

The Oregonian

Target of bogus West Linn police investigation says his past doesn't define him

By Maxine Bernstein

March 3, 2020

Portland police Officer Larry Anderson ducked into the Chipotle Restaurant at Northeast Weidler and Seventh Avenue for lunch and immediately reached his hand back, pulled his handgun out of his holster and slid it into his pants pocket.

The veteran black cop, who had spent the bulk of his time on the city force policing the streets of North and Northeast Portland, said he had identified two people in his career that he worried someday he might have to kill.

Michael Fesser, he said, was one of them. And he was in line at Chipotle.

Fesser turned back and looked straight at Anderson. "Hey man, what you looking at?" he asked, starting toward the veteran cop.

"Why you looking at me like that?" he continued.

Anderson's heart quickened. Not in uniform and alone, he kept his hand in his pocket.

"Well, man, if I've ever done anything to you," Fesser said, "then, I'm sorry."

Fesser was then 31, just out of federal prison after a two-year stint for talking about a drug deal on his phone. A Northeast Portland native, he spent his late teens and early 20s dealing dope and cocaine on his neighborhood streets. As a younger man, he was known as a hothead who talked back to cops.

In prison, he turned to the Bible and came out changed in 2004. Now Fesser, who recently won a \$600,000 settlement from the city of West Linn for a concocted arrest, wants to give back. He is determined to help men like him, who have faced similar setbacks in prison, be successful when they get out.

That day at Chipotle, Anderson was stunned. He relaxed his grip on his gun.

"He says, 'Man, you go to church?'" Anderson recalled. "I want to invite you to my church."

"I'm totally like, 'What?!?'" Anderson said.

"His language changed," the now-retired cop said. "He took responsibility, which was disarming."

Childhood photos featuring Fesser and his family line the basement wall in his childhood home in Northeast Portland. February 29, 2020. Beth Nakamura/Staff

LIVED DOUBLE LIFE

From the time he was a kid, Fesser says he lived two different lives.

Fesser grew up in Northeast Portland, then a predominantly African American neighborhood, but he attended schools across the river in predominantly white Southwest Portland.

His mother, wanting to expose her children to a better education, would wake him and his two older sisters as early as 5:30 a.m., and put them on public buses to downtown Portland, where

they'd catch connections to take them to Mary Rieke Elementary, then Robert Gray Middle School and Wilson High School.

The rare African American boy in his grade-school class of white kids, Fesser remembers a teacher making fun of his hair and other children laughing at him.

He said he learned as a youth, "how to deal with white people who don't have sense."

On his seventh birthday, his father Harold Fesser Jr., then living separate from his mother, died from an aneurysm at age 38. Fesser hurried to his house and watched as authorities wheeled him out in a body bag.

The younger Fesser kept his head down and played basketball through junior year of high school, alternating between a shooting guard and small forward. But when he became a senior, he lost interest and quit, missing out on celebrating a state championship that year led by teammate and future NBA player Damon Stoudamire.

Only needing a few more credits to graduate his senior year, Fesser said he'd stay in school for just two hours before he'd race back to his neighborhood.

At 17, Fesser began hanging with friends and family members, many of whom were tied to the Bloods gang, and hustling drugs on the streets to make quick money. "I would lie to my mom, saying I was a good gambler," he recalled.

He gained a reputation as a bad guy, though he didn't rack up a significant rap sheet. Yet his name came up over and over in police roll calls as someone to be cautious of, Anderson said.

Fesser graduated from Wilson High and took a year off, working at the 15th Avenue Market in Northeast Portland, first as a bottle boy, then a courtesy clerk. He continued to peddle drugs and played hoops with his neighborhood buddies at Irving Park.

At the urging of friend James Broadous II who played with him at the park, he enrolled at Portland Community College and played for its basketball team. From there, he was recruited to play for Eastern Oregon State University. After just two years in college, he got an offer to play in Taiwan for the Chinese Taipei Basketball Association.

At 6-foot-4, the young man who never had a passport jumped at the opportunity. "They give me a check to play to do something I love," he said.

