

The Portland Tribune

AFFORDABLE HOUSING COMES TO FRUITION

By Jim Redden

May 23, 2017

In the 20 months since the City Council first declared a housing state of emergency, two new, publicly subsidized affordable housing apartment buildings have opened in Portland.

Both are models of the kind of housing city officials say they want to provide to low-income residents. They are located close to employment centers and transit lines, meet environmentally friendly building standards, have such amenities as community rooms and outdoor spaces, and link the neediest tenants with social services.

But they also were in the works years before the emergency was declared in October 2015 and cost more than \$200,000 per unit to build. The most recent one to be completed — the St. Francis Park Apartments at Southeast 11th Avenue and Oak Street — was dedicated last Wednesday as the city is considering whether and how to build such projects quicker and cheaper.

Portland Housing Bureau Director Kurt Creager says one option is buying newly completed projects from developers that don't meet the higher standards but might be finished faster for \$100,000 a unit. The question is especially important when it comes to the \$258.4 million affordable housing bond approved by voters last November. Spending restrictions in the Oregon Constitution prevent the city from seeking private financing to help pay for its projects.

"A lot of options are on the table, but the final decision rests with the City Council," says Creager, who has discussed the concept of buying less-expensive "turnkey" housing with Rob Justus, co-owner of Home First Development. The council would have to approve the concept and any specific projects, Creager adds.

Home First specializes in building smaller affordable housing projects for churches and nonprofits, primarily in East Multnomah County, where land is cheaper and much of the low-income population in the region is concentrated.

"We had a positive conversation," says Justus, whose projects are typically completed within two years for as little as \$85,000 a unit. Among other things, Justus says he and Creager discussed the idea of a pilot project approved by the council.

A need for transitional and affordable housing

The St. Francis Park Apartments clearly has a lot to offer. The project was developed by Catholic Charities and Home Forward, Portland's housing authority, with support from the city and other partners for \$23 million. It includes 106 units, all priced so that households earning 60 percent or less of the median family income can afford them. Twenty of the units are set aside for those transitioning from homelessness or escaping domestic violence.

"This project is a model for the city that shows what can be accomplished," Ali O'Neill, principal of the O'Neill/Walsh Community Builders construction team, said at the May 17 dedication ceremony. Her opinion was echoed by the other speakers, including Alexander Sample, the Catholic archbishop of Portland, who blessed the apartments.

The U-shaped, 73,000-square-foot building occupies a full block that once was a park owned by the adjacent St. Francis of Assisi Catholic Church. Parishioners first began discussing converting the park to housing 15 years ago when they realized that many people coming to their dining hall were on waiting lists for public housing.

"Originally we were thinking of shelters, but soon realized the greatest need was for permanent housing," said Valerie Chapman, pastoral administrator of the church, at the ceremony.

It took until August 2013 for the park to be sold to Catholic Charities and Home Forward. Then the development team was put together and financing was secured from numerous public and private partners, including \$6.5 million from the Portland Housing Bureau and \$9.55 million in tax credits from KeyBank. After that, the project had to undergo Portland's design review process because of its location within the Central City. The project will have been in the works for more than four years when the first residents are expected to move in next month.

The previous affordable housing project also took years to plan and complete. The Abigail, located at 1650 N.W. 13th Ave., includes 27 market-rate apartments and 128 others priced for households earning 60 percent or less of the median family income. Developed by San Francisco-based BRIDGE Housing for \$48 million, its amenities include two landscaped courtyards, a children's play area, a community room, laundry rooms on each floor, secure bicycle parking in a tool-equipped bike storage room and underground car parking.

The Abigail opened on Sept. 15, 2016, just a week after the City Council extended the housing emergency for another year. Once again, putting together the financing for the project took time before the permit application was submitted in Feb. 13, 2013. Funding came from the Portland Housing Bureau, Oregon Housing and Community Services, National Affordable Housing Trust, Wells Fargo Bank and Energy Trust of Oregon.

A number of similar projects are now in the works, boosted by increased council spending on affordable housing since declaring the state of emergency.

Range in rents

Although Portland can avoid the complex funding process with its affordable housing bond funds, the city also must pay all project costs, unless a creative financing method can be found that passes legal muster. That makes the per-unit costs of the projects more important than ever before.

Also important are the actual rents charged at the finished projects. Justus says his rents typically range from \$400 to \$975 a month, depending on the size of the units. The affordable units at The Abigail range from \$346 to \$1,067 a month. At the St. Francis Park Apartments, which only offers studio and one-bedroom units, rents range from \$339 to \$766 a month.

Although The Abigail and St. Francis Park Apartments are much larger and more expensive than Justus' projects, they are able to charge similar rents because of their scale and subsidies, which include the local, state, federal, foundation and nonprofit funding that takes so long to pull together.

