. But today's memo makes clear the hurdles Williams would have to surmount.

Other problems identified by Fish include the need to preserve industrial properties along the harbor, requirements from Metro for converting the zoning, and the hefty sum that the property is expected to fetch on the market—more than \$10 million.

"In light of the technical, legal, and practical challenges outlined above, I do not believe that 'Oregon Trail of Hope' is an appropriate use for T1," writes Fish.

Williams is undeterred.

"You can make it work if you want to make it work, and I think most of the commissioners would like to make it work," he says, noting he's happy to consider other possibilities from Fish. "If he's got other solutions, that's terrific; we're happy to look at them."

Wheeler spokesman Michael Cox said the mayor-elect hadn't read the memo, but Wheeler remains supportive of the project.

"When Ted outlined his optimism about the proposal, he made clear that Portland is going to have to find ways of getting to yes when it comes to solving the most serious issues facing our community," says Cox. "We're going to have to dig deep and be innovative. Business as usual will not do."

## **The Portland Mercury**

### **Nick Fish Says A Massive Homeless Campus is a Bad Fit At NW Portland's Terminal 1**

*By Dirk VanderHart*

*June 17, 2016*

A quiet proposal by a pair of Portland developers for a massive complex to shelter and house homeless Portlanders got a familiar response from one city commissioner today: Sounds great, but probably not here.

That commissioner is Nick Fish, who's in charge of the Portland Bureau of Environmental Services (BES), and so controls a piece of property that's been eyed by developers Homer Williams and Dike Dame: The Port of Portland's old Terminal 1 property, at NW 21st and Front.

As first reported by the Oregonian, Williams and Dame have been shopping around an idea for the last month or so: A \$100 million campus dedicated to both offering an emergency shelter to the homeless, and transitional housing where people can get on their feet.

The pair of developers—best known for work in the Pearl and South Waterfront—have reportedly been trying to cobble tens of millions in private investment, but want buy-in from public coffers as well. City Hall sources say the project would be modeled after a sprawling campus in San Antonio called Haven for Hope.

Williams hasn't responded to an inquiry about the idea, but met with Fish over lunch roughly a month ago to discuss the idea, then had a subsequent meeting with Fish's staff. He made clear in those meetings he was interested in the 14-acre Terminal 1 as a potential site.

But in a memo to the rest of Portland City Council today, Fish lays out a list of "practical considerations and challenges with the T1 site." While he calls the idea for a "Oregon Trail of Hope" campus an "innovative, creative proposal," he suggests it's not fit for Terminal 1 for a number of reasons. Briefly:

- The land is zoned for heavy industrial purposes, so not fitting for residential use.
- Any attempt to make it fit for residential use would require a change to Portland's newly minted Comprehensive Plan, which might not be possible until 2018.
- BES thinks it's going to make a boatload of money off the property when it goes up for sale next month.

"In light of the technical, legal, and practical challenges outlined above, I do not believe that 'Oregon Trail of Hope' is an appropriate use for T1," Fish concludes. "However, this is an exciting idea and I encourage Council to undertake a broad survey of all available land (public and private) to identify a more suitable site."

The arguments aren't wrong, and Fish has certainly been an advocate for large-scale homelessness services in the past (think Bud Clark Commons). But the memo also blends in with the general refrain being taken up all over the city as officials poke around for properties that might house the hundreds of Portlanders who sleep outside every night. Everyone wants to help, but then every property that comes up for discussion is coincidentally not good enough.

We saw it repeatedly with homeless rest area Right 2 Dream Too, which the city is still hoping to put onto a plot of industrial land in the Central Eastside. And it's visible in the city's attempts to allow campers to live in land off North Greeley Avenue—which inspired the ire of neighbors, and has Mayor Charlie Hales' office now actively seeking a new plot.

Adequate land is in short enough supply that homeless Portlanders are living near contaminated dirt mounds (in land also owned by BES), and female campers who were promised a plot of city property where they could feel secure are still without one, as Willamette Week recently noted.

Maybe the properties Portland lands on to help these people aren't Terminal 1—though Housing Commissioner Dan Saltzman has made clear he's interested in Williams and Dame's \$100 million proposal—but they've got to be somewhere.

# The Daily Journal of Commerce

## Bracing for a flood of permit applications

*By Chuck Slothower*

*June 17, 2016*

Portland developers are working feverishly to get ahead of inclusionary zoning regulations the City Council is expected to adopt this fall.

The state law that lifts a ban on municipal requirements for affordable housing creates an incentive for developers to move quickly: Any project for which a permit application has been granted will be grandfathered in.

For developers, that means entering the planning process this summer or early fall will save them from the headaches of wrestling with regulations whose shape remains uncertain. It also means the early birds won't have to include units that produce lower revenue amid pressure to provide housing for lower-income Portlanders.

The Bureau of Development Services is working to avoid a logjam later this year, spokesman Ross Caron said. The agency plans to hire 23 more staffers to deal with the expected rush of applications on top of an already busy development pipeline.

"Over the next several months, as we hire and train new staff, we should be able to manage any increase in workload created by the inclusionary zoning changes," Caron said in an email.