But his time overseas was cut short when Fesser had to return to the States to deal with a 1997 charge of first-degree assault with a firearm. His family's longtime neighbor, then criminal defense lawyer Angel Lopez, represented Fesser and got the charges dropped.

Just a year later, Fesser was accused of recklessly endangering a Portland cop with a car. Police were attempting to break up a protest against police harassment of the city's African American population, which included a march to the home of then-Chief Charles Moose. Police said Fesser threatened a police officer and then, as an officer chased another man, swerved his rented 1997 red Ford Taurus at the officer.

Fesser explained he was racing to get away after hearing police fire shots, which he didn't know were beanbag rounds. He was convicted in January 1999 of reckless endangerment, placed on probation and ordered to complete 100 hours of community service and anger management counseling.

In 2002, he took a plea deal in federal court after he was caught discussing a drug deal on his phone.

Fesser's longtime pastor, the Rev. W.G. Hardy Jr. of Highland Christian Center, didn't give up on Fesser, who had attended church since he was 6 months old. Hardy mentored Fesser and let Fesser train his own son in basketball.

Fesser also found work at various auto lots and tow companies just before he had to surrender to prison. Fesser's time away from his family in the federal prison in Lompoc, California, proved life-changing. He found solace in Scripture, corresponded with Hardy regularly and pledged to get his act together when he returned to Portland.

"I was living a false identity," he said. "In isolation, I read the Bible from front to back, and started applying it to my life. I'd seen so many black men, with no father in the home, growing up in poverty, and I was thinking, 'God, I have to change this, at least put a dent in it.' That's what drove me."

"When I get out of here, I want to do something different. I want to change men. I want to change lives."

HELPING INMATES RETURN HOME

Shortly after 8 a.m. on a recent Thursday, Fesser's phone was lighting up.

"Hey Keith, how ya doing, buddy?" Fesser picked up.

That's Keith Pottle, owner of Eastern Steel Erectors. He told Fesser he had a welding mask, gloves and other equipment ready for him to pick up downtown. Fesser promised to hook up with him later that morning.

The next guy ringing is William Adams. The 37-year-old man shares a room in the four-bedroom transitional home in North Portland that Fesser bought in August 2018. It's partly funded by a \$415,000 settlement Fesser obtained from a racial discrimination case he had filed against his former boss.

"I wanted the transition home to be in the same neighborhood I destroyed," Fesser said.

Adams asked for a ride to a state office to get food stamps.

A short time later, Fesser left his North Portland bungalow and eased behind the wheel of his black Land Rover. He picked up Adams waiting outside the Fesser family's MLK Auto Sales on Northeast Martin Luther King Jr. Boulevard and then headed downtown.

He pulled up across the street from Pottle's construction site to pick up the welding equipment. He'd met Pottle at a Christian men's group. Fesser said he would give the gear to a man who received welding training behind bars and was getting out of prison the next day. Then he dropped Adams off at a state Department of Human Services' office near Skidmore Fountain.

Fesser took a swing by his mother's house, the same home where he grew up in Northeast Portland, to check on her. When his mother faced potential eviction for not being able to make rent when her kids were young, her daughter's second-grade Southwest Portland teacher Mildred Livesay heard of their struggles and bought the house herself.

Fesser then headed back to the car lot, where his wife, Tanisha Wells, works in the office and a De La Salle North Catholic High School student mans a desk once a week for work experience.

Just before 2 p.m., Fesser took off to Columbia River Correctional Institution to meet nearly two dozen men who attend his weekly "Going Home II" group program, part of a nonprofit he started about six years ago to support inmates who are readying to leave prison.

Fesser heads into Columbia River Correctional Institution, where he leads a weekly "Going Home II" group for inmates. Fesser started the non-profit to help inmates prepare for the world outside of prison and help them be successful once they are released. February 29, 2020 Beth Nakamura/Staff

The men, dressed in the prison's standard blue inmate shirts and jeans, are seated around tables in a small room in the Northeast Portland prison. Fesser sits beside Rob Richardson, a church elder who has been coming into the prison to meet with inmates for over two decades.

"When these two brothers come through that door, hope has arrived," said inmate Irvin Hines, serving time for burglary and theft.

