

Changes to the Distressed/ Homebuyer Opportunity Area Maps

1990 Distressed Area Map

Approved: Planning Commission approved the first program boundaries after a public hearing and report by staff May 15, 1990.

Criteria for program boundaries:

- Poor housing conditions
- Number of derelict residential structures
- Low single-family construction activity
- Crime rates
- Low median single family selling price.

Also taken into consideration were the presence of City policies, plans, and projects focusing on residential revitalization including the inner-Northeast Neighborhood Revitalization Focus area, the Nehemiah Grant area, the *Albina Community Plan*, areas of Northeast and Southeast Portland targeted for increased inspections and clean-up by Bureau of Buildings, neighborhood plans for Buckman, Cully and Brentwood-Darlington and many of the neighborhoods determined to be eligible for Housing and Community Development programs.

Reports: Memo on Summary of Designation Recommendations, May 2, 1990; *Data Sources, Relevant Plans and Policies and Correspondence*; May 15, 1990

1993 Distressed Area Map

Approval: Planning Commission agreed with the staff recommendation to keep the map unchanged and to coordinate with CHAS process and the *Outer Southeast Community Plan* on the next map changes on May 25, 1993.

No change to program boundaries

Reports: Memo on Briefing on the Activities of the Housing and Community Development Commission (HCDC) and Other Housing Issues of May 14, 1993

1996 Distressed Area Map

Approval: Planning Commission adds three new Outer Southeast neighborhoods as recommended by the *Outer Southeast Community* planning process by votes at July 11 and August 8, 1995 hearings. New map is published in 1996 after City Council adopts the plan by Ordinance No.169763.

Criteria for additions to program boundaries:

The Outer Southeast neighborhoods of Foster-Powell, Mt. Scot Arleta and northern 2/3 of Lents were chosen as the plan area neighborhoods in need of revitalization. Factors included:

- Low median home values
- Age of housing
- Involvement of R.O.S.E. Community Development Corporation in area.

Reports: *Outer Southeast Community Plan* Housing Action Chart and Map

2000 Distressed Area Map

Approval: Planning Commission approves map changes recommended by the Working Group report on November 28, 2000.

Criteria for additions and deletions to program boundaries:

Additions:

- Median household incomes
- Percentage of Households living in poverty
- Vacant land or oversized lots zoned for single-family residential use

Deletions:

- Revitalization, high single-family home prices, and lack of residentially-zoned vacant land
- Industrial or employment zoning designations

Report: Memo on Recommended Changes to the Property Tax Exemption Programs and Hearing on Proposed Changes to the Distressed Areas Map (Chapter 3.102 of the Portland City Code) of November 16, 2000

2006 Distressed Area Map

Approval: Planning Commission approves map changes recommended by staff. Staff had worked with the Homeownership Advisory Committee, an HCDC subcommittee in compiling the recommended changes on January 10, 2006.

Criteria for additions and deletions to program boundaries:

2000 Census information at the census block group level used in determining median home values and median household incomes. Census block groups are a subset of census tracts.

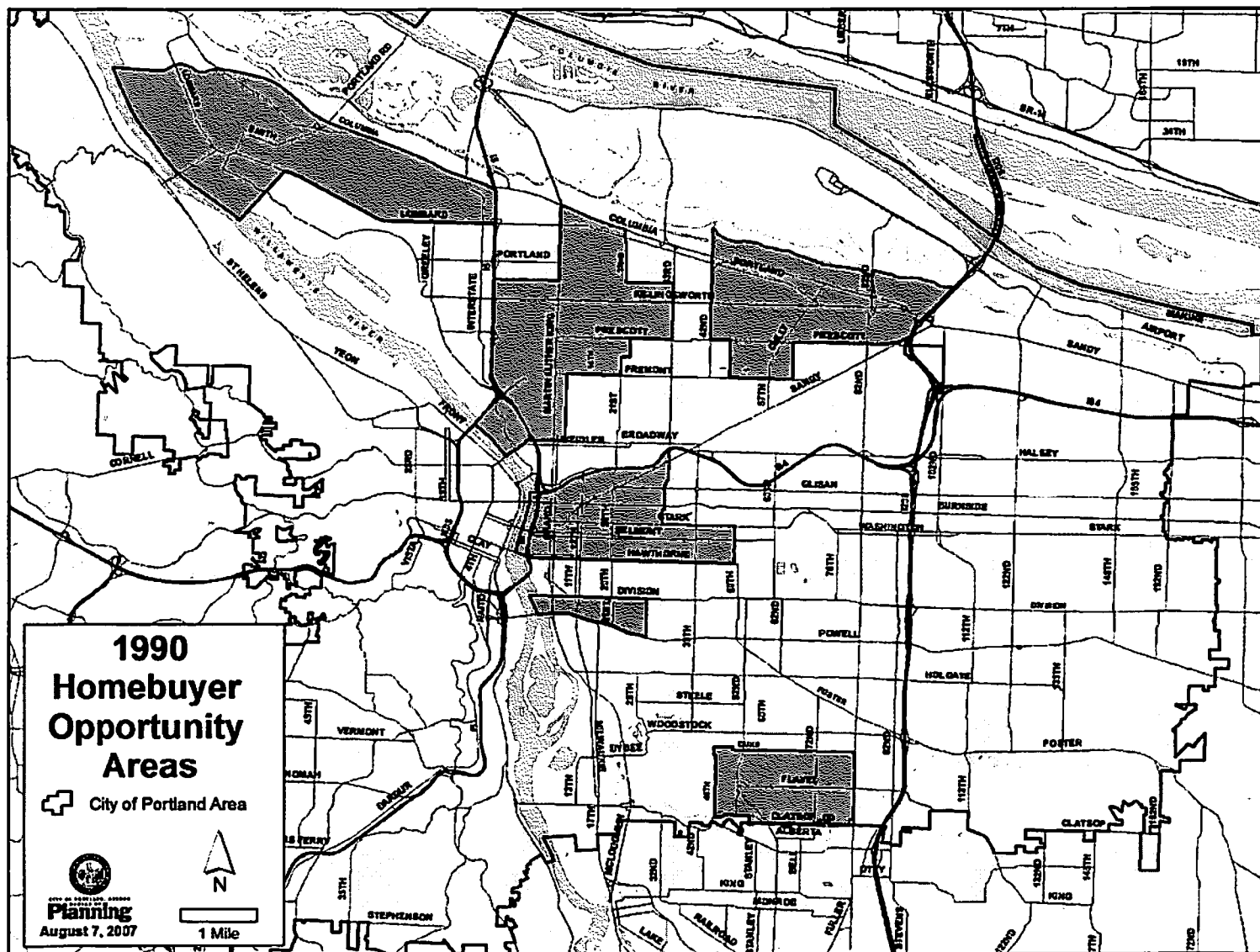
Additions:

- Predominance of low and moderate income households;
- Median income lower than the City median
- Median housing value lower than City average
- "Distressed" neighborhood conditions such as boarded-up housing and housing in poor condition (determined by visual survey)
- Vacant land availability determined by Bureau of Planning maps of vacant and subdivided land without building permits.

Deletions:

- Median household incomes higher than City median
- Median home values close to , or above, City median
- Visual survey to determine revitalization and lack of development opportunities.

Report: Memo on Proposed Changes to the Map of the "Homebuyer Opportunity" areas of December 29, 2005.





CITY OF

PORTLAND, OREGON

BUREAU OF PLANNING

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Current Planning

Housing

Long Range Planning and Urban Design

Land Use Permits

May 2, 1990

MEMORANDUM

TO: Members of the Portland City Planning Commission

FROM: Mike Saba, AICP, Senior Planner
Housing/Long Range Planning

SUBJECT: Distressed Area Designation Criteria and Selection Process
and Other Issues Related to the New Property Tax Exemption
Programs

Summary of Designation Recommendations

The Bureau of Planning staff is recommending, after consulting with the Bureaus of Buildings and Community Development, the application of distressed area designation to the following neighborhoods: Boise, Brentwood-Darlington, Buckman, Cully, Eliot, Humboldt, Kerns, King, Portsmouth, Sunnyside, Vernon, Woodlawn, and portions of Concordia, Hosford-Abernethy, Sabin, St. Johns, and Kenton. The areas are shown on the attached map (Attachment A).

These selections are based on a qualitative rather than strictly quantitative assessment of the criteria discussed below and on the basis of existing or planned revitalization strategies. These areas represent a geographical cross-section of the City's eastside and should provide valuable information on the effectiveness of property tax incentives as a residential revitalization tool in diverse neighborhoods. *It is not intended that every residential district in the City in need of upgrading be included in this first designation process; however, this recommendation reflects a more broadly based geographic application of the new property tax programs..*

Background

At their March 22, 1990 meeting, the City Council passed as an emergency measure Ordinance No. 162854. This ordinance amends the property tax exemption programs to include, among other things, owner-occupied rehabilitation and new single family construction in distressed areas.

The ordinance defines a distressed area as follows:

Section 3.102.090 (2) (a) The area is primarily a residential area of the city which is detrimental to the safety, health and welfare of the community by reason of deterioration, inadequate or improper facilities; the existence of unsafe or abandoned structures, including but not limited to a significant number of vacant or abandoned single- or multi-family residential units; or any combination of these or similar factors; and,

(b) The incentive of limited property tax exemption in a distressed area will help to carry out adopted policies, or areawide or district plans of the city related to housing or neighborhood revitalization.

The ordinance establishes the following procedure for designating distressed areas:

Section 3.102.090 (1) The Bureau of Planning shall be the agency responsible for designating distressed areas. The Bureaus of Buildings and Community Development shall be consulted in the designation process. The designation of such areas shall occur in the form of a public hearing conducted before the City Planning Commission through a legislative process appealable to City Council. If there is no appeal, the decision of the Planning Commission shall be final. The Bureau of Planning shall make available maps indicating current distressed areas. The designation of the first distressed areas shall be conducted as nearly as possible in conjunction with the adoption of this ordinance implementing tax exemption in such designated areas. From the date of the first designation, a review of the areas for possible amendment of the boundaries of the distressed area shall occur at least every three years.

The General Selection Criteria

The definition of distressed areas speaks broadly to the physical state of an area with an emphasis on unsafe conditions caused by vacant, and abandoned housing. Mentioned also are deteriorated, inadequate, or improper facilities. The existence of plans or policies related to residential revitalization is a factor to be used in the designation process. Clearly, state legislation and the local ordinance guiding this process allow the City to use both "objective" criteria as well as policy-based reasons for including an area in the distressed category.

Guided by the definition, staff recommends that "first tier" section criteria be based on poor housing conditions, number and percentage of derelict residential structures, low single family construction activity, proportion of personal and property crimes, and low median single family selling price. Also, used as an initial screening is eligibility for HCD designation, thereby, limiting selection to those neighborhoods with an income level

36,200 family of 4

that is 80 percent or less of the area median. These criteria provide an intentionally flexible guide for an initial sorting out of distressed area candidates.

A chart of the neighborhoods meeting the criteria determined to be most germane is shown as Attachment B. The implications of these rankings are discussed below.

In addition, park deficient areas identified by the Comprehensive Plan and the Park Futures project and percentage of unimproved streets were examined but not used as key factors in the final recommendations. The latest round of neighborhood-based assessments conducted by the County Division of Assessment and Taxation was examined for areas showing a decline in property values.

The presence of City plans or programs focusing on residential revitalization influenced the recommendation of qualifying areas. The relevant plans or projects include the inner-Northeast Neighborhood Revitalization Focus Area, the Nehemiah Grant area, the Albina Community Plan, the areas of Northeast and Southeast Portland targeted for increased inspections and clean-up by Buildings, the neighborhood plans for Buckman, Cully, and Brentwood-Darlington; and many of the neighborhoods determined to be eligible for Housing and Community Development (HCD) programs which also fall under the "first tier" selection criteria described above.

Discussion of Specific Selection Criteria

Indices describing housing condition are found in the rankings of the January 1989 *Neighborhood Revitalization Strategy Report* using the findings of the 1984 *Report of the Code Compliance Task Force*. The factors used in this ranking were visual surveys, housing complaints, percent rental, median rent, percent of stock built before 1949.

Poor Housing Conditions

In the category of *Poor Housing Condition Average Ranking*, the following ten neighborhoods received the lowest rankings. It should be noted that the ranking values were not widely dispersed (*listed alphabetically*):

Boise
Buckman
Eliot
Goose Hollow
Hosford-Abernethy

Humboldt
Kerns
King
Northwest
Sunnyside

Observations. Of these neighborhoods, we would recommend dropping Goose Hollow and Northwest Portland from consideration. These two neighborhoods have experienced considerable market-driven housing appreciation since the 1980 Census which provided some of the base data for these rankings. Moreover, these two neighborhoods have a high percentage of multi-family rental stock which is eligible under existing property tax exemptions program for rental rehabilitation.

Number and Percentage of Derelict Structures

To augment the Poor Housing Conditions criterion, staff used the latest inventory of vacant and derelict buildings conducted by the Bureau of Buildings (January 1990). This is assumed to be the most current and accurate measure of housing condition since each property was surveyed and noted as derelict if appropriate. "Derelict" is defined as a structure under order by Buildings to correct Housing Code violations, posted by Buildings for violations of the Nuisance Code, open to unauthorized access, or boarded. By counting derelict residential structures rather than all vacant structures, we hope to get a more meaningful depiction of the housing conditions of each neighborhood. The following lists show the top ten neighborhoods with the highest number of derelict buildings and the highest percentage of such buildings in relation to each neighborhood's total number of housing units.