As city officials move toward enacting inclusionary zoning by the end of the year, developers are working to get ahead of it.

Cairn Pacific plans to apply this summer for permits to redevelop the George Morlan Plumbing building, at 2222 N.W. Raleigh St., as part of a dramatic makeover of the Slabtown neighborhood. But the developer doesn't expect to begin construction this fall.

"We're going to go through entitlements this summer while we have certainty on what the code is," Cairn Pacific principal Tom DiChiara said.

In effect, Cairn Pacific stands to rack up predevelopment costs for a project that won't go vertical anytime soon.

DiChiara and other developers fear that if the inclusionary zoning regulations are heavy-handed, profitability will suffer. If that happens, fewer projects will get built, and housing supply will remain restricted, according to developers.

"It's a margin business," DiChiara said. "Despite the economy, margins are thinner than they have been. If some of the worst predictions come through, it will have a pretty chilling effect on development."

The key to addressing Portland's housing emergency is to keep building to meet demand, DiChiara said.

"Supply is the answer to affordability in Portland," he said.

The impending regulations add an unknown variable to projects at a time of increasing costs for land and properties. That has some developers pushing projects up and others waiting.

"Nobody knows what's going to happen," said Sam Rodriguez, senior managing director at Mill Creek Residential Trust. "Everybody's either accelerating their projects to get them in before, or

not going into projects before they know what it is. There probably will be a slowdown in the pipeline until there's more information."

City officials said they're working with industry experts and analysts to ensure the regulations don't halt housing development.

"We need to make sure that however inclusionary zoning works, the market works," said Shannon Callahan, housing policy director for Portland Commissioner Dan Saltzman. "We want these units to actually get built."

The city has hired David Rosen and Associates of New Haven, Connecticut, and local firm ECONorthwest, to analyze the economic effects of various affordable housing regulations. The goal is to make sure the regulations don't put the brakes on development, Callahan said.

The Portland Housing Bureau and Saltzman are considering how to shape the regulations, in consultation with the economic firms and a panel of 13 local developers, architects and public officials convened by Saltzman.

The inclusionary zoning panel includes prominent developers such as Dike Dame of Williams & Dame and Gregory Goodman of Downtown Development Group. It also includes representatives of the Portland Housing Bureau and various nonprofits. Architects are on the panel too, including Nolan Lienhart, director of planning and urban design at ZGF Architects.

"We're essentially using them as a sounding board," Callahan said.

The committee is hearing from developers to keep it simple.

"Overarchingly, folks would say the simpler it is for the development community to understand, the better," Callahan said.

The inclusionary zoning regulations are likely to be placed in the city's zoning code, Callahan said. The Planning and Sustainability Commission is slated to consider the zoning changes in early September. The City Council would then ultimately decide whether to approve them.

Meanwhile, the City Council on Thursday was set to consider enacting a construction excise tax that would fund future affordable housing projects.

Saltzman lobbied the state Legislature to pass the bill allowing for municipalities to regulate inclusionary zoning and create an excise tax; Gov. Kate Brown signed it into law in March. Saltzman is championing the regulations on the City Council.

"He definitely wants to take advantage of the opportunity to bring inclusionary zoning to Portland as soon as we can, and we expect to have that done by the end of the year," Callahan said.

The state law lays out the boundaries for inclusionary zoning in Portland. Any new rules would apply only to projects of at least 20 units. No more than 20 percent of units can be required to be rented or sold as affordable housing, tied to 80 percent of the area median income.

Developers are also keenly interested in what incentives Portland will offer. The state law requires cities to offer developers at least one from a menu of incentives to compensate for including affordable units.

These incentives can include full or partial property tax exemptions, fee waivers, density allowances, expedited permitting and additional height. Also, developers may pay a fee in lieu of building affordable units.

Dennis Allen, managing director of Holland Partner Group, said he would like to see the city of Portland offer property tax waivers. Holland was able to greatly increase the density of its Orenco Station project in Hillsboro after earning a “vertical housing” tax exemption, he said.

The tax break enabled Holland to build more expensive structured parking instead of surface parking. That freed up space for additional housing units.

“What really happened is we were able to do a more dense product,” Allen said. “We tripled the units that we were doing there.”

Local governments recoup the property tax revenue later, Allen said.

“After that tax break expires, the city of Hillsboro will have triple the amount of property tax revenue,” he said. “It’s kind of like found money. They could take that incremental revenue and use that to fund affordable housing.”

Saltzman’s committee is looking at the experiences of other cities that have enacted inclusionary zoning regulations. Allen said inclusionary zoning has proved to be only modestly successful elsewhere.

“If you study the cities that have mandatory inclusionary zoning, there really aren’t any of them that have built more than a couple of hundred units a year,” he said. “We need to do better. A couple of hundred units a year isn’t sufficient. We need a couple of thousand units.”

## **Construction excise tax proposal may soon be approved**

*By Garrett Andrews*

*June 17, 2016*

Portland city councilors indicated on Thursday they will support a proposed construction excise tax when it goes to final vote next week.