They've taught him, he said, that, "my last mistake doesn't define me."

He sees Fesser as an example of someone who made mistakes but overcame them.

"It's not true that we're not valued. It's not true that we're not good enough," Hines said. "It's the most important part of the week for me."

It was Fesser's pastor who first encouraged him to attend a ministry program inside the same prison. (Hardy died in February 2018) The inmates had heard of Fesser and urged him to come back.

On Mondays, from noon to 2 p.m., he leads the group of inmates, talking about a range of topics, helping them navigate life when they get released. Some carry a notebook titled, "How to Get Out of Your Prison."

He also arranges to pick them up from the prison as they walk out of the barb-wired gates. He gives each a cell phone and brings them clothes or shoes they might need. Often, he connects them to people who might offer them a job.

Inmate Frederick Jefferson is older than Fesser but calls 48-year-old Fesser his mentor.

"What he says he's going to do for the people, he does," Jefferson explains.

Jelani McClendon, another inmate, says Fesser's example has taught him "selflessness." He described Fesser as genuine, committed and supportive.

Fesser sometimes brings them Popeyes chicken or has fish fried in the prison to celebrate Kwanza and Juneteenth holidays. If there's leftovers, he drops them off at the homeless camp Dignity Village just down the road from the prison. Recently, he had inmates send special cards to their loved ones on Valentine's Day, and he enclosed \$25 gift cards in each envelope.

"I do this because I care and love these guys," Fesser said.

A scroll through Fesser's cell phone shows video after video of him greeting men stepping out of the prison doors. His amateur videos pan the concrete in front of the prison before rising up to capture the newly released man, with Fesser's running commentary.

"Mark is coming out after about 22 years, eight months," Fesser narrates. "You're a free man. Free, indeed."

Another begins, "I'm looking at Hank. He's coming home, a good dude right there."

'THAT'S WHY I WAS SO LOYAL'

Fesser remembers being in their shoes. The day he got out of federal prison in 2004, Jack Benson, then-owner of A&B Towing Co., gave him a job.

“That’s why I was so loyal,” Fesser said.

He started as a lot attendant, though co-workers would refer to him as “lot boy,” he said. He graduated to a battery truck driver, before becoming a sales manager and manager of the company’s car auctions.

Years later, Jack Benson’s son, Eric Benson, took over his dad’s business.

When Fesser’s wife learned of the racial abuse her husband was enduring on the job, she wondered why he wouldn’t just quit and go elsewhere. “Why are you staying there? They’re disrespecting you,” she said she told him.

Fesser even shared his concerns with Anderson, the retired gang enforcement intelligence officer and police recruiter. By then, Fesser had started regularly attending the racial reconciliation Christian men’s group Anderson led in an old coffee shop beside the Police Bureau’s North Precinct. Fesser told Anderson how one co-worker would fly a Confederate flag from his pickup parked in the lot, and others called him racial slurs. Anderson offered to go to the lot and put the owner in his place.

Fesser said he’d take care of it on his own. He’d complain to his boss.

Yet that got him nowhere.

At the suggestion of his former neighbor and defense attorney, Angel Lopez, now a Multnomah County Circuit judge, Fesser and his wife contacted employment lawyer Paul Buchanan.

“I was at my breaking point,” Fesser said. “I felt helpless. I was broken.”

It got worse. On Feb. 25, 2017, West Linn police, with the help of Portland gang enforcement officers, pulled him over as he was leaving work and arrested him on an aggravated theft charge. A West Linn lieutenant, who had retired from Portland police but hadn’t had any dealings with Fesser in more than two decades, had called in Portland’s gang enforcement officers to help in the arrest.

A West Linn detective days later told Fesser he was fired from his job and that he should never set foot again at A&B Towing.

Fesser’s wife learned of the arrest from their daughter’s friend, who had spotted Fesser’s Land Rover getting stopped. She was worried, suspecting it had to do with A&B Towing Co., and called Buchanan, hysterical.

Because of his arrest, Fesser was barred for several weeks from leading his groups at the prison. “That was like death to me,” he said.