In the category of *Number of Derelict Buildings*, the following neighborhoods fall in the top ten (*listed alphabetically*):

Boise	Humboldt
Concordia	King
Cully	Sabin
Eliot	Vernon
Foster-Powell	Woodlawn

In the category of *Percentage of Derelict Buildings*, the following neighborhoods fall in the top ten (*listed alphabetically*):

Boise	King
Brentwood-Darlington	Linnton
Cully	Sabin
Eliot	Vernon
Humboldt	Woodlawn

Observations. There are few surprises on this list with the exception of Cully and Concordia, both of which have highly varied housing conditions

within their borders. A decision was reached at this point in the analysis to exclude Linnton because of its small number of housing units and the majority of its land which is either zoned industrial or designated Open Space.

Little or No Single Family Construction

One indicator of a distressed neighborhood may be a lack of residential construction activity. According to the *Portland Residential Demolition Study* (September 1987), the following neighborhoods recorded a net gain (taking into account demolitions and conversions) in single family and multi-family residential units (a period from 1982 to 1986):

<u>Neighborhood</u>	<u>Number of New Housing Units</u>
Downtown	179
Summerplace	70
Multnomah	51
Arnold Creek	46
Center	42

Neighborhoods which recorded a net loss of residential units were:

<u>Neighborhood</u>	<u>Net Loss of Housing Units</u>
Buckman	-40
Brooklyn	-12
King	-11
Humboldt	-8
Kerns	-8

The above two tables show for comparison purposes the amount of construction activity in the most active and least active neighborhoods during a four year period, which incidentally was during the most severe period of economic recession. More recent figures will likely show even more activity in the developing neighborhoods. In terms of single family activity, the following neighborhoods showed a net decline or no gain in units from July 1, 1982 to June 30, 1986:

<u>Neighborhood</u>	<u>Units Demolished</u>	<u>New Construction</u>	<u>Net Loss</u>
Buckman	-10	4	-6
Hosford-	-11	5	-6
Abernethy			
Kerns	-5	1	-4
Sunnyside	-5	2	-3
Irvington	-2	0	-2
Rose City Park	-6	4	-2
Lloyd Center	-1	0	-1
Vernon	-1	0	-1
Grant Park	-1	0	-1
Laurelhurst	-2	1	-1
Foster-Powell	-18	17	-1
Concordia	-3	2	-1
Goose Hollow	-4	4	0
Sullivan's Gulch	-2	2	0
Eliot	-5	5	0
Overlook	-3	3	0

All other neighborhoods had a net gain of single family housing units during this period.

Observations. The numbers in the above tables do not necessarily indicate declining neighborhoods. In fact, most of them are highly stable, built-out inner-city neighborhoods in which there is little vacant land available for new construction. However, for those neighborhoods that have a significant number of vacant lots, no net gain or an actual loss of units indicates a sluggish housing market. King, Humboldt, Vernon, and Eliot have a significant number of vacant residentially zoned lots according to the 1987 Vacant Land Inventory.

Personal and Property Crime Statistics

A prime indicator of public safety is the amount of crime committed against persons as well as property. While not intended to be a highly weighted factor, the tables below provide some impressions of neighborhoods in distress. The ten neighborhoods showing highest number of crimes against persons (per 1000 population) are:

<u>Neighborhood</u>	<u>Crimes against Persons per 1000 Population (1987)</u>
Northwest Industrial	200.0
Burnside	197.2
King	99.1
Downtown	95.5
Eliot	72.6
Humboldt	70.7
Boise	66.4
Vernon	62.0
Hollywood	45.9
East Columbia	39.9

The ten neighborhoods showing the highest number of crimes against property (per 1000 population) are:

<u>Neighborhood</u>	<u>Crimes against Property per 1000 Population (1987)</u>
Northwest Industrial	2327.3
East Columbia	379.8
Eliot	378.7
Buckman	229.3
Hollywood	226.0
Sullivan's Gulch	218.5
Humboldt	198.1
King	197.6
Kerns	177.7
Northwest	163.3

Observations. Several of the above neighborhoods are not primarily residential. We would exclude for that reason Northwest Industrial, Burnside, Downtown, and East Columbia. The appearance of Hollywood on both lists is surprising but could be explained by the large commercial district which makes up more than two-thirds of its land area.

Single Family Residential Market Activity

An obvious factor to be considered is the value of housing as determined by the real estate market in each neighborhood. The Oregon Multiple Listings Service (OMLS) areas with median sales prices below \$30,000 in 1988 are shown on the following table. The median sales price recorded by OMLS for the entire metro area was \$64,000 in 1988.

<u>OMLS Area (Approximate NH Boundaries)</u>	<u>Number Units Sold</u>	<u>Median Price</u>
Area 102 (<i>Portsmouth, Kenton south of Columbia Blvd.</i>)	116 Units	\$25,625
Area 103 (<i>St. Johns south of Columbia Blvd.</i>)	85 Units	\$27,500
Area 201 (<i>East Columbia, Sunderland, Airport, Parkrose Community Group</i>)	19 Units	\$22,500

Observations. Of the above, Area 201 may be deleted because the majority of the territory is not residential. There were only 19 housing units sold in this large area. All of the other OMLS areas within the City had a median sales price of at least \$35,000.

The problem with OMLS data is that each area covers a large portion of the City with boundaries that do not coincide with Office of Neighborhood Association (ONA) neighborhood boundaries. For example, those areas with a median sales price of \$46,950 or less, (Areas 101, 202, 203, 301, 302, 304, 305) cover most of North and all of Northeast and Southeast Portland. They aggregate highly diverse neighborhoods, making smaller area analysis impossible. Area 101 contains parts of Humboldt and Boise as well as Overlook and Arbor Lodge. Area 202 contains parts of Humboldt and Boise as well as Alameda and Grant Park. Areas 301, 302, 304, and 305 encompass everything between the Willamette River, East Burnside, SE 182nd and the Clackamas County line. Obviously, portions of these areas contain higher value housing, and more active real estate markets, than others. However, a consistent finding of OMLS data is the lower value of housing in North Portland neighborhoods (with the exception of Hayden Island properties), arguing in favor of adding portions of these neighborhoods in the distressed category.

Property Tax Assessment Trends

The Multnomah County Division of Assessment and Taxation has recently published its *1990 Ratio Study Report* which documents real estate market trends in relation to the assessed property values of the preceding year. This report provides data on the relative increase or decline of property values by areas. These areas do not necessarily coincide with City

neighborhood association boundaries but do give an indication of the value of real property relative to other areas in the City as well as to recent market trends within each area. Among the neighborhoods showing a decline in value are those lying east of the I-5 Freeway, north of NE Fremont, west of NE 13th and south of N Lombard. Within this area, the most dramatic decline (20 percent) has occurred south of NE Killingsworth west of NE 13th north of NE Fremont, and east of N Williams. This area includes the King Neighborhood and portions of Boise, Humboldt, Vernon, and Sabin.

Other areas in North and Northeast show less dramatic declines of less than 10 percent. These include areas north of N Lombard and areas south of NE Fremont.

Within Southeast Portland, an area roughly south of SE Powell, west of SE 82nd, north of SE Harold, and east of SE 52nd and an area roughly south of SE Holgate, west of SE 102nd, north of Flavel, and east of SE 82nd showed a 5 percent decline in value. These areas include portions of neighborhoods, including Lents and Foster-Powell, which are potential candidates for designation.

Other Criteria Considered

Inadequate Facilities

The criterion in the ordinance which speaks to deteriorated, inadequate, or improper facilities is not clearly defined. Two "facilities" which can be readily examined include streets and parks. Sewer availability, which can also be documented, presents the fundamental policy dilemma of whether the City wants to encourage new housing construction in areas as yet unserved by sewers. For this reason, the availability of sewer service is not recommended as a factor in this first round of distressed area designation. Street improvements, on the other hand, can be more directly tied to new housing development, especially if there is sufficient development to justify the costs of improvements.

The ten neighborhoods with the highest percentage of unimproved streets are:

<u>Neighborhood</u>	<u>Percent of Unimproved Streets</u>
Reed Addition	34.0
West Portland Park	32.0
Far Southwest	28.0
Jackson North	22.0
Linnton	19.0
Brentwood-Darlington	18.0
Ash Creek	18.0
Multnomah	17.0
Arnold Creek	16.0
East Columbia	16.0

Observations. The only neighborhood in which this is a meaningful factor as an indicator of distressed status is Brentwood-Darlington. The other areas are represented on this list for reasons of topography or are not primarily residential areas.

Park Deficient Neighborhoods

Inadequate recreational facilities would presumably be a reliable indicator of distressed status. However, the following list of park deficient neighborhoods as documented in the City's Comprehensive Plan include a wide variety of neighborhoods of varying income levels and housing values:

Alameda	Mt. Scott
Arbor Lodge	Northwest
Buckman	Overlook
Center	Richmond
Concordia	Rose City Park
Corbett-Terwilliger	Sellwood-Moreland
Grant Park	South Tabor
Hosford-Abernethy	Sunnyside
Montavilla	Vernon
	Woodstock

Observations. This list is less valuable as an indicator of distressed status and is not recommended to be used in the designation process. Further, the Park Futures Plan conducted by the Parks Bureau has more recently identified areas of park deficiency. However, these areas are large portions of the City lying between major parks which for our purposes does not aid in pinpointing areas eligible for housing incentives.

Conclusion

Based on the above discussion, the staff recommendation is that the following neighborhoods be designated as distressed for purposes of the newly adopted property tax exemption programs:

Boise	254 acres
Brentwood-Darlington	611 acres
Buckman	749 acres
Concordia (south of NE Ainsworth, west of NE 33rd)	275 acres
Cully	1083 acres
Eliot	373 acres
Hosford-Abernethy (south of SE Division)	298 acres
Humboldt	361 acres
Kenton (south of N Columbia Blvd.)	689 acres
Kerns	514 acres
King	412 acres
Portsmouth	713 acres
Sabin (north of NE Fremont)	236 acres
St. Johns (south of the Union Pacific RR tracks)	1550 acres
Sunnyside	409 acres
Vernon	201 acres
Woodlawn	489 acres
Total Land Area	9217 acres

The total land area contained within the recommended distressed areas represents 10.3 percent of the total land area of the City (140 square miles or 89,600 acres). State enabling legislation places a limit of 20 percent of the total land area of the the City allowed to be included in the distressed area designation.

Other Issues

At the March 13, 1990 Planning Commission meeting, during which staff briefed members on the upcoming distressed area designation hearing, several members expressed concern about the administration of the new property tax exemption program. These concerns centered on the City's ability to ensure increased homeownership opportunities within the targeted areas and to discourage widespread speculation, incompatible construction, and displacement of present residents.

Although the City Council has passed the ordinance implementing the new programs, staff is prepared to offer amendments at the direction of the Commission which will address the issue of home ownership. This can be accomplished with a minor amendment requiring that new single family construction be owner-occupied.

Regarding the issue of design compatibility, staff would recommend that new housing not be subject to any design standards that do not apply to single family housing in other parts of the City. We would recommend that a track record of projects be established in order to determine whether the housing receiving the tax abatement actually results in inappropriate design. Our concern is not to burden applicants with additional delay and expense while the City is attempting to revive local housing markets. We would also point out that additional design standards are recommended in the Proposed Zoning Code that would apply to development on substandard infill lots of the type that are common in several of the neighborhoods proposed for designation.

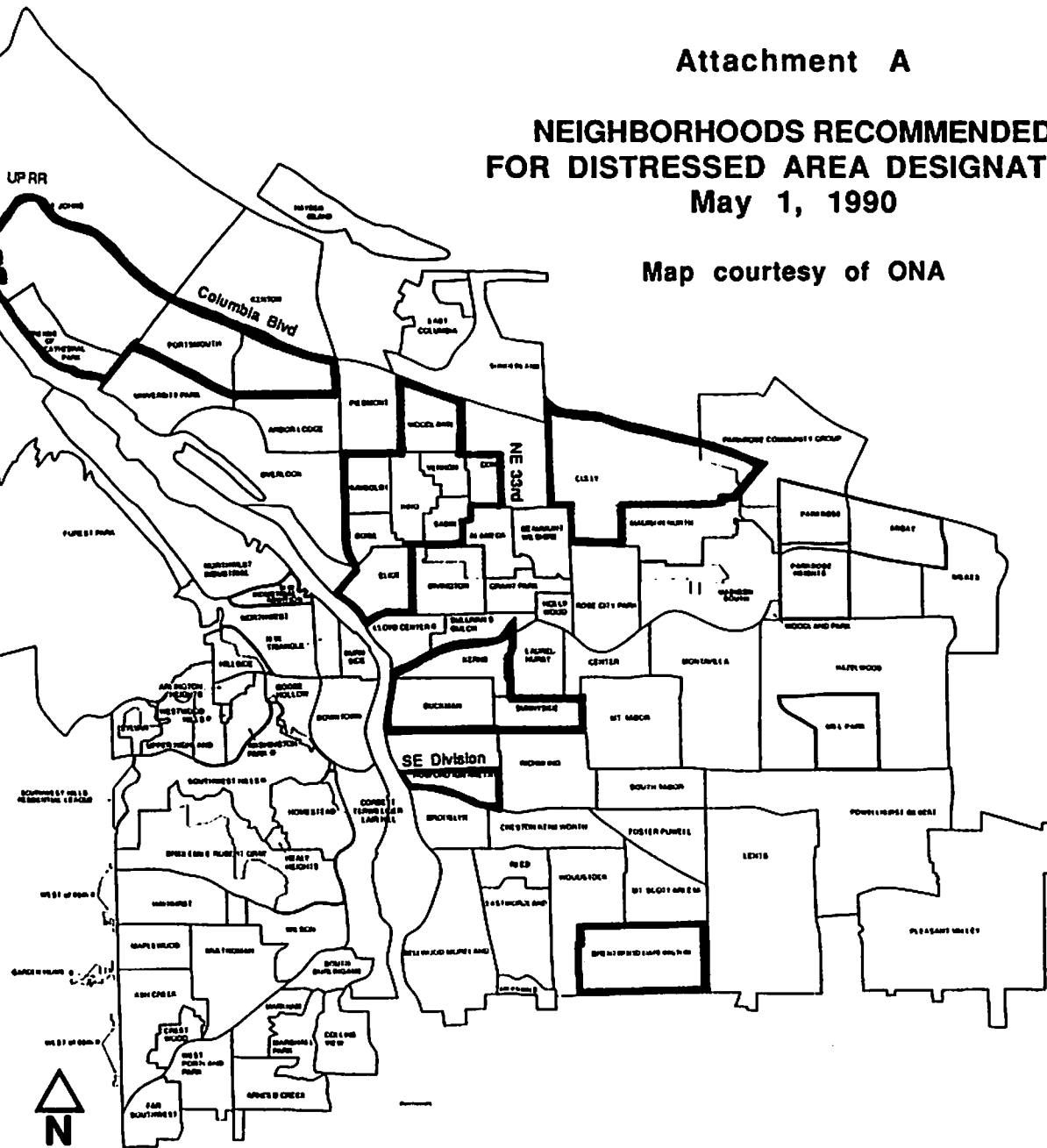
An additional issue involves the ability provided by state legislation to the City to grant extensions beyond the original ten year exemption for projects under low-income rental contracts with the state or federal government. This provision was not included in the adopted ordinance in order to give staff from PDC time to discuss appropriate review criteria with representatives advocating the adoption of this provision by the City. By the May 15 Planning Commission meeting staff should be prepared to brief the Commission on the progress of these discussions and ask for direction from the Commission regarding your recommendation to City Council.