Those are among the issues currently being discussed by an 18-member Stakeholders Advisory Group appointed by the council to draft a framework for spending the bond funds. It has four more meetings scheduled. Subjects include goals, priorities and criteria for acquisition and production.

The final meeting, where the draft framework is scheduled to be considered, is July 31. It must be approved by the council before any of the bond funds can be spent.

Affordability tempers construction boom

By Jim Redden

May 23, 2017

As anyone who lives, works or even travels through downtown Portland and its surrounding neighborhoods knows, the urban core is experiencing a construction boom. Many new buildings are rising in the heart of town, Northwest Portland, the inner east side, and even blocks away. And a large number of existing buildings are being renovated, too.

In fact, according to a new report, there are a record number of active construction projects in the area officially designated as the Central City. Forty-five projects are currently under construction, according to the 2017 Development/Redevelopment Report released Wednesday by Downtown Clean & Safe, the Portland Business Alliance-affiliated organization that helps maintain downtown. That's up from 39 last year and is the highest number documented since the annual reports began 15 years ago.

"It's fantastic to see such strong investment and growth across the Central City. This report makes it clear that downtown Portland continues to be a vibrant, attractive place to live and do business," says Cindy Laurila, corporate real estate manager at Portland General Electric and board chair of Downtown Clean & Safe.

The report also makes it clear that the construction boom is not slowing down anytime soon. It lists 56 more projects that either are in the permitting process or on the drawing board for coming years.

But while the overall tone of the report is upbeat about the future of Portland, it notes the persistent housing affordability crisis that has been City Hall's top priority. Most of the new residential units are luxury apartments that many people who work in the Central City cannot afford.

"Alongside the good news in construction growth rates, the report also identified persistent housing affordability challenges within the Central City due to supply constraints," notes the news release that accompanied the report.

Hotel development has been particularly strong over the past year. In addition to three recently completed hotels, there are seven more under construction in the Central City, which will add roughly 1,250 rooms in the next two years. An additional eight are in the design phase that would add up to another 2,100 more rooms when completed. The largest of these projects is the 600-room Convention Center Hyatt Regency, which is slated to break ground later this year, the report says.

"The downtown core will see an unprecedented 40 percent growth in hotel rooms over the next few years. Outside of hotels, the developments in downtown and areas like the Lloyd District will enhance the Portland experience for leisure visitors and convention delegates alike, and we look forward to building these new assets into our marketing around Portland as a travel destination," says Jeff Miller, president and CEO of Travel Portland and a Downtown Clean & Safe board member.

The report was prepared by the Heritage Consulting Group to provide a five-year window on real estate development in the Central City, which includes the following sub-districts: Downtown, West End, University District, River District, South Waterfront on the west side of the Willamette River, the Central Eastside and Lloyd District on the east side of the river.

According to the report, as the largest city between Seattle and San Francisco, Portland traditionally has been a very attractive second-tier real estate market. But it has exploded in recent years and now has a large number of projects across all sectors in nearly every geographic area of the city and region — creating both opportunities and challenges.

"With high demand and lesser supply, this has presented a challenge of affordability. Current projects providing notable additional supply may mitigate this challenge, while the city continues to explore strategies particularly in the housing sector. Nonetheless, this growth represents the solidification of Portland as an alternative preferred location in the Pacific Northwest," the report says.

The largest future project identified in the report is the redevelopment of the 13-acre U.S. Post Office site in Northwest Portland at the downtown end of the Steel Bridge. Proper Portland, the former Portland Development Commission, has completed the purchase of the site and is beginning a process to master plan it with public participation. Full redevelopment is expected to produce 3.8 million-square-feet of mixed-use development.

Development/Redevelopment Report

According to Downtown Clean & Safe, the annual development/redevelopment report is created to gauge economic vitality and activity in the Central City and to provide information for developers, real estate brokers, property managers and owners, prospective tenants, institutional investors and others who are interested in downtown Portland as a place to do business.

Highlights in the 2017 Development/Redevelopment Report released Wednesday by Downtown Clean & Safe include:

- Central City vacancy rates increased slightly for office space (10.5 percent) up from 6.7 percent last year, retail held steady (6 percent), and citywide residential properties (5.4 percent) up from 3.5 percent last year.
- Since 2010, more than 5,000 new residential units have been built, ranging from affordable, work force and luxury housing.
- Today, an additional 3,000 residential units in 18 projects are under construction and 2,400 units in another 14 projects are on the drawing board.
- Significant office projects include the Multnomah County Courthouse, and the Meier and Frank Building, which formerly housed Macy's, and a number of projects in South Waterfront associated with the expansion of Oregon Health & Science University.