The West Linn police, it later came out, were acting on behalf of Fesser’s boss, a fishing buddy of then-West Linn Police Chief Terry Timeus.

The experience was terrifying, Fesser said.

His family had felt ill-treated by police before.

In 1991, 23 Portland police officers raided his mother’s home with a search warrant and pulled his sister’s father, Johnny Curry, a disabled man who suffered from MS, out of his bed. He was semi-naked and unable to walk.

They left him handcuffed on a couch, with no underwear or pants on, his genitals exposed to officers and the rest of the household, for more than two hours as officers searched the house for

suspected drugs. No arrests were made. The 9th U.S. Circuit Court of Appeals found the police had violated Curry's constitutional rights, and the case ended with a settlement of about \$46,000.

As his mother did in 1991, Fesser also filed suit, first against his former boss and then against West Linn police. And, as his mother did nearly three decades ago, Fesser won both cases and the theft allegations were dismissed.

Today, Fesser's two teenaged sons and wife remain on edge from the West Linn and Portland police actions. Their 15-year-old son, a first-year student at De La Salle High, has voiced concern about his school's football game next fall against West Linn, saying he doesn't want the announcer to broadcast his name in the stadium, fearful of backlash.

His wife and sons plan to accompany Fesser on Tuesday when he meets with West Linn's mayor and chief, a provision he sought in his settlement.

As scary as it's been, Fesser's wife said she was impressed with how her husband handled the ordeal. "I feel like it happened to the right person though. The fact that he stuck with it, didn't act foolish at his job," she said. "The fact that he valued himself more than his boss valued him."

Fesser's mother, Gloria Franklin, last week showed her son a package she had received in the mail, pulling out several newspaper clippings about his case that her friend had cut out and saved for her.

"I wish my father was alive," his mother told him, "and would have known he had a grandson who stood up."

Auditor's Office says Portland Water Bureau broke state, city purchasing rules, city officials disagree

By Everton Bailey Jr.

March 2, 2020

The Portland Water Bureau violated state law and city code by buying nearly \$200,000 of water meter equipment from one business over 17 months while apparently avoiding a competitive selection process, the City Auditor's Office says. No one at the bureau disclosed at the time that the manager who signed off on the purchases is married to a company salesperson, which also were violations, according to the auditor.

The supervisor who made the purchases consistently bought equipment in batches costing in the \$8,800 to \$9,600 range, just short of the \$10,000 line that would trigger additional competition and scrutiny.

Water Bureau officials and the Office of Commissioner Amanda Fritz, who oversees the department, deny any ethical or procurement violations occurred, citing an internal investigation that the bureau and the city's Human Resources Department conducted last fall after the auditor's office first raised concerns.

Fritz said the investigation found "shortcomings in procurement training and standard operating procedures," but she said it was likely a sign that city policies need to be improved. Gabe Solmer, the water bureau's deputy director, said in a January email to the auditor's office that the manager not disclosing her connection to the company employee when the purchases were made was an administrative rule violation. But the couple's relationship was "well-known across the bureau," she wrote.

Water bureau officials said they've retrained staff on procurement procedures, formally disclosed the prior conflict of interest, changed how purchase orders are approved and secured a new contract for meter equipment under city rules. No water bureau employees involved were disciplined.

The auditor's office review stemmed from a March 2019 call to the office's fraud hotline that alleged Water Bureau employees were making equipment purchases in which they had personal financial stakes and that the items were unnecessary and were causing production issues with another bureau. The purchases were made without a competitive contract.

The Auditor's Office announced in a report released last week that evidence shows the Water Bureau purchases violated city and state procurement rules, but it found no evidence that the equipment was unnecessary or caused any production issues.

[\[Read the report\]](#)

The review found supervisor Ron Drath made 26 water meter equipment purchase orders from Consolidated Supply Co. between January 2018 and June 2019 totaling more than \$182,000. There were 18 of them just under \$10,000.

City code calls for any purchase of goods and services more than \$10,000 to require quotes from at least three vendors. City and state laws ban public officials from intentionally dividing purchases into smaller amounts to avoid competitive procedures. The process is called "fragmenting".