MPS:mps
5-3-90

Attachment A

**NEIGHBORHOODS RECOMMENDED
FOR DISTRESSED AREA DESIGNATION
May 1, 1990**

Map courtesy of ONA



ATTACHMENT B
SUMMARY OF DISTRESSED AREA CRITERIA

Neighborhood	Poor Hsg. Cond.	# Derelict Bldgs	% Derelict Bldgs	No SF Const	Person Crimes	Property Crimes	Low Median Sales Price
Boise	X	X	X		X		
Brentwood-Darlington			X				
Buckman	X			X		X	
Burnside					X		
Concordia (part)		X		X			
Cully		X	X				
Downtown					X		
East Columbia					X	X	
Eliot	X	X	X	X	X	X	
Foster-Powell		X		X			
Goose Hollow	X			X			
Grant Park				X			
Hollywood					X	X	
Hosford-Abernethy (part)	X			X			
Humboldt	X	X	X		X	X	
Irvington				X			
Kenton (part)							X
Kerns	X			X		X	
King	X	X	X		X	X	
Laurelhurst				X			
Linnnton			X				
Lloyd Center				X			

Neighborhood	Poor Hsg. Cond.	# Derelict Bldgs	% Derelict Bldgs	No SF Const	Person Crimes	Property Crimes	Low Median Sales Price
Northwest	X					X	
Northwest Industrial					X	X	
Overlook				X			
Portsmouth							X
Sabin (part)		X	X				
St Johns (part)							X
Sullivan's Gulch				X		X	
Sunnyside	X			X			
Vernon		X	X	X	X		
Woodlawn		X	X				

property and provided a balanced approach to state goals. He was concerned about the staff recommendations for The Grotto and suggested staff find a way to reassure them by providing certainty as to the effects of the recommendations on their property. Otherwise, he felt The Grotto should be removed from the inventory of resources. He also thought trees of six-inches or less should be allowed to be cut without review

Mr. Orloff wondered if certain scenic sites ought to have higher protective standards because they were either public or publicly accessible. He felt such sites, even if privately-owned, should be retained in the city's inventory but was uncertain as to how best to address land use issues related to those properties. He felt the commission had a responsibility to address the city's future, which would not be "a painless effort" but one that warranted the costs associated with it. He thought the plan forced the commission to focus on that responsibility. Ms. Andrews wanted further discussion of how the height limit around Rocky Butte would be mapped, of how the 1000-foot access spacing on the butte would affect development, and of whether to allow metal fencing on the butte through an adjustment process. (She suggested that historic wrought iron fences should be allowed on the butte.)

The commission agreed to defer action to its June 26, 1990 meeting. Additional public testimony would be accepted only on new amendments to the staff's recommendations of April 24, 1990.

Criteria for Designation of Distressed Areas for New Property Tax Exemption Programs

Mike Saba presented the staff report and recommendations on the matter, as included in the agenda for the meeting and in information distributed at the meeting: "Data Sources, Relevant Plans and Policies, Correspondence". (See attachments to these minutes.) He emphasized that, as the ordinance was written, there was no requirement that exemptions for new single-family home construction be given only to resident owners. Mr. Stacey added that the action before the commission was really only designation of distressed areas, an action that would be final absent an appeal to the City Council. The City Council had already acted to adopt the tax abatement policy that would be used in those distressed areas, and had chosen not to limit the exemption to resident owners. Mr. Saba noted that the limitation had not been part of City Council discussion prior to its adoption of the exemption policy. Mr. Stacey said staff would, however, take any recommendations from the commission to the City Council for amendment of the existing policy for later consideration apart from the designation of distressed areas.

Ms. Andrews noted receipt of a memorandum from Commissioner Blumenauer to the members of the Planning Commission related to the recently-adopted tax abatement policy. (See attachments to these minutes.) She felt the commission should respond to his request for comment. Mr. Amy asked if the City Council had discussed rehabilitation of existing structures as well as new construction prior to its adoption of the tax abatement policy. Mr. Saba said it had not; the policy had been adopted without discussion. Mr. Amy felt the Planning Commission should comment on that aspect of the policy, too.

Ms. Andrews called for public testimony.

Martha McLennan, testified as neighborhood revitalization program manager for the city's Bureau of Community Development. She had participated in the work done by planning staff and supported the recommendations before the commission. She noted that all neighborhoods proposed for inclusion in the designation were or had been HCD-designated (Housing and Community Development) areas, with the exception of Cully and Brentwood-Darlington which had only recently been annexed to the city. Mr. Orloff asked how many more neighborhoods

might later be included in the program. Ms. McLennan suggested neighborhoods would "evolve" from being distressed to being successfully rehabilitated. Mr. Orloff also wanted to know how much neighborhood involvement would be needed to make the program successful. Mr. Saba responded that the neighborhoods had already been involved in the decision as to distressed area designation, especially the neighborhoods of Southeast Uplift and the Eliot neighborhood. A process to market the program once adopted by the city would have to be developed and would probably involve the Bureau of Buildings, PDC, and neighborhood associations.

Mr. Michaelson asked if multifamily housing in distressed areas would be eligible for new construction monies, or if only single-family homes would qualify for those monies. Mr. Saba said money for new construction of multifamily dwellings would apply only within the central city area; in the newly-designated areas, new construction funding would be available only to single-family dwellings. Ms. Karmel asked how the effectiveness of the program would be evaluated. Ms. McLennan said use of the program would be one measure of its success, as well as would the kind of person who applied for the exemption and the quality of new construction. Ms. Karmel felt the criteria should be tightened to assure that the "considerable public expense" provided the expected benefit. Mr. Saba added that the ordinance required a report to the Portland School Board after five years on the impact of the program on the district's tax base. The ordinance also included a sunset clause at the time the program reached \$10 million of exempted property value.

Mr. Cooley asked if the program anticipated home ownership as one of its goals. Ms. McLennan said it was difficult to determine what the market would provide in the way of applicants for the tax exemption. However, the city would encourage both home ownership as a means of stabilizing the target neighborhoods and affordable rental housing. Ms. Andrews noted that the ordinance did not call for tax abatement for resident-owners. Ms. McLennan felt the program should be available to non-profit landlords, but agreed opening it to investor-owners had not been specifically decided. Ms. Andrews noted that the savings from tax abatement might not be passed to renters by investor-owners and she found no public benefit to be derived from that kind of subsidy. Mr. Cooley argued strongly that neighborhoods became distressed because of a lack of owner-occupied single-family homes. He felt the market would move people to build owner-occupied homes if the tax advantage were limited to that kind of construction. He did not think excluding rental housing from the program would in any way limit the number of units that would be built by the private market. He thought it was most important that the total number of units subsidized under the program be owner-occupied single-family homes.

Ms. McLennan said staff had felt it would be too difficult to monitor home ownership for the 10-year life of the tax abatement, even though owner occupancy was a laudable program goal. Mr. Cooley did not think people would take the chance of losing the tax abatement by trying to defraud the program. He felt it would be either self-enforcing or very easy to enforce. Mr. Michaelson suggested that the abatements could be limited to one per customer. Mr. Saba said the issue of owner occupancy became "a little tricky" when non-profit corporations built the new homes. Ms. Karmel stated that, although she did not disagree with the concept, she felt there were too many problems with limiting the program to resident owners. She also thought such a restriction would slow the number of units built or rehabilitated under the program and compared it to her past experience with the PDC's urban homestead program. Her preference was to focus on a low-income occupant rather than on who owned a unit subsidized through tax abatement.

Don Neureuther, 1726 NE Alberta, 97211 testified on behalf of the NE Community Development Corporation, the organization responsible for implementation of the Nehemiah

grant program in inner-Northeast Portland. The group would benefit from the tax abatement and other subsidy programs offered through the city. He supported designation of neighborhoods outside the Northeast as distressed areas and raised several issues he had found important to the people living in neighborhoods that would benefit from the program. The first was: What will the new construction look like? He felt it would be a disaster for the neighborhoods if developers were allowed tax abatement to build 40 to 100 cheap duplex units. A second was the question of home ownership contrasted with affordable rental housing; both were needed in the distressed areas. He urged the commission to consider who would be responsible for rental housing if the program were opened up to investor-owners and suggested that non-profit interests would be more committed to providing low- and moderate-income housing for families over the long-term. He also felt the program should be open to people making 80% to 90% of the area median income who might be willing to build a home in a distressed area.

In response to a question from the commission, Mr. Neureuther agreed with Mr. Cooley that there was already too much rental housing in the distressed areas. He felt that, at least in Northeast Portland, new affordable multi-family units were also needed and the amount of single-family rental homes should be decreased. He worried that the private sector housing providers would use the tax abatement to build as cheaply as they could unless there were some legislation that would prevent that. Ms. Karmel asked if he thought a program limited to subsidizing resident-owners would cause the some 400 units to not be built or rehabilitated over the term of the program. Mr. Neureuther did not think such a limit would leave units unbuilt given the number of neighborhoods included in the program. Ms. Karmel felt limiting the program to home ownership would create a bias against the North and Northeast areas of the city, causing the tax abatement monies to go to other less distressed neighborhoods. Mr. Neureuther did not share her fear. Ms. Karmel asked if he felt a larger exemption for home ownership might be provided than for investor-owned units. Mr. Neureuther thought that might be a creative way of addressing the potential problem of too much investor-owned development in the distressed areas. Mr. Saba added that staff had already asked the city attorney to address the legality of a graduated system of abatement under the authorizing legislation.

Nick Sauvie, 3534 SE Main, 97214 testified on behalf of the Southeast Uplift neighborhood organization. He was also on the board of Reach Community Development. He supported the proposed tax abatement program as a means to retain families in low-income neighborhoods and add stability to them. He had two concerns: one, some additional southeast Portland neighborhoods (Lents and Foster-Powell) should be included in the designation; and two, the PDC might cease providing low-interest loans in Southeast Portland which would affect how successfully the property tax abatement program worked. He worried that a lack of low-interest loans could work against city objectives by leading to gentrification of the presently distressed neighborhoods.

There was no further testimony and Ms. Andrews closed testimony on the matter.

¶ Motion: Mr. Cooley moved adoption of the staff report and recommendations, with one amendment limiting tax exemption for new single-family homes to owners who occupy the homes for which the exemption is granted. Mr. Michaelson seconded the motion. Ms. Karmel asked that the motion be changed to separate adoption of the staff recommendations from the proposed amendment. (Messrs. Cooley and Michaelson agreed to that request.)

Mr. Amy asked if the designations would be used for any purposes other than the tax abatement program. Mr. Saba said they would not be. Mr. Stacey added that future city

programs might be targeted to the neighborhoods shown on the map adopted for the tax abatement program.

✓ The vote on the motion to adopt the staff recommendations was: ayes--Amy, Cooley, Karmel, Orloff, Andrews; nays--Michaelson.

¶ Motion: Mr. Cooley moved that the commission recommend to the City Council that the tax exemption for new single-family homes be limited to owners who occupy the homes for which the exemption is granted. Mr. Orloff seconded the motion.

Ms. Andrews concurred with the motion for several reasons: the quality of owner-occupied homes was better than if the homes were built for the rental market; the saving from tax abatement would not necessarily be passed to renters if investor-owners were recipients of the subsidy; there was already a high percentage of renter-occupied housing in the distressed neighborhoods; owner-occupants would provide long-term stability for the neighborhoods. Ms. Karmel opposed the motion for the reasons she had stated before. Mr. Michaelson felt the motion presented a simple fix to a problem that might not be the right answer for all the neighborhoods designated as distressed. He wanted further study of the entire program before limiting its scope. Mr. Amy said he shared some of the concerns that had been raised by Ms. Karmel and Mr. Michaelson and suggested that the motion be expanded to include a program goal of, perhaps, \$3 million property improvements per year, with any of that amount not used after a 6-month phase-in period to be available for subsidy of rental units. He did agree, however, that the city's first priority should be subsidy of owner-occupied housing. Mr. Cooley said the intent of his motion was to send a message to the City Council, with the hope that it would direct staff to develop a program which might include a system like that suggested by Mr. Amy.