Much of the discussion at the council meeting involved specifics about the tax: how the money will be spent, whether developers of brownfield property would be taxed and whether multifamily property would be classified as commercial or residential.

The tax as currently devised would assess developers of residential and commercial properties 1 percent of total assessed value. It would generate between \$47 million and \$57 million by 2035, according to Kurt Creager, director of the Portland Housing Bureau.

Under a plan proposed by Commissioner Dan Saltzman, 100 percent of that revenue would go toward efforts to build more affordable housing for families earning 60 percent of the area’s median family income. Previously, a different plan proposed by Mayor Charlie Hales called for the proceeds to also go to police and programs fighting homelessness.

Supporters of affordable housing who crowded into City Hall on Thursday waved papers that read, “Dear City Hall, Do the Right Thing on CET – Keep it 100,” to encourage councilors to not divide the tax’s revenue among other budget areas.

“I think this is a momentous day,” Commissioner Nick Fish said. “My sense now is there is strong support up here on dedicating the full 100 percent.”

The tax was enabled by a new state law that came out of the 2016 legislative session. The package, which struck down a 17-year ban on inclusionary zoning, also included a law allowing construction excise taxes.

The proposed Portland construction tax was supported by everyone who testified at the Thursday meeting, including developer and Portland Housing Advisory Commission member Dike Dame.

Fish said he had gotten some letters from some trade associations opposing the tax.

“What is your reaction to some of this pushback?” he asked Dame.

Dame responded that he “wasn’t interested in listening to people gripe – this is something we have to do.”

“We all live here,” he said. “We all have an obligation to help our community be a good place to raise a family, and if we are going to push people out because they can’t afford to live in the same city they work, then we’re not really doing that.”

Commissioner Amanda Fritz returned repeatedly to the question of whether multifamily developments – traditionally classified as residential properties, could be considered commercial in this instance. Fritz said doing so would potentially send \$778,000 per year to the city, rather than the state.

According to the city’s comprehensive plan, which the council approved earlier in the week, Portland has 13,500 affordable units, with 1,500 in production. There’s a shortage of 24,000 affordable units, and 10,000 more will be needed by 2035.

## **Architecture firm’s appeal approved by City Council**

*By Garrett Andrews*

*June 17, 2016*

The Portland City Council on Wednesday sided with an architecture firm in its appeal to use asphalt shingles as siding for a hotel expansion project.

The council on Wednesday voted unanimously to approve Works Partnership Architecture’s request to use a type of asphalt shingle manufactured by Portland-based Malarkey Roofing Products on 60 percent of the sides of a planned 73-foot hotel tower in the Buckman neighborhood. The Central City Fundamental Design Guidelines forbid use of the asphalt composition shingle that the project owner, Jupiter Hotel, had hoped to use as exterior cladding.

If Malarkey’s laminated architectural shingle doesn’t work out, the council can “address the consequences,” Commissioner Nick Fish said.

“I fear that in some of these cases we’re getting too prescriptive at the administrative level, and in some instances, it feels like we’re just substituting personal preference,” he said. “I think this is an instance where we should reward innovation and creativity and give them flexibility.”

In March, the Portland Design Commission and city staff expressed concern with the project team’s plan to use the asphalt shingle, and recommended use of a metal shingle, which was said to be more permanent and of higher quality. The project team came back the next month with two options, one employing a metal shingle and one employing its preferred asphalt

shingle. The commission in May approved the project with the condition that the metal shingle be used.

The rule excluding the shingle as siding is intended to promote “quality and permanence” to improve the central city’s urban atmosphere. Design commission members also expressed concern with long-term maintenance, the potential of moss and the shedding of asphalt above sidewalks.

A notable and notorious remnant of the motor inn era, the old Jupiter Hotel is an Eastside landmark. The project team is proposing construction of a six-story hotel across the street from the original hotel. It would contain 67 hotel rooms, retail space, restaurant space and event space, one large loading space and no parking.

Carrie Strickland, a Works Partnership Architecture principal, said that using the shingle is not a small matter for the owner.

“It is in fact a primary detail that will make the difference between a mediocre building and an iconic building,” she told the council. “We feel very strongly that the asphalt shingle is this detail. We are asking for your approval to create a beautiful building that we can be proud of and will help further their business.”

Malarkey consultants testified on behalf of the quality of their material and spoke in support of the asphalt shingle. The council returned this week with positive comments on the design.

“I’m worried about a different kind of precedent,” Fish said. “Where we’re telling our design community that we’re not open to innovation, and I want Portland to be known as a place of innovation across the board, including in architecture.”

Malarkey, founded in Portland in 1956, has production facilities in California and Oklahoma. There are fewer than 10 shingle manufacturers in the U.S., according to Traci Shaw, communications coordinator for Malarkey.

The company is said to be the first to use polymer-modified asphalt in shingles in the 1980s. Shaw said the company expects the product to perform well in this unique application. For one thing, it is algae resistant, she said.

“This is a little bit different, because when you’re installing on a roof, most of the weight is going to be on that roof deck, and this is going to be a vertical installation,” Shaw said. “So we’re going to be working really closely to make sure all our clients’ needs are met.”