You can read the full report at: cleanandsafepdx.com/assets/2017-Dev-Redev-Report.pdf.

Downtown power outage may last all day

*By JOIN 6 News
May 23, 2017*

About 2,000 Pacific Power customers in downtown and the Pearl District may be without power until late Tuesday after an underground electrical fire.

The fire is under control but power outages were still affecting residents and businesses and impacting traffic as the day began.

Drivers, pedestrians, and cyclists are advised to be on the lookout for non-working traffic signals and street lights in the downtown area, and to treat all impacted intersections as all-way stops.

TriMet says to expect delays on MAX Blue and Red train lines and the Portland Street Car.

Several businesses in the Pearl District are closed, including the Starbucks and Powell's Books at the intersection of Northwest 11th and Couch.

Tom Tauntt, a spokesperson with Pacific Power tells KOIN 6 News that they have never had a fire underground like this before. They hope to have power restored by 9 p.m. Tuesday.

"We apologize for the inconvenience and appreciate your patience," Tauntt said.

Portland Fire & Rescue said that around 6:15 p.m. on Monday, their crews responded to multiple reports of smoke from underground grates in roadways of Northwest Portland, specifically the North Park Blocks.

Tauntt said the cause of the fire is under investigation. He added that crews from PGE are helping Pacific Power restore service.

Tauntt said elevators, key card readers and garage doors in some of the residential and commercial buildings.

City Hall Watch: Council gives nod to budget

*By Jim Redden
May 23, 2017*

The City Council unanimously approved a slightly revised version of Mayor Ted Wheeler's proposed \$600 million budget for the next fiscal year last Wednesday.

Among other things, the budget includes \$50 million for Wheeler's "Build Portland" infrastructure repair program and \$25 million for the Joint Office of Homelessness Services that will be used to provide rent assistance, shelter and housing placement. It also eliminates the Portland Police Bureau's Mounted Horse Patrol.

The budget is scheduled to be formally approved after technical reviews on June 8. It takes effect July 1. The council soon will schedule a work session about providing more homeless funding.

Ratepayer hearing moved to June 15-16

Because of a Multnomah County Circuit Court scheduling error, the hearing on the final accounting in the long-running ratepayer lawsuit against the City of Portland has been postponed from last Friday to June 15 and 16.

At issue is how much money the City Council should repay the water and sewer bureaus for spending that was not "reasonably related" to the missions of the two utilities. Around \$20 million in disputed spending is under discussion. City attorneys concede about \$6 million did not meet the standard imposed by Judge Stephen Bushong but defend most of the rest of it. Ratepayer lawyers argue the entire amount should be repaid.

Most of the disputed spending occurred at Powell Butte when the water bureau built a second reservoir. Additional projects included a \$3 million maintenance building, \$2.4 million visitors center, and \$1.4 million caretaker's house.

Election a Fish two-fer

Although Commissioner Nick Fish only sponsored one of the city ballot measures that passed at last Tuesday's special election, he played a strong role in the success of the second one, too.

Fish introduced Measure 26-194, which clarifies the city's authority to collect lodging taxes from short-term rentals listed on websites by companies like Home Away and Airbnb. It passed by a margin of 62-to-38 percent.

And Fish was also the most vocal support on the council of Measure 26-189, which was introduced by Portland City Auditor Mary Hull Caballero to increase the independence of her office. While other members of the council initially questioned its necessity and even wisdom, Fish repeatedly came to its defense and set the stage for the compromises that eventually persuaded the council to unanimously refer it to the ballot. It passed by a margin of 86-to-14 percent.

The Daily Journal of Commerce

Wheeler's budget has heavy transportation focus

By Garrett Andrews

May 22, 2017

Portland Mayor Ted Wheeler's latest [budget](#) includes \$50 million for infrastructure improvements and a plan for that amount to grow to more than \$600 million over 20 years.

The plan, called Build Portland, is intended to create a stable funding source without raising taxes. It redirects expiring property tax revenues from Urban Renewal Districts in allotments of \$100 million to \$150 million deposited every five years. The money is scheduled to start arriving in 2020.

The council approved Wheeler's proposed budget at its May 9 meeting. It's scheduled to formally adopt the budget on June 9.

The plan includes funding for five Portland Bureau of Transportation projects. They include Americans with Disabilities Act-compliant curb upgrades, five traffic signal replacements and creation of a multiuse path.

Also, the council approved four Vision Zero projects, including several realignments at dangerous intersections, speed limit reductions on five roads and assessment studies. Vision Zero is a cross-bureau effort endorsed by the City Council to eliminate deaths on Portland streets.