✓ The vote on the motion to adopt the staff recommendations was: ayes--Cooley, Michaelson, Orloff, Andrews; nays--Amy, Karmel.

Mr. Stacey said planning staff would prepare ordinance language (to amend the ordinance already adopted by the City Council) outlining the mechanism(s) according to which tax exemption would be approved for owner-occupied homes as recommended by the Planning Commission. Ms. Andrews asked that the planning staff include the concern expressed by members of the commission that, while home ownership was important, the program should not be made unworkable by a limit that might be too restrictive of the market. The commission agreed to review the ordinance at its June 12, 1990 meeting; no public testimony would be accepted on that language before it was offered to the City Council.

Mr. Cooley left the meeting at this point.

Housing Policy 4.9: Vacant and Abandoned Housing and Community Revitalization

Mr. Saba briefly summarized the staff report and recommendations and distributed copies of a February 7, 1990 report of the Task Force on Vacant and Abandoned Buildings. He introduced Steve Rudman, project manager for the Bureau of Community Development, and Margaret Mahoney, director of the Bureau of Buildings.

Mr. Rudman explained the actions that had been taken by city bureaus to implement the recommendations of the report of the Task Force on Vacant and Abandoned Buildings, noting that the report provided a comprehensive approach to address issues related to community

revitalization. The most important finding of the task force was the need for community-based development that involved residents and community groups of the affected areas in the revitalization efforts. The proposed amendments to the comprehensive plan were very important because the plan served as the "overall framework for decision-making" that would guide the city's future growth.

Tom Oxley, 3102 SE 67th Avenue, 97206 testified on behalf of the Oregon Apartment Association. The association was opposed to systematic licensing or inspection of rental properties that might require registration or payment of a fee. He felt certain city inspectors were abusing the present program and could "put the city at risk for a lawsuit." He complained that Bureau of Buildings personnel were assessing fines against absentee landlords with vacant properties (for example for cleaning up garbage that had collected at the property) without making a concerted effort to determine and warn the owner. He felt the city should make every effort to reach the owner before any fines were assessed. He said he, as a property manager, would be willing to register all the properties he managed with the city to make contact with him easier. He noted he was not speaking for other property managers in the city. Mr. Amy asked if he were willing to pay a fee for the special notice. Mr. Oxley said he was not.

Jeffery Liddicoat, 3236 SE Yamhill, #2, 97214 testified on behalf of the group 20/20 Justice. He supported the wording proposed for amendment 4.9 to the comprehensive plan. He felt the proposed land trust should apply to existing houses and not just empty lots and a policy to allow sweat equity should also be adopted by the city. He did not think any of the present programs administered by the city as part of the neighborhood revitalization efforts would really help the "poorest of the poor." It was very important to coordinate programs like job counseling, drug and alcohol abuse prevention, and child care with the housing programs that were implemented in order to assure that neighborhoods did become attractive to resident-owners. He felt, too, that the land trust should be formulated as a communitywide land trust and controlled democratically by those people participating in the land trust program. He also suggested that a progressive income tax on the wealthiest people in the city be instituted to begin to solve the city's underlying social ills.

Robert Gershbein, 3101 SE 11th, 97202 testified on behalf of Oregon Housing Now, and submitted a letter for the record. (See attachments to these minutes.) His testimony was supportive of establishment of a land bank, which should include vacant houses as well as empty lots.

A letter was also received from the Eliot neighborhood association addressing both this and the previous agenda item. (See attachments to these minutes.) There was no further public testimony, and Ms. Andrews closed testimony on the matter.

Ms. Andrews asked if there were any language in the staff recommendations that implied a fee for inspection of rental housing. Ms. Mahoney noted that Objective 12 of the report related to "systematic housing inspections" and, while not calling out a specific fee, it referred to the Bureau of Buildings which was under City Council directive to provide fee support for its programs. (The bureau's housing program was not presently supported totally by fees.) Ms. Mahoney said the staff continued to feel Objective 12 was warranted to address the task force recommendation for creation of an early-intervention program which the city did not presently have. She noted, too, that absentee landlords who kept their records current would receive notice of code infractions prior to the city's acting to rectify a situation.

Ms. Karmel asked if the PDC had seen the staff's recommendation and commented on it. Mr. Saba said PDC staff had seen the recommendations but had provided no comments to the bureau up to the present time. Ms. Mahoney added that PDC staff had participated on the task

force. Mr. Saba added that PDC was preparing an expansion of the housing component of some of the existing urban renewal districts, which was not in conflict with the objectives proposed for addition to the comprehensive plan. Mr. Stacey explained further that the comprehensive plan objectives had to be broad enough to encompass the variety of projects that would be needed to address community revitalization. Ms. Karmel said she would be more comfortable if the PDC had commented specifically on the objectives of the staff report.

Ms. Karmel objected to Objective 4 of the staff report, which she considered "of quite a different category" than the other objectives; she opposed any motion to adopt the staff report and recommendations if that objective were included. She felt government participation in acquisition of properties was improper, but did not oppose the concept of receivership that would convey properties to non-profit owners, for example. She did not feel city government could handle the problems associated with ownership of residential properties. Mr. Orloff suggested that Objective 2 of the staff report be somehow linked to the tax exemption program that had been discussed earlier that afternoon. Mr. Michaelson felt Objective 2 should be narrowly-focussed to single-family houses that were vacant or abandoned. He did not want it to be interpreted later to support things like condominium conversion that the city might not want to encourage. Ms. Andrews asked that staff review the changes suggested in the letter from the Eliot neighborhood association.

The commission deferred action on the matter to a time uncertain.

Amendments to Central City Plan, Plan District Chapter, Related to FAR and Open Space Calculation

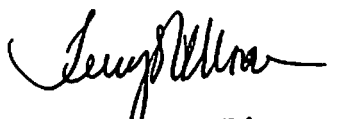
The commission deferred the hearing and action on this matter to its June 12, 1990 meeting.

Zoning Code Rewrite Project: Clarification of Applicability of Land Use Regulations

The president, acting in her capacity as chief officer of the commission, ruled that the staff report and recommendations appropriately clarified the intent of the Zoning Code Rewrite Project recommended draft and should be included as part of the "errata" document submitted to the City Council with the commission's recommended draft Zoning Code Rewrite Project.

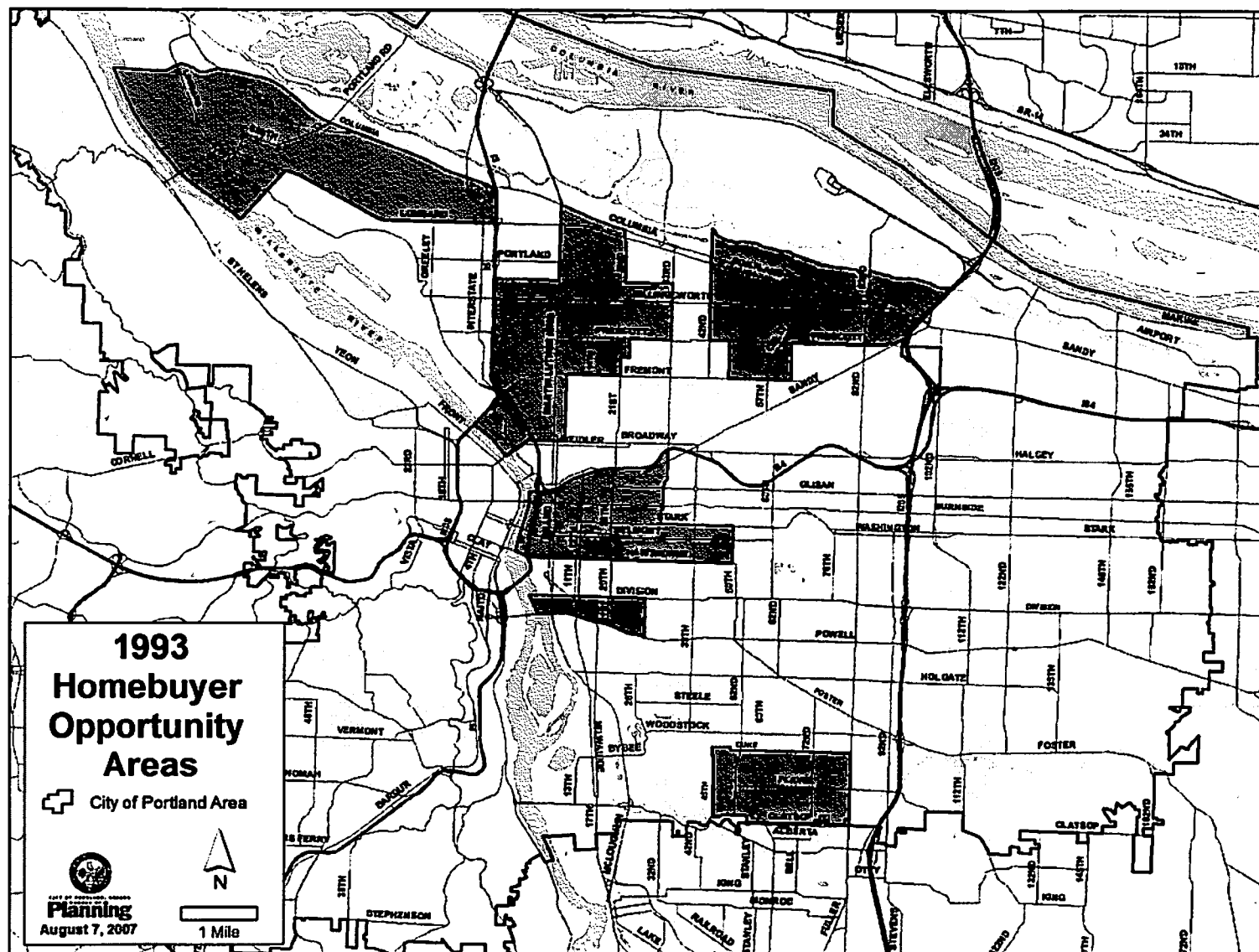
There being no further business, the meeting was adjourned at 6:05 p.m.

Respectfully submitted,

 *for RES.*

Robert E. Stacey, Director
Bureau of Planning

tshm/2 April 1991



HOUSING & COMMUNITY DEVELOPMENT COMMISSION



c/o Bureau of Community Development
808 SW Third Avenue • Room 600
Portland, Oregon 97204-1966

May 14, 1993

MEMORANDUM

TO: Members of the Portland City Planning Commission

FROM: Mike Saba, Senior Planner
Housing/Long Range Planning and Urban Design

SUBJECT: Briefing on the Activities of the Housing and Community Development Commission (HCDC) and Other Housing Issues:

- New Five Year CHAS
- Community Development Allocation Policy
- Distressed Area Designation for Property Tax Exemption Programs

Background

In 1990, the City of Portland adopted a new limited property tax exemption program to encourage new single family construction and owner-occupied rehabilitation in neighborhoods designated as "distressed areas" (Chapter 3.102 of the City Code).

The program defines a distressed area as follows:

Section 3.102.090 (2) (a) The area is primarily a residential area of the city which is detrimental to the safety, health and welfare of the community by reason of deterioration, inadequate or improper facilities; the existence of unsafe or abandoned structures, including but not limited to a significant number of vacant or abandoned single- or multi-family residential units; or any combination of these or similar factors; and,

(b) The incentive of limited property tax exemption in a distressed area will help to carry out adopted policies, or areawide or district plans of the city related to housing or neighborhood revitalization. [emphasis added]

The ordinance establishes the following procedure for designating distressed areas:

Telephone: (503) 823-2375

FAX: (503) 823-2387

TDD: (503) 823-2388



City of Portland



Multnomah County



City of Gresham

Section 3.102.090 (1) The Bureau of Planning shall be the agency responsible for designating distressed areas. **The Bureaus of Buildings and Community Development shall be consulted in the designation process.** [emphasis added] The designation of such areas shall occur in the form of a public hearing conducted before the City Planning Commission through a legislative process appealable to City Council. If there is no appeal, the decision of the Planning Commission shall be final. The Bureau of Planning shall make available maps indicating current distressed areas. The designation of the first distressed areas shall be conducted as nearly as possible in conjunction with the adoption of this ordinance implementing tax exemption in such designated areas. From the date of the first designation, a review of the areas for possible amendment of the boundaries of the distressed area shall occur at least every three years.

In May 1990, the Planning Commission approved the staff recommendation of distressed area designation for the following neighborhoods: Boise, Brentwood-Darlington, Buckman, Cully, Eliot, Humboldt, Kerns, King, Portsmouth, Sunnyside, Vernon, Woodlawn, and portions of Concordia, Hosford-Abernethy, Sabin, St. Johns, and Kenton. A record of activity under this program has been compiled by Buildings and is attached for your information.

Potential Amendments--Three Year Review

It is time to review the current distressed areas for possible amendment. After conferring with Bureau of Housing and Community Development staff, it was suggested that such a review be coordinated with the new Five Year CHAS, the CD Allocation Policy, and the Outer Southeast Community Plan, all of which are in process. This appears to be a reasonable approach so long as we complete the distressed area review during this year.

We would like to brief the Planning Commission at your May 25 meeting on the upcoming distressed area review in conjunction with briefings on the CHAS and CD Allocation Policy as well as housing issues that may be of concern to the Planning Commission. Susan Emmons, Chair of the HCDC, and staff from the Bureau of Housing and Community Development will join me in this briefing.

cc: Steve Rudman, BHCD
Susan Emmons, HCDC

attch.