"In addition to violating city code and state law, fragmenting is problematic because the city goes without the savings, values and open process embedded in a competitive procurement," the auditor's office memo said. "The Water Bureau's purchasing decisions affect water bill rates and maintenance workers' routines and tasks and have other bureau-wide ramifications."

The review found the bureau made purchases of \$9,610 and \$8,814 in May 2018 as well as four more purchases of \$9,212 in June and July of that year, according to an October auditor's office memo. They made nine more purchases of \$9,212 between September 2018 and March 2019 and one more that month of \$9,610.

Drath was supervised by Customer Services Group Director Kathy Koch. Koch was married to Jon Koch, a Consolidated Supply Co. water meter salesperson who previously worked for the water bureau for 12 years, according to the memo. Drath disclosed to the auditor's office that he's known the husband for 30 years, and emails showed that at least twice they spoke about "Water Bureau procurement decisions, which may have given [Jon Koch] unfair access to city purchasing power."

The husband was the salesperson directly interacting with the Water Bureau for some purchases and receives commissions based on sales volume, according to the Auditor's Office. Since leaving the water bureau, he also worked as a salesperson for at least two other companies used as city vendors, the memo said.

City code prohibits employees from using their status to obtain financial gain for themselves, their relatives or businesses they're associated with, or awarding business to a relative "regardless of the mechanism used to provide that business." City code also calls for an employee to not be involved in any decision where their financial or personal interests will be "specifically affected," the memo said.

Kathy Koch signed off on all the purchases Drath made from her husband's workplace, the auditor's office said. The agency said procurement issues in the water bureau may have been exacerbated by a lack of a formal or consistent equipment approval and testing process.

The auditor's office said it wasn't clear from its investigation if Jon Koch used any past knowledge as a city employee to further anyone's financial gain, if Drath had any financial and personal interest in the purchase decisions as well as other questions related to the scope of possible ethics and procurement violations.

Audit officials said they forwarded their review to the Water Bureau for further investigation. The office recommended implementing changes to address procurement procedures, conflict of interest oversight and controls and to provide regular and refresher training in procurement policies.

Solmer in the January email said the Water Bureau and Human Resources Bureau reviewed the auditor's office October report, emails and other materials referenced and interviewed five witnesses as part of their investigation. She said they found no ethical or procurement rules violations due to family relationships and that the water bureau didn't intentionally fragment purchases.

"While \$10,000 purchase orders were used for meter boxes, there was no intent to avoid a contact," she said. "Rather, a contract was being sought at the conclusion of the meter box testing process."

Solmer said the city investigation also found "significant gaps and absences of procurement information, procedures and trainings at the Water Bureau and perhaps throughout the city." Staff didn't understand their roles and responsibilities for testing, ordering and approving items and there wasn't a standard communications process in place or any way to catch procurement problems if they occurred.

Solmer said the bureau has improved internal communication so equipment needs are more clear and it is considering quarterly reviews of all purchase orders.

The auditor's office said the Portland Police Bureau and the Multnomah County District Attorney have declined to investigate potential fraud in the case. Ron Bersin, executive director of the Oregon Government Ethics Commission, said his agency is not investigating the incident.

The Portland Tribune

Major endorsements announced in mayor, council, state races

*By Jim Redden
March 02, 2020*

Campaigning picks up ahead of the May 19 primary election where many candidates are on the ballot

With the May 19 primary election approaching, candidates are announcing major endorsement in the hope of picking up additional votes.

The Northwest Oregon Labor Council endorsed Portland Mayor Ted Wheeler for re-election by supermajority at its Feb. 24 convention.

"We're endorsing Ted because we're proud to support his record on labor so far, and we want continuity," said NWOLC Executive Secretary Treasurer Bob Tackett. "We're excited to see what he can accomplish for unions in the next four years."

Wheeler has also been endorsed by the Teamsters 37 and UFCW Local 555.

The Asian Pacific American Network of Oregon endorsed two candidates in the race for Position 2 on the Portland City Council, Sam Chase and Tera Hurst.

And just days after entering the Oregon Secretary of State's race, State Sen. Shemia Fagan was endorsed by the American Federation of State, County and Municipal Employees.