CITY OF
PORTLAND, OREGON
BUREAU OF BUILDINGS

1120 S.W. 5th Avenue
Portland, Oregon 97204-1992
Mailing Address: P.O. Box 8120
Portland, Oregon 97207-8120
(503) 823-7300
FAX: (503) 823-6983
TDD: (503) 823-6868

MEMORANDUM

RECEIVED

FEB 23 1993

DATE: February 22, 1993
TO: Mike Saba, Bureau of Planning
FROM: Gregory *GC* Carlson, Bureau of Buildings
RE: Limited Tax Assessment Program 1992

CITY OF PORTLAND
BUREAU OF PLANNING

As of the end of calendar year 1992, this office has approved completion Limited Tax Assessments on 44 properties. There have been 6 owner occupied rehabilitation LTA's with an exempted amount of \$143,816.00. There have been 38 single family new construction LTA's with an exempted amount of \$1,987,921.00. The neighborhood breakdown for each type of property is below. These numbers include, in the case of the owner occupied rehabs, any properties approved prior to 1992 as well.

NEW CONSTRUCTION - SFR

<u>Neighborhood</u>	<u># of Prop.</u>	<u>Amount Exempted</u>
BRENTWOOD	25	\$ 1,265,502.00
CULLY	2	109,037.00
HUMBOLDT	2	103,200.00
KING	3	167,010.00
PORTSMOUTH	3	169,937.00
ST JOHNS	3	173,235.00
		<u>\$ 1,987,921.00</u>

OWNER OCCUPIED REHAB

<u>Neighborhood</u>	<u># of Prop.</u>	<u>Amount Exempted</u>
BRENTWOOD	2	35,733.00
ELIOT	1	23,628.00
HUMBOLDT	1	64,241.00
KING	1	8,000.00
ST JOHNS	1	12,214.00
		<u>\$ 143,816.00</u>

NEW FIVE YEAR CHAS TIMELINE (May 11, 1993 Revision)

Proposed Timeline (assuming December 31, 1993 deadline):

Project Element	Timeline
Agree on Staff Assignments	April 28
Notify Agency and Advisory Group Networks	March-April
Brief HCDC and Obtain Approval of Process and Timeline	May 5
Collect and Analyze Data for Community Profile	April 19-May 28
Complete Draft Community Profile (Including Needs Assessment)	July 15
Conduct 5-7 Neighborhood Workshops	July 25-August 6
Conduct In-House Strategy Sessions Based on Workshop Input	August 16-20
Present Draft Strategies to HCDC for Discussion	September 1
<i>*Prepare Draft FY 93 Performance Report</i>	<i>September 1-September 30</i>
<i>*Brief HCDC on Performance Report</i>	<i>October 6</i>
<i>*Open 30 Day Comment Period on Performance Report</i>	<i>October 11-November 10</i>
Open 30 Day Comment Period on CHAS	September 20--October 20
Hold Public Hearing on Draft Five Year Strategies and One Year Plan at October HCDC Meeting	October 6
Complete CHAS Revisions	October 20-October 27 (HCDC Agenda Deadline)
Present CHAS to HCDC for Adoption and Recommendation to Jurisdiction	November 3
Adopt Five Year CHAS and Annual Plans by Respective Jurisdictions	November 7-November 19
Submit Adopted CHAS and Performance Report to HUD	December 16

**The FY 93 Performance Report is a separate document.*

Because of time constraints, Genasci only briefly described the other three projects: (1) Goose Hollow Neighborhood plan calls for more housing; four new parks; a neighborhood center east of Collins Circle; and a mixed-use residential and retail project at SW 18th and Jefferson. (2) Pearl District plan hopes to allow a park block through the Post Office site; repetitious public space in the center with courtyards relating to four and five story buildings and lower buildings along NW 11th to respect historic character; and (3) Forest Park Neighborhood plan calls for development of a commercial space, consisting of retail, health club, public space and a new park in a specific area already set aside by Forest Heights PUD. (A document will be prepared detailing these projects and goals and will be submitted to the Planning Commission when available.)

Cooley expressed appreciation to Holmstrom and Genasci for their commitment of time and effort and also hoped that the document will facilitate early discussions between potential developers and neighborhood residents.

2. Distressed Area Designation, Comprehensive Housing Affordability Strategy (CHAS), Community Development Allocation Policy, and other housing issues
(Staff: Mike Saba; Steve Rudman, Acting Director, BHCD)

Saba introduced Susan Emmons, Chair of Housing and Community Development Commission, and Steve Rudman, Acting Director of the Bureau of Housing and Community Development. Saba presented a memo to the Commission, dated May 14, 1993 (included in the agenda) which explained the background and current status of the distressed area designation for property tax exemption programs, noting that the required three-year review will be coordinated with the new Five Year Comprehensive Housing Affordability Strategy (CHAS), the Community Development Allocation Policy, and the Outer Southeast Community Plan, all of which are in process. Presented a map dated May 1990 identifying neighborhoods designated as distressed areas (attached).

Saba then presented and explained the new five year CHAS timeline, dated May 11, 1993 (attached to the May 14 memo included in the agenda), noting that HCDC approved the proposed timeline at their May 5, 1993 meeting.

Susan Emmons, Chair of Housing Community Development Commission, presented a memo addressed to members of the Portland City Council, Gresham City Council, and Multnomah County Board of Commissioners, dated December 2, 1992 (attached), which identified the goals and work program for the Commission. Two primary goals included: To increase the effectiveness of the public housing delivery system by providing coordination among diverse public agencies which implement housing programs; and serve as a centralized liaison between those agencies and the governing bodies of the jurisdictions on issues regarding housing policy, goals, programs, and related allocation of public funds. Work program priorities for 1993 include budget coordination and program evaluation, allocation policy for flexible federal funds, increasing resources for housing and services, homeless services, non-profit housing development corporations - issues of capacity and access, and comprehensive information and referral. Attached to this memo were Adopted Principles and Priorities for the CHAS and the HCDC Response to Public Testimony, CHAS addendum (both attached).

Steve Rudman, Acting Director of the Bureau of Housing and Community Development, noted that their primary charge is to coordinate the City's housing and community development grant programs and to help with housing policies. Rudman presented and explained the rationale for a five year Community Development Plan and Allocation Policy (attached).

Cooley noted that during the Albina Community Plan process some affordable housing issues were pulled out and passed on to the CHAS process. Cooley offered to provide Commission assistance in a joint effort with the HCDC to deal with these issues, noting that the Commission continues to retain an interest in and commitment to affordable housing, but felt that it could not be dealt with in the context of a community plan.

DeMaster asked if there would be an evaluation of the first five year CHAS process.

Saba responded that the City is required to do a yearly performance report comparing resources with what we received. The first performance report was done under a different set of assumptions in terms of what we thought the resources would be and a different set of regulations by HUD in terms of the instructions. But HUD changed the rules midstream and determined that the definition of "performance" was only a unit occupied. For example, for a multi-year development project, we could only count that as performance during a particular time period if the unit is occupied. We hope that in the next few years we will have a consistent set of guidelines.

Rudman responded that HUD plans to provide census data that will break down cost burden (30 percent of your income) by segments of the population in terms of income. We can get a sense of where people live, what income level are in each area of the City, and where there is considerable cost burden.

Emmons noted that the Commission has requested from staff a "housing production matrix" which will show what kind of housing is being produced, what CHAS priority it fits under, what the per unit cost is, how the subsidy and funding come together, what is the target population, and the project development schedule. This matrix will hopefully address accountability issues.

Van Dyk noted that the density bonus allowed for construction of affordable housing was not approved as part of the Alternative Design Density Overlay in the Albina Community Plan and asked if it were part of another housing project?

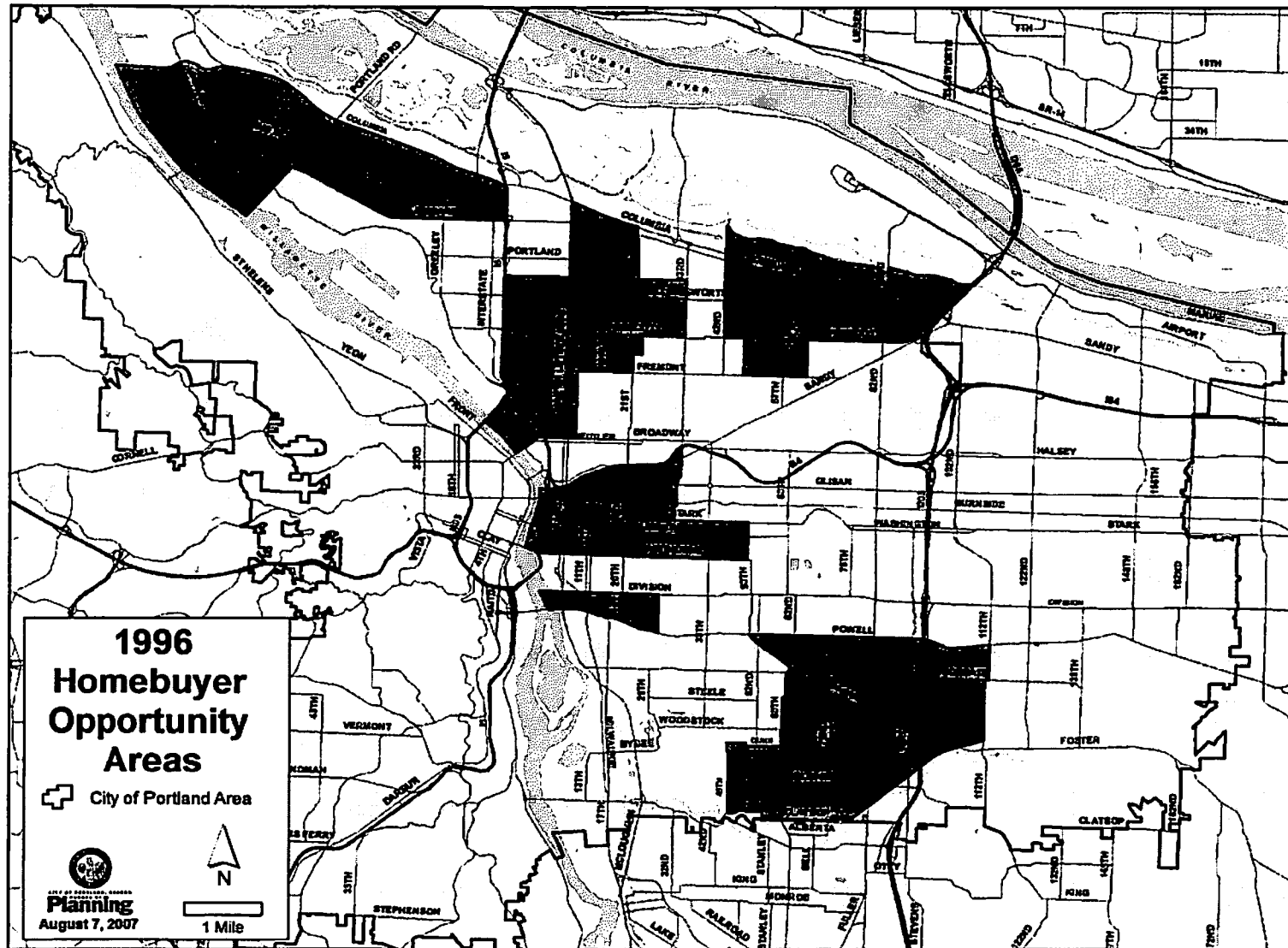
Rudman responded that it was appropriate to remove the bonus provision from the Albina Community Plan so that the challenge of providing enough affordable housing in the community could be addressed citywide and to identify incentives, both regulatory and financial. The private lending community is doing a much better job in living up to its commitments to reinvest in all areas of the community. The Fair Housing Task Force is preparing strategies addressing the difficulties of housing people with special needs and homeless people.

Action Item:

1. Skyline West Conservation Plan
(Staff: Al Burns and Gail Curtis)

(Because Al Burns, primary staff person, was not available, a detailed staff presentation was not given of the issues identified in the Executive Summary, dated May 14, 1993, included in the agenda.)

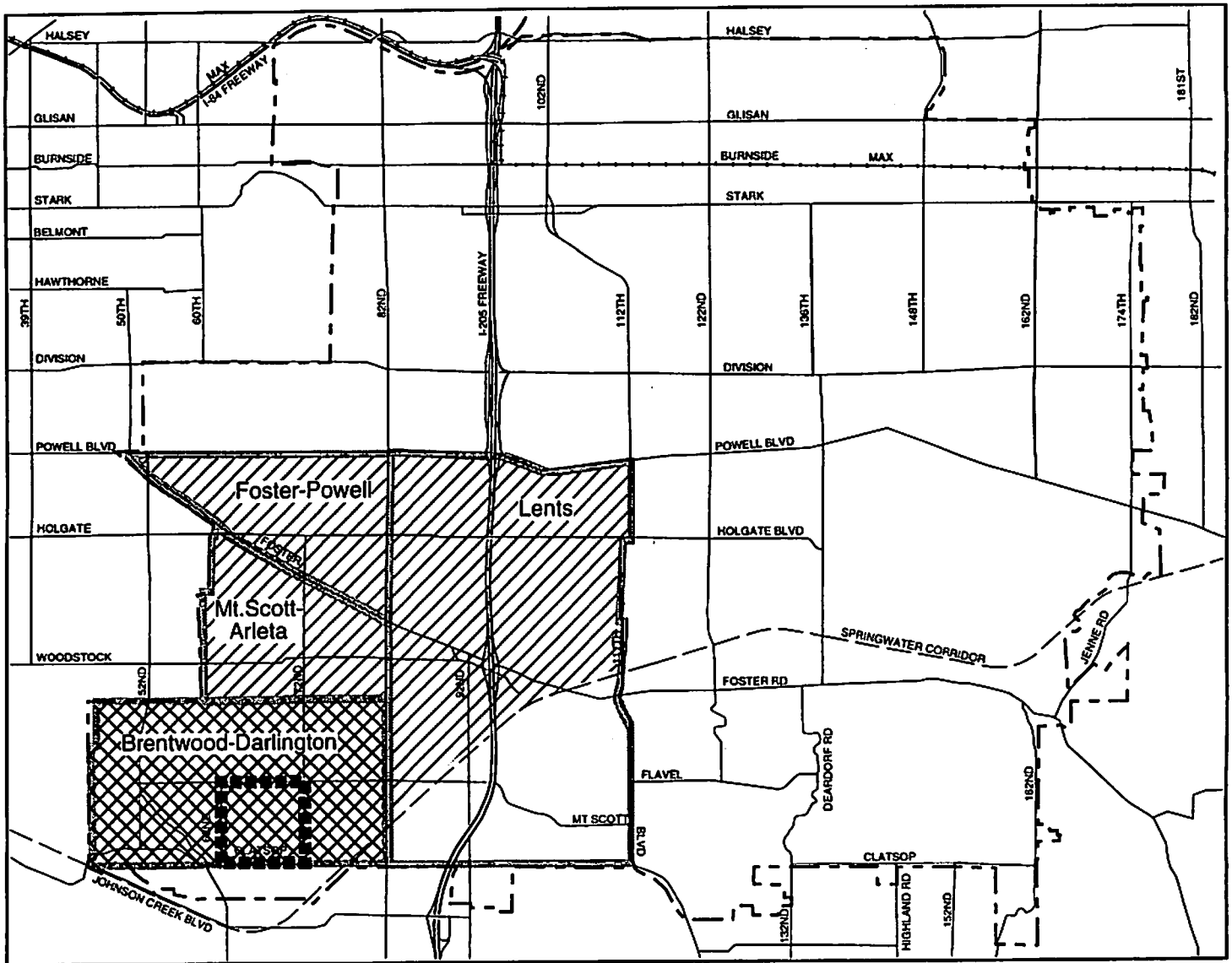
Curtis briefly summarized the status of the project and explained the inventory work (attached to the Executive Summary). Curtis explained that a total of 19 specific sites, within 4 watershed areas, were visited and inventoried. The inventory identifies 12 major creeks, numerous tributaries and typical western forest areas. The inventory determines the quality of the vegetation and then the ESEE analysis compares the quantity, the base zoning and




Housing Policy Action Chart:

#	Actions	Time				Implementors
		Adopted With Plan	On- going	Next 5 Yrs	6 to 20 Yrs	
	PROJECTS					
H1	Designate Foster-Powell, Mt. Scott/Arleta and the northern 2/3 of Lents as "distressed areas" so that new single-family housing construction and rehabilitation are eligible for a limited tax abatement. Retain the "distressed area" designation for Brentwood-Darlington.	X				BOP
H2	Provide information about the availability of the ten-year "distressed area" limited tax abatement available in designated neighborhoods.			X		BOB, BOP, PDC
	PROGRAMS					
H3	Provide information on rehabilitation loan programs for low- to moderate- income home owners in designated areas.			X		PDC, NAs
H4	Provide information on rehabilitation loan programs for rental property owners who rent to low- to moderate- income tenants in designated areas.			X		PDC, NAs
H5	Make loans to improve at least 100 housing units for low-to moderate-income households a year.		X			PDC
H6	Continue to provide financial and technical support for local community development corporations and nonprofit housing providers.		X			PDC, BHCD
H7	Fund nonprofit housing providers to construct or rehabilitate housing units with more than two bedrooms for low- to moderate-income large families.			X		Nonprofits, PDC
	REGULATIONS					
H8	Zone areas R5 that were previously R7 where public services are available and large lots can be partitioned.	X				BOP
H9	Zone additional areas to R2.5 to provide opportunity for attached single-family housing that is owner-occupied.	X				BOP
H10	Retain existing R2 zoning on mobile home parks and existing R3 on mobile home parks in the Suburban Neighborhoods subarea.	X				BOP

Note: Action Charts were approved by Portland City Council by resolution. They are a starting place. All actions have an identified implementor. They were adopted with the understanding that some will need to be adjusted and others replaced with more feasible proposals. Identification of an implementor for an action is an expression of interest and support with the understanding that circumstances will affect the implementation leader's ability to take action.





NORTH

ONE MILE

Outer Southeast Community Plan March, 1996

**ADOPTED
OUTER
SOUTHEAST
COMMUNITY
PLAN**

MAP 6

Housing Policy Map

Legend

- Outer Southeast Community Plan Boundary
- PDC Target Housing Area
- ROSE Target Neighborhoods
- Former "Distressed Area" Designation for Limited Tax Abatement
- Adopted "Distressed Area" Designation for Limited Tax Abatement

D1 - Michaelson questioned using the adjustment process on sites with conditional uses and felt language is too confusing. Requested monitoring for a year, and if there are problems, reconsider and amend the code to eliminate adjustment process.

D2 - No discussion

D3 - No discussion

E1 - No discussion

E2 - No discussion

F1 - No discussion, withdrawn

F2 - No discussion

Motion: The Commission voted 7 to 0 to approve staff recommendations in issue matrix presented at the hearing. (Aye: Abel, ffitch, Fong, Michaelson, Schuback, Van Dyk and Webb; Cooley and Scott absent)

Additional Written Testimony

Charlotte Uris, 2526 NE 10th 97212

Betty Hedberg, South Burlingame Neighborhood Association

Steven D. Rogers, ENDA Land Use Chair, 533 NE Brazee, 97212

Kay Pepper, Irvington Neighborhood Association, 1517 NE Schuyler, 97212

Abel left the meeting.

4. Outer Southeast Community Plan (continued from July 11)

Jerry Brock, Project Staff: Announced today's agenda as:

- Overview of OSCP accomplishments
- Format of remaining amendments
- Policy amendments - Lents Town Center (11)
- Code amendments - Gateway (1)
- Map amendments - Woodstock, retention of R3, ODOT surplus property
- Neighborhood Plan amendments
- Johnson Creek Flood Plain amendments
- Final Action

Presented new document with remaining amendments and a new format and presented letter from Jim Owens.

Each amendment was handled by staff explaining the amendment and recommendation, Commission discussion, if needed, and action taken. If there was no Commission action to change the staff recommendation, the amendment was assumed to be accepted.

Policy Amendments:

#24 - Put emphasis on Lents area. Staff recommendation to drop request.

#88 - Proposed revision. Staff recommended several revisions. Commission amended the language to: zone new properties for open space that are purchased by Metro and Parks.

#108 - A portion of area in the Wilkes Community Plan (location of 148th/Stark to study area line to Glisan). Staff recommendation to allow area to be re-examined. Commission amended wording to: where the zoning is unlikely to need updating.

#117 - Request to prepare ESEE analysis outside the UGB. Staff recommendation is to not accept an ESEE outside the city boundary. Commission amended to say prior to annexation of environmental land, and ESEE would be performed.

Lents Town Center Policy Amendments:

#60 - Staff recommendation to accept with a few modifications.

#60a - Staff recommendation for approval with minor language changes.

#60b - Staff recommendation to delete 1st bullet under objective 2 and suggested language changes.

#60c - Drop PDC as lead implementor. Staff recommendation to accept change.

#89 - Reconsider previous action. Staff recommended revised wording changes.

#94 - Reconsider action to drop a new action item. Staff recommendation to approve the request with wording changes.

#130 - Boundaries be expanded. Staff recommendation is approval of expansion.

Code Amendments:

#21 - Surface parking restrictions.

Commission discussion included this amendment being overly restrictive on new developments, reviewing parking areas to be built subsurface, development being limited to small buildings for less dense development because the parking restrictions, apply one parking space per 500 square feet of building, looking at parking standards in the CCTMP.

The Commission decided to defer this amendment until later and bring back for further discussion before recommendation to City Council.

Webb left the meeting.

Map Amendments:

R2 versus R3. Found one site and new proposal from staff that all current R2 that were R3 could go back to R3 within the suburban subarea (Stark to Division to 148th to Powell and north of Glisan area).

Knowles continued that in recent meetings with neighborhood coalitions, the meetings were very productive with the neighborhoods voicing their concerns and city noting the policies that are to be implemented. The sites are not reflected in the information today, but will be preparing a set of supplemental recommendations that reflect the discussions.

Commission discussion indicated being comfortable with the concept and staff to go ahead and pursue their recommendations with supplemental recommendations presented to the Commission at a later time.

#55 - Staff recommendation for R7a.

#76 - Request for 5. Staff recommendation to drop request and retain R10p and R10c and request should be denied.

#106 - Request to apply "p" zone. Staff recommendation is to add a new action.. Commission amended to change action timeline from 5 years to 3 years.

#121 - Request for full block zoning. Staff recommendation was 200 feet.

ODOT surplus properties:

#131a - Staff recommendation to match adjacent zoning designation.

#131b - Staff recommendation to match adjacent zoning designation.

#131c - Staff recommendation to match adjacent zoning designation.

#131d - Staff recommendation to match adjacent zoning designation.

#131e - Staff recommendation to match adjacent zoning designation.

#131f - Staff recommendation to match adjacent zoning designation. Commission amended to R2a.

#131g - Staff recommendation to match adjacent zoning designation.

#131h - Staff recommendation to match adjacent zoning designation.

#131i - Staff recommendation to match adjacent zoning designation. Commission amended to OS.

Neighborhood Amendments:

#5 - Wording request from Centennial neighborhood. Staff recommendation is to keep original wording and drop the request. The Commission amended language to: maintain the character of our established neighborhoods.

#38 - Wording changes for boundary overlap areas. Staff recommendation to change some wording. The Commission amended to delete item #1 from the plan.

#41 - Request to add implementors to the action chart. Staff recommendation is to drop request.

#42 - Request for city resources to be targets to certain areas. Staff recommendation to drop request.

#44 - Locating police precincts. Staff recommendation is to drop request.

#46 & #29 - Request modifications to freeway interchanges. Staff recommendation to drop request and keep current text in advocacy agenda. The Commission amended to separate the 3rd bullet from the text.

#100 - Request for advocacy agenda. Staff recommended some rewording of the amendment and to keep the advocacy agendas as they are now used.

Johnson Creek Flood Plain Amendments

Policy amendments:

#117 - Staff recommendation for language objectives.

#118 - Staff recommendation to add or revise several action chart items.

#119 - Staff recommendation to add or revise several action chart items.

Code amendment:

#22 - Staff recommendation to amend floodplain language.

Map amendment:

#135--Maps #1, #2, #3, #4. Staff outlined areas affected by showing previous zones.

Motion: Approved plan as amended but will adopt a forwarding letter to transmit the plan to City Council at the next meeting or when other issues are discussed by the Commission.
(Aye: Cooley, ffitch, Fong, Michaelson, Schuback and Van Dyk; Abel, Scott and Webb absent)

Additional Written Testimony

Ken Turner, OSE Portland Business Coalition, 4000 SE 82nd, 97266

Michaelson adjourned the meeting at 6:30 p.m.

Respectfully submitted,

Linda Birth (by LaDonna Slack)
Secretary

ORDINANCE No. 169763
As Amended

Adopt the Outer Southeast Community Plan and ten neighborhood plans, one business plan, and implement zoning code and map amendments.
(Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The Portland Comprehensive Plan was adopted on October 6, 1980 by Ordinance No. 150580, acknowledged for compliance with Statewide Planning Goals on May 3, 1981, and updated as a result of periodic review in June 1988, January 1991, March 1991, September 1992, and May 1995.
2. Oregon Revised Statutes (ORS) 197.640 requires cities and counties to review their comprehensive plans and land use regulations periodically and make changes necessary to keep plans and regulations up-to-date and in compliance with Statewide Planning Goals and State laws. Portland is also required to coordinate its review and update of the Comprehensive Plan and land use regulations with State plans and programs.
3. Portland Comprehensive Plan Goal 10 (Plan Review and Administration), states that the Comprehensive Plan will undergo periodic review to assure that it remains an up-to-date and workable framework for land use development.
4. Portland Comprehensive Plan Policy 10.2 (Comprehensive Plan Map Review) implements a community and neighborhood planning process for the review and update of the Portland Comprehensive Plan Map.
5. Portland Comprehensive Plan Policy 3.6 (Neighborhood Plan) encourages the creation of neighborhood plans to address issues and opportunities on a scale which is more refined and more responsive to neighborhood needs than can be attained under the broad outlines of the City's Comprehensive Plan. The Outer Southeast Community Neighborhood and Business Plan's vision

statement, policies, objectives, and implementation measures will serve as a component of the City's Comprehensive Plan.

6. As part of its budgeting process for FY 1992/93, the City Council directed the Bureau of Planning to facilitate the development of major planning efforts for Outer Southeast Portland and prepare such projects for City Council consideration. The Bureau of Planning provided staff for the Outer Southeast Community Planning process in FY 1992/93, FY 1993/94, FY 1994/95 and FY 1995/96.
7. Throughout the process of developing the Outer Southeast Community Plan, the Planning Bureau staffed a Technical Advisory Committee (TAC) composed of representatives from public service providers, city agencies, and other government agencies. This committee actively participated in the systematic and periodic review of Plan components and drafts. Members of the Community Plan TAC are: METRO, Multnomah County, Portland Office of Transportation, Bureau of Environmental Services, Bureau of Buildings, Fire Bureau, Bureau of Housing and Community Development, Bureau of Parks and Recreation, Portland Police Bureau, Portland Development Commission, Bureau of Water, and Office of Neighborhood Associations. These agencies support the adoption of the Recommended Outer Southeast Community Plan. Most of these organizations are also listed as Implementors within the Action Charts for the Outer Southeast Community Plan and accompanying Neighborhood and Business Plans.
8. An Outer Southeast Citizen's Advisory Committee (CAC) was formed to advise the staff on the Plan direction and to represent the interests of residents, businesses, community service providers, property owners, institutions, and community groups.
9. The Outer Southeast Citizen Advisory Committee, Outer Southeast Community Business Coalition, local service providers and institutions, and other interested community members actively participated in the Plan's development throughout the process.
10. The community information used for the formulation of the policies and objectives of the Outer Southeast Community Plan was based on 1960-1990 census information from the U.S. Department of Commerce, Bureau of Census and Population. The Background Report (attached as Exhibit Q) includes information on existing conditions such as demographics, transportation,

commercial viability and new development, opportunity sites, housing condition and affordability, infill housing, and urban services.