"Sen. Fagan has shown time and time again, from her time in the legislature and as a civil rights attorney, that she'll never stop fighting for all of Oregon," Elizabeth Goetzinger, an Oregon AFSCME Executive Board Member from Local 3580 (Metro) said in a statement.

Willamette Week

A Pedestrian Was Killed in a Hit and Run in Northeast Portland, Bringing This Year's Traffic Death Toll Up to Double Digits

*By Shannon Gormley
March 2, 2020*

This afternoon, Portland Police released details from an investigation into the incident, including the victim's identity

Just two months into the year, Portland's traffic fatalities for 2020 has already reached double digits.

On Saturday night, Feb. 28, a person walking across the street was killed in a hit-and-run in the Northeast Portland neighborhood of Hollywood, the 10th traffic death in Portland this year.

This afternoon, Portland Police released the details from an investigation into the incident, including the victim's identity, 36-year-old Chantel Downs. Police have not identified the driver or located the vehicle.

According to the investigation, Downs was crossing the intersection of Northeast 42nd Avenue and Halsey street when she was struck by a car heading through a green light. The driver kept traveling westward. Downs was found dead when police arrived on the scene.

Last year Portland saw the highest number of traffic deaths in decades, exceeding the previous year's 34 fatalities by August.

The Daily Journal of Commerce

Costs escalating for multifamily development

By Chuck Slothower

February 28, 2020

Multifamily production fell 5.2 percent in Portland in 2019 as developers reacted to rising costs and a flood of project deliveries by pulling back.

The Bureau of Development Services issued permits for projects comprising 4,634 multifamily units last year. That was down from 4,887 permitted units in 2018.

“I think it’s going to slow down even more,” said Sam Rodriguez, senior managing director at Mill Creek Residential Trust, a major multifamily developer in the city. “The deals have gotten thinner. Cost has gone up. Construction costs are escalating across the board at about 5 percent a year, and then rents have flattened. And there’s still concessions in the market.”

Multifamily housing production has fallen far from 2017’s high mark of 5,993 units permitted. That year, developers racing to get ahead of inclusionary housing requirements pushed projects across the finish line at a clip that was an astonishing 44.4 percent gain from the prior year.

That boom in housing production continues to echo, with new buildings stabilizing slowly and competition for tenants holding the lid on rents.

While lower, 2019’s housing production rate was in line with the years prior to 2017.

The Bureau of Development Services does not regularly publish permit data totals. The city agency released the numbers in response to a DJC public records request.

The multifamily market has bifurcated since inclusionary housing requirements took effect on Feb. 1, 2017, according to developers and permits. More small multifamily projects are moving ahead with fewer than the 20 units that trigger inclusionary housing requirements. Weekly permit intakes released by BDS are replete with 19-unit building proposals.

Other projects that are moving ahead tend to be large: full-block or superbloc developments such as Security Properties’ Pepsi Blocks and Press Blocks projects, and NBP Capital’s RiverPlace development. Conspicuously missing are the midsize projects that characterized multifamily development before 2017.

“It’s a pretty difficult environment,” said Gus Baum, director of development for Security Properties. “Construction pricing continues to be unpredictable, but high.”

Within weeks, Security Properties is planning to seek permits for Pepsi Blocks’ first phase, Baum said. The first phase includes an approximately 200-unit multifamily building and construction of a woonerf, a shared street through the property at Northeast Sandy Boulevard and 25th Avenue.

Security Properties is phasing the project to allow the bulk of market-rate units to hit the market later.

“The Pepsi Blocks, because it’s a planned development, we’ll hopefully do a greater than minimum share of affordable units in the first phase,” Baum said.

Funding for affordable housing is washing over the housing market in the wake of the city’s \$258.4 million housing bond and Metro’s \$652.8 million bond.

“There’s a lot of money for affordable projects because of the bonds, and that’s taking away resources for market-rate projects,” Baum said.

For now, flat rents and steadily escalating costs give little reason to expect a turnaround in Portland multifamily development, developers said.

“It’s still a pretty soft market to be delivering product,” said Chris Nelson, co-founder of Capstone Partners, a Portland-based developer.