11. Planning Bureau staff involved outer southeast citizens and community groups throughout the planning process for the Outer Southeast Community Plan.
12. The Outer Southeast Community Plan has exceeded State and local notification requirements, participation requirements and City Benchmark goals. Neighborhood-wide surveys, attendance at and sponsorship of community-wide and neighborhood meetings and workshops, and the Planning Commission and City Council public hearings maximized opportunities for citizen involvement throughout the plan development process and thereby complies with State LCDC Goal Number One.
13. The Planning Commission held a public hearing and approved a revised process for the Outer Southeast Community Plan on August 11, 1992. The Commission approved the process with some modification of the citizen involvement process. A document outlining the proposed process was available to the public prior to the Planning Commission's public hearing. The Commission adopted a proposal to establish steering committees in each neighborhood to provide advice to the Planning Bureau about the Community, Business, and Neighborhood Plan and implementing measures.
14. The Approved Outer Southeast Community Plan Process document containing the adopted plan area boundary, scope, and objectives of the plan and work program, including citizen involvement, was published and made available in August 1992. The Outer Southeast Community Plan process is consistent with the City Council-approved Community and Neighborhood Planning benchmarks adopted by Council May 11, 1994 (Ordinance No. 167650).
15. An Outer Southeast Community Plan mailing list was compiled for use in notification of meetings, workshops, and hearings related to the plans and implementing measures. The list included all outer southeast neighborhood and business associations, the names and addresses of those attending meetings or workshops, and the names and addresses of individuals who contacted the Planning Bureau asking to be added to the list. The mailing list had 2,088 names as of November 1995.

16. Flyers announcing the initial round of eleven public workshops were mailed to interested persons, hand-delivered by neighborhood associations to local residents and businesses, and left at libraries and coalition offices.
17. Planning Bureau staff, in conjunction with outer southeast neighborhood associations held eleven public workshops to determine the beliefs of those living and doing business in outer southeast regarding the area's assets, problems, and opportunities. This was a step in the information-gathering phase of the planning process. Flyers announcing the workshops were mailed to individuals on a compiled mailing list, hand-delivered by neighborhood associations to local residents and businesses, and left at libraries.
18. Ten neighborhoods, excluding Brentwood-Darlington, were given the option of drafting neighborhood plans in conjunction with the Outer Southeast Community Plan. Brentwood-Darlington's Neighborhood Plan was adopted by Council by Ordinance No. 165071 in January of 1992. Nine neighborhood steering committees drafted neighborhood plans in the spring of 1993. The remaining neighborhood, Centennial Community Association, formed a neighborhood steering committee and drafted a plan in 1994. Vision Statements, policies, and objectives in these neighborhood plans will be adopted as part of the Outer Southeast Community Plan and incorporated into the Portland Comprehensive Plan.
19. A Background Document attached as Exhibit Q contains census information and issue papers relating to the outer southeast community plan area and was published in March of 1993. It was accompanied by a Land Use and Current Zoning Map and another map depicting Redevelopment Opportunities and percentage of Owner-Occupancy.
20. To foster citizen participation in recently annexed areas, a letter including an informational packet was sent to all property owners in the outer southeast community plan area who were in the Annexation Project area in July 1994. This letter contained a map of the Outer Southeast Community Plan area and encouraged participation in the planning process.
21. Planning Bureau staff held two district-wide workshops, September 15 and 18, 1993, to obtain public comment on two preliminary land-use alternatives for the outer southeast. These workshops were advertised in The Oregonian and a notice was

disseminated via the Outer Southeast Community Plan mailing list.

22. A color brochure containing two alternative land use concept maps, a questionnaire, information on how to participate in the planning process and a list of hearings and neighborhood workshops was mailed in January of 1994 to every mailing address in the Plan area, over 68,000 addresses, which included renters, property owners, businesses and institutions. Over 1,300 people filled out the questionnaire and returned it to the Planning Bureau. This was a 2% response rate. In addition to workshop results, this information was used by staff in evaluating the two alternatives.
23. An Alternatives Discussion Draft presenting policies, objectives, implementation actions, and an explanation of the alternative concepts featured in the tabloid was published in February 1994. It was made available to the public at the Planning Bureau, Southeast Uplift, and East Portland District Coalition offices.
24. Planning Bureau staff held an informational meeting on the Alternatives Discussion Draft report and the Alternative Land Use Concepts presented in the tabloid on February 22, 1994. The Planning Commission conducted two public hearings, March 1 and 8, 1994, on these alternatives concepts. The dates, times, and places of the meetings were noted in the tabloid which was mailed to over 68,000 households and businesses in the Plan area. Concurrently, eight neighborhood workshops were also held in March and April of 1994.
25. A proposed Comprehensive Plan Map and Vision Plan Map were prepared in August of 1994, along with a Workshop Booklet which contained proposed policies, objectives, and code amendments. The Workshop Booklet was made available to the public before the workshops sponsored by the Planning Bureau. The Planning Bureau held four six-hour workshops on successive Saturdays beginning September 10, 1994, at different locations in the plan district. The purpose of the workshops was to explain and receive comments from community residents and business owners on the Plan Maps, policies, objectives, and code amendments.
26. Planning Bureau staff published the Proposed Outer Southeast Community Plan in February 1995. It included a Comprehensive Plan Map, Vision Plan Map, Community-wide policies, objectives and implementation actions, Subarea policies, objectives, and

implementation actions, Ten neighborhood plans (Centennial, Foster-Powell, Hazelwood, Lents, Mt. Scott-Arleta, Mill Park, Montavilla, Pleasant Valley, Powellhurst-Gilbert, and South Tabor), an Outer Southeast Business Plan, Title 33 amendments to the Johnson Creek and Gateway Plan Districts, an Environmental Zoning Study and Recommendation, and a Housing Unit Projection Report.

27. The Outer Southeast Community Plan includes action charts and a Vision Plan Map which are adopted by resolution. The action charts represent a commitment from public, private, and non-profit groups to help the neighborhood implement the policies and objectives of the Outer Southeast Community Plan. Each listed implementor has agreed to the assigned action item by verbal consent or by submitting a letter of support.
28. Each of the proposed neighborhood plans were approved by their respective neighborhood associations and made available to the public in February along with the Community Plan. They were available to the public at the Planning Bureau and the Southeast Uplift and East Portland District Coalition along with the Proposed Outer Southeast Community Plan.
29. The Planning Commission conducted two public hearings on the proposed plans, maps and implementing measures. These hearings were held at Portland Adventist Medical Center Auditorium on March 14 and 28, 1995, in the evening so that as many citizens as possible could attend. The Medical Center is a centrally-located meeting place in the outer southeast plan area. Each individual on the Outer Southeast Community Plan mailing list was notified of these hearings. About 80 people testified at these hearings; at least an equal number attended the hearings but did not testify.
30. Over 320 amendments to the plan and map were requested. An Amendments Document with the Planning Commission's tentative actions was published in two volumes in June 1995 and made available to the public. One volume contained amendment requests that were either tentatively approved or revised by the Commission. The other contained amendment requests that had been tentatively dropped. Owners of property proposed to be down-zoned were notified in May, 1995, of this tentative action and informed of their opportunity to respond in writing or at the upcoming public hearing on June 20, 1995. At that hearing, the Planning Commission took public testimony on its tentative decisions on the amendments. The Planning Commission took

final action on the amendments at their public meetings on July 11 and August 8, 1995. They recommended that the Council adopt the Proposed Outer Southeast Community Plan and accompanying neighborhood and business plans and implementation measures as amended by the Planning Commission on July 11 and August 8, 1995 as part of the City's Comprehensive Plan, Zoning Map, and Zoning Code.

31. The recommendation of the Planning Commission for adoption of the Outer Southeast Community Plan and accompanying Neighborhood, and Business Plans and implementation measures is in conformance with Portland's Comprehensive Plan and with the Statewide Planning Goals as more fully set forth in the Report and Recommendation of the Planning Commission. The findings for the Outer Southeast Community Plan are contained in Exhibit M which is attached hereto and incorporated by reference as part of this Ordinance.
32. Portland City Council held two hearings, November 8 and 15, 1995, to consider the Planning Commission's Recommended Outer Southeast Community Plan, Neighborhood Plans, Business Plan, Comprehensive Plan Map, Zoning Maps, and implementing measures. The first hearing was at Portland Adventist Medical Center and the second hearing was held in City Council Chambers in the afternoon. Notification was sent to all those on the Outer Southeast Community mailing list.
33. The recommendation of the Planning Commission to adopt the Outer Southeast Community, Neighborhood, and Business Plans and implementation measures is in conformance with Portland's Comprehensive Plan and with the Statewide Planning Goals as more fully set forth in the Report and Recommendation of the Planning Commission. The findings for the Outer Southeast Community Plan are contained in Exhibit M which is attached hereto and incorporated by reference as part of this Ordinance.
34. The Notice of Proposed Action and three copies of the recommended Outer Southeast Community, Neighborhood and Business Plans, and implementation measures were mailed to the Oregon Department of Land Conservation and Development on September 22, 1995, as required by ORS 197.610.
35. City Council held a public hearing on the amendment requests to the recommended plan and map on December 20, 1995. An amendments document was made available to the public at and before the hearing. The City Council took final action on the

amendment requests on January 11, 1996 thereby amending the Recommended Outer Southeast Community Plan, Comprehensive Plan and Vision Plan Maps, and the implementing measures.

36. The Addendum to Johnson Creek Basin Protection Plan (ESEE) is contained in Exhibit N which is attached hereto and incorporated by reference as findings which are part of this Ordinance. This analysis refers to sites which were annexed into the City of Portland on July 1, 1994. The sites are adjacent to existing environmentally-zoned properties in the City. The Johnson Creek Basin Protection Plan (ESEE) was adopted by City Council in 1991 (Ordinance No. 164472).
37. The Albina Design Guidelines attached hereto as Exhibit R and Supplemental Compatibility Standards (33.295) attached hereto as Exhibit S and adopted by City Council as part of the Albina Community Plan in 1993 (Ordinance No. 166786) are incorporated by reference as part of this Ordinance and will be applied to all design zones in the Outer Southeast Community Plan area until such time as the Community Design Guidelines and updated Compatibility Standards are adopted by Council and take effect.
38. The Recommended Outer Southeast Community Plan, is attached as Exhibit A and the following Neighborhood and Business Plans attached as Exhibits B through L. (Centennial; Exhibit B. Foster-Powell; Exhibit C. Hazelwood; Exhibit D. Lents; Exhibit E. Mill Park; Exhibit F. Montavilla; Exhibit G. Mt. Scott-Arleta; Exhibit H. Pleasant Valley; Exhibit I. Powellhurst-Gilbert; Exhibit J. South Tabor; Exhibit K. Outer Southeast Business Plan; Exhibit L). and Outer Southeast Community Plan Findings, Exhibit M.; Addendum to Johnson Creek Basin Protection Plan (ESEE), Exhibit N; Vision Plan Map, Exhibit O; Comprehensive Plan Map, Exhibit P; Background Report, Exhibit Q; Albina Design Guidelines, Exhibit R; Supplemental Compatibility Standards (33.295), Exhibit S; Pedestrian District, Exhibit T; Council Approved Amendments to the Recommended Outer Southeast Community Plan (Exhibit A), Exhibit U and; Amendments to Title 33, Planning and Zoning, a part of the Municipal Code of the City of Portland, Exhibit V. Exhibits A through V are attached hereto and hereby incorporated by reference.
39. The Planning Commission recommended City Council adoption of The Outer Southeast Community Plan with a Plan Vision; six community-wide policies and objectives, and actions for implementation relating to economic development,

transportation, housing, open space and environment, urban design, and public safety; eight subarea policies, objectives, and actions for implementation; amendments to comprehensive plan map designations, official zoning maps, and zoning code changes; and ten neighborhood plans and one business plan with policies, objectives, and actions for implementation as part of the Comprehensive Plan.

40. The Planning Commission recommended designation of Foster-Powell, Mt. Scott-Arleta, the northern 2/3 of Lents, and Brentwood-Darlington as "distressed areas" for a limited property tax abatement for new single-family housing construction and rehabilitation.
41. The Outer Southeast Community Plan provides a vision, programs, and regulations to guide the growth and development of an approximately 28 square-mile area of the City of Portland. The Plan has been developed in close cooperation with the 10 neighborhood associations, the outer southeast business coalition, and many civic organizations that take an interest in the area. Citizen involvement in this planning effort has been guided by the Southeast Uplift (SEUL) and East Portland District Coalition (EPDC). The Plan provides mechanisms for managing the area's growth, fostering new investment, coordinating the delivery of services, and enhancing the area's livability and image in the larger community. It is, therefore, in the public interest for the Outer Southeast Community Plan to be adopted as a part of the City's Comprehensive Plan and implemented through the enactment of the zoning code and map amendments that accompany the Plan.

NOW THEREFORE, The Council directs:

- a. Ordinance 150580, City of Portland Comprehensive Plan is amended to incorporate:
 1. The Recommendations of the Planning Commission on the Outer Southeast Community Plan and its attached Exhibits A through L as amended by Council in Exhibit U. These include: a vision statement; six community-wide policies and objectives relating to economic development, transportation, housing, open space and environment, urban design, and public safety; eight Subarea policies and objectives; and amendments to the Comprehensive Plan Map.