After years of steep increases, rents in Portland have flatlined, making multifamily development less enticing. Average rent for a two-bedroom Portland apartment was down 0.1 percent in February compared to a year ago to \$1,330, according to an Apartment List report.

Rents nationally grew 1.7 percent during the same period, led by Phoenix (3.5 percent), Austin, Texas, (3.4 percent) and Charlotte, North Carolina (2.5), Apartment List reported.

Developers have reacted by diversifying their portfolios by product type and geography. Capstone is one developer that has looked to the suburbs, building a multifamily project in downtown Tigard.

Tigard and Beaverton have worked to attract developers including Capstone and Rembold Properties to bring urban-style projects to the suburbs.

“It’s been a strategic focus of those municipalities to activate their urban cores, and part of that is bringing households to the urban cores,” Nelson said.

Otherwise, Capstone has largely stepped back from multifamily development, instead building industrial facilities for Amazon and other users, and some office spaces.

Policymakers and developers are evaluating the city’s inclusionary housing policy. In the past three years, the city has permitted or is in process to permit at least 601 units from 91 projects. The City Council softened certain requirements, but developers have called for further changes.

Other regulations have added costs, developers said. A requirement for bird-safe window glazing in the Central City has dented project pro formas. For one Mill Creek project, the cost for the window package almost doubled, from \$500,000 to \$900,000, because of bird-safe glazing, Rodriguez said.

“Things like that are just making it more difficult,” he said.

Portland multifamily permits: Apartments/condominiums in projects with three or more units

2019: 4,634

2018: 4,887

2017: 5,993

2016: 4,149

2015: 4,582

2014: 4,344

2013: 2,763

2012: 1,835

2011: 900

2010: 638

The Portland Business Journal

How many Portland-area businesses could pay the proposed business profits tax?

*By Jonathan Bach
February 26, 2020*

Between 12,000 and 13,000 Portland metro-area businesses could find themselves subject to a new business profits tax to fund homeless services starting next year.

That's according to estimates released by the HereTogether coalition, a group that supports new taxes coming before Portland-area voters in the May 2020 election.

The Metro Council this week agreed to refer the proposed business profits tax and personal income tax to the Metro regional ballot. Combined, the two are expected to generate approximately \$250 million a year. Should voters approve the taxes, they would take effect in 2021. Voter re-approval would be required for the taxes to remain in place after 2030, according to Metro and HereTogether.

The two taxes would fund services for the chronically homeless, according to the Portland Business Alliance, which has backed the proposal. Services to prevent homelessness also would be prioritized.

The proposal has the support of elected officials and business interests. Some who testified before the Metro Council on Tuesday pointed to the need for the region to address homelessness together.

"This is a regional challenge and we're facing it the right way — as a region," Portland Mayor Ted Wheeler said.

Andrew Hoan, the PBA's chief executive officer and president, echoed Wheeler, saying chronic homelessness is a regional issue in need of a regional solution. Hoan also underscored the importance of accountability measures. Annual audits, an oversight committee and a limit to administrative overhead are such measures, according to the PBA.

"You have (the) full support of the alliance to get this to the finish line," Hoan said.

Still, the PBA's board as of Wednesday had not formally endorsed the ballot measure.

Residents would pay a 1 percent marginal tax rate on taxable income that exceeds \$125,000 annually for individual filers or more than \$200,000 a year for joint filers, under the proposal.

HereTogether noted the charge would only be assessed on taxable income over those two thresholds, not the whole amount. For instance, joint filers with \$250,000 in a year in taxable income would only be taxed on the \$50,000, paying \$500 in taxes.

Meantime, businesses with more than \$5 million a year in gross receipts would face a 1 percent business profits tax. Businesses with less revenue would be exempt. HereTogether estimates about 6 percent of area businesses would have to pay the tax.

Estimates peg the annual revenue generated by the profits tax at around \$79 million for homeless services, while the personal income tax could generate about \$169 million.

Further Reading (Linked Below)

[This Portland Entrepreneur Wants to Pay You \\$250/Month for Space in Your Backyard](#)