2. As part of the Comprehensive Plan's vision statement, the Outer Southeast Community Plan Vision Statement, as shown in Exhibit A, pages 35 through 48.
3. A new Policy 2.26, Outer Southeast Community Plan, as shown on page 129 of Exhibit A. Policy 2.26 incorporates the Outer Southeast Community Plan into Portland's Comprehensive Plan.
4. A new Policy 3.10, as shown on page 130 of Exhibit A and as changed and amended by Council, incorporates the Outer Southeast Community Neighborhood and Business Plans into the Comprehensive Plan along with 11 associated objectives, shown on pages 130 and 131 of Exhibit A.
5. The Neighborhood and Business Plans listed below are adopted and supersede previously prepared Community Plans for Hazelwood, Powellhurst, and Centennial. The Hazelwood Community Plan adopted in 1986 (Ordinance No. 159284), Powellhurst Community Plan adopted in 1988 (Ordinance No. 161499), and Centennial Community Plan adopted in 1988 (Ordinance No. 161500), which are hereby repealed.
 - A. The Centennial Neighborhood Goal is adopted as part of the vision of the Comprehensive Plan; and the Plan's policies 1 through 6 and the objectives associated with each of these policies, as shown in Exhibit B and as changed or amended by Council.
 - B. The Foster-Powell Neighborhood Plan's policies 1 through 7 and the objectives associated with each policy, as shown in Exhibit C and as changed or amended by Council.
 - C. The Hazelwood Neighborhood Plan's policies 1 through 7 and the objectives associated with each policy, as shown in Exhibit D and as changed or amended by Council.
 - D. The Lents Neighborhood Plan's Vision Statement and policies 1 through 8 and the objectives associated with each policy, as shown in Exhibit E and as changed or amended by Council.
 - E. The Mill Park Neighborhood Plan's Vision Statement and policies 1 through 5 and the objectives associated with each policy, as shown in Exhibit F and as changed or amended by Council.

- F. The Montavilla Neighborhood Plan's "Montavilla in 2015: A Vision Statement" and policies 1 through 6 and the objectives associated with each policy, as shown in Exhibit G and as changed or amended by Council.
 - G. The Mt. Scott-Arleta Neighborhood Plan's "A Vision for Mt. Scott-Arleta's Future" and policies 1 through 6 and the objectives associated with each policy, as shown in Exhibit H and as changed or amended by Council.
 - H. The Pleasant Valley Neighborhood Plan's "A Vision for the Pleasant Valley Neighborhood" and policies 1 through 7 and the objectives associated with each policy, as shown in Exhibit I and as changed or amended by Council.
 - I. The Powellhurst-Gilbert Neighborhood Plan's Goals A through O and policies 1 through 6 and the objectives associated with each policy, as shown in Exhibit J and as changed or amended by Council.
 - J. The South Tabor Neighborhood Plan's policies 1 through 7 and the objectives associated with each policy, as shown in Exhibit K and as changed or amended by Council.
 - K. The Outer Southeast Business Plan's "Vision for Outer Southeast Businesses" and policies 1 through 4 and the objectives associated with each policy, as shown in Exhibit K and as changed or amended by Council.
- 5. The Addendum to Johnson Creek Basin Protection Plan (ESEE) is attached hereto as Exhibit N and incorporated by reference as findings which are part of this Ordinance.
 - 6. The Outer Southeast Community Plan Findings is attached hereto as Exhibit M and incorporated by reference as findings which are part of this Ordinance.
- b. The Official Zoning Maps of the City of Portland are hereby amended to reflect the zoning and Comprehensive Plan Designations shown in Exhibit A (attached to this Ordinance) and all changes and amendments approved by the Council in Exhibit U. The amended maps are presented in a Section of the Exhibit following page 189 and titled "The Zoning Maps." The zoning section and quarter-section maps included in Exhibit A are incorporated into this Ordinance by this reference. These maps are also modified to maintain unchanged the City's approval of LUR 95-00431 ZC.

- c. Title 33, Planning and Zoning, and Title 34, Subdivision and Partition Regulations, two parts of the Municipal Code of the City of Portland, are hereby amended to incorporate all changes and amendments approved by the Council in Exhibits U and V. These include amendments to the Gateway and Johnson Creek Basin. The explanatory commentary presented in italic text within Exhibit V is hereby incorporated as a finding in this Ordinance.
- d. The Transportation Element of Portland's Comprehensive Plan adopted by City Council in 1992 (Ordinance No. 165851) and as later amended is amended to reconfigure the Pedestrian District boundary at Lents and add new Pedestrian Districts at Montavilla, Gateway Regional Center, and Ventura Park, as shown on the Pedestrian District Maps, attached hereto and incorporated by reference as Exhibit T.
- e. The Outer Southeast Community Plan Findings Report, attached hereto as Exhibit M, is hereby adopted and incorporated by a reference as findings which are a part of this ordinance. This incorporation includes Exhibit N, ESEE, and those other documents listed in the Findings Report that provide the factual basis, analysis and conclusions supporting many of the findings included in the Findings Report.
- f. The Albina Design Guidelines is attached hereto as Exhibit R and Supplemental Compatibility Standards (33.295) is attached hereto as Exhibit S have been previously adopted by City Council as part of the Albina Community Plan in 1993 by Ordinance No. 166786 are incorporated by reference as part of this Ordinance and will be applied to all design zones in the Outer Southeast Community Plan area until such time as the Community Design Guidelines and updated Compatibility Standards are adopted by Council and take full force and effect.
- g. The Planning Commission's designation of Foster-Powell, Mt. Scott-Arleta, the northern 2/3 of Lents as "distressed areas" for a limited property tax abatement for new single-family housing construction and rehabilitation is hereby adopted.
- h. The Outer Southeast Community Plan Action Charts and the Action Charts included in the Neighborhood and Business Plans adopted by this ordinance are adopted separately by resolution. The Action Charts are not adopted by this ordinance.
- i. The Outer Southeast Community Plan Vision Plan Map is adopted separately by resolution and is not adopted by this ordinance.

- j. On January 11, 1996 the Council considered Amendment Requests and determined that it would defer action on proposed zoning for the areas shown on Amendment Requests 24 and 51 until March 20, 1996. A hearing to consider Amendment Requests 24 and 51 will be held on March 20, 1996. Zoning for the sites shown in Amendment Requests 24 and 51 is not amended by this ordinance but will be adopted by a separate ordinance following the hearing on March 20, 1996.
- k. The City Council authorizes and directs the Bureau of Planning to make corrections to the Outer Southeast Community Plan and accompanying Neighborhood and Business Plan in order to correct typographical errors and to ensure parallel construction.
- l. To allow adequate time to prepare and distribute plans, zoning code replacement pages, and to update the City's Official Zoning Map, this Ordinance will take full force and effect at 12:01 AM on March 25, 1996.

Passed by the Council, JAN 31 1996,

Commissioner Hales
Gerald D Brock, Ph.D., AIA, AICP
January 24, 1996

Auditor of the City of Portland
By *Bette Olson*
Deputy

174

~~186~~

Agenda No.

ORDINANCE NO. 169763

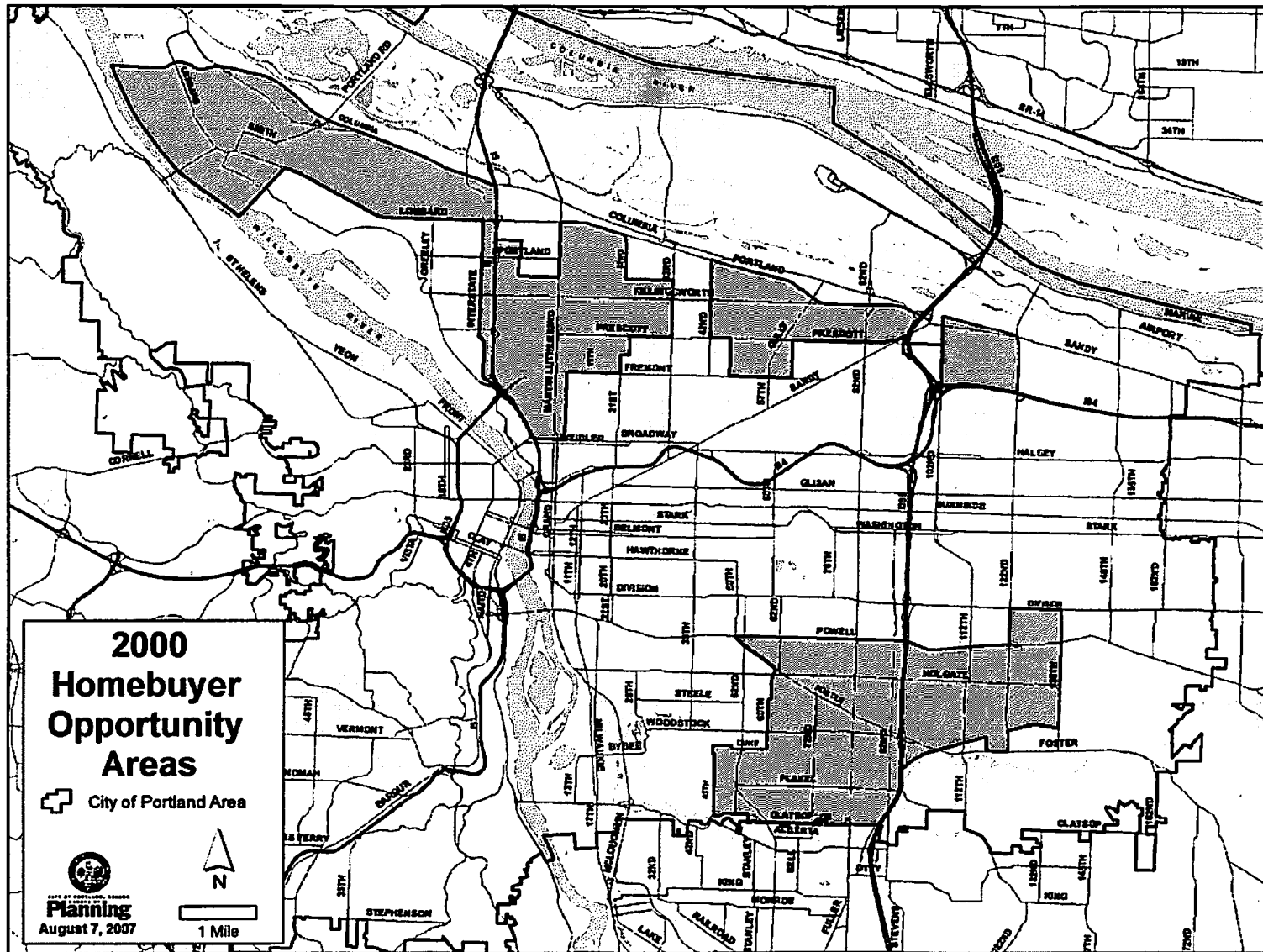
Title

As Amended

Adopt the Outer Southeast Community Plan and ten neighborhood plans,
one business plan, and implement zoning code and map amendments. (Ordinance)

INTRODUCED BY Commissioner Charlie Hales	Filed: JAN 19 1996
	Barbara Clark Auditor of the City of Portland
NOTED BY COMMISSIONER	
Affairs	By: <u>Cory Kershner</u> Deputy
Finance and Administration	
Safety <u>Charlie Hales</u>	
Utilities	For Meeting of:
Works	
BUREAU APPROVAL	
Bureau: Planning	
Prepared by: Gerald Brock, PhD, AIA, AICP Date: 1/24/96	Action Taken: <u>Amended</u> JAN 24 1996 Passed to 2nd Reading As Amended JAN 31 1996 2 P.M.
Budget Impact Review: <u>X</u> Completed <u> </u> Not Required	Continued to: _____
Bureau Head: David C. Knowles, Planning Director	

AGENDA		FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
				YEAS	NAYS
Consent	Regular X	Blumenauer	Blumenauer	✓	
NOTED BY <u>MT/16</u>		Hales	Hales	✓	
City Attorney		Kafoury	Kafoury	✓	
City Auditor		Lindberg	Lindberg	✓	
City Engineer		Katz	Katz	✓	





CITY OF PORTLAND, OREGON BUREAU OF PLANNING

VERA KATZ, MAYOR
GIL KELLEY, DIRECTOR
1900 S.W. FOURTH AVENUE, ROOM 4100
PORTLAND, OREGON 97201-5350
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E-mail: pdxplan@ci.portland.or.us

November 16, 2000

TO: Members of the Portland Planning Commission

FROM: Mike Saba, Senior Planner
Intergovernmental Coordination Team

SUBJECT: Briefing on Recommended Changes to the Property Tax Exemption Programs and Hearing on Proposed Changes to the Distressed Areas Map (Chapter 3.102 of the Portland City Code)

At your November 28, 2000 meeting, staff will provide a briefing on the nine major recommendations published in the report, *Recommendations of the Property Tax Exemption Policy Work Group*. This report, the product of an inter-agency staff committee, was requested by Commissioner Erik Sten to address several policy issues related to the City's property tax exemption programs. The report was published and transmitted to Commissioner Sten in June of this year. Staff has briefed the Housing and Community Development Commission, the Portland Development Commission, City Council staff, and has conferred with other agencies and the City Attorney's Office on the feasibility of carrying out these recommendations. Some of the recommendations require City Code amendments, one requires City-sponsored legislation during the 2001 Session, and others are administrative decisions for further action associated with the Bureau of Planning's area planning projects.

One of the recommendations requires a decision in a public hearing by the Planning Commission. This is the recommendation by staff proposing changes to the Distressed Areas Map for the purposes of Chapter 3.102 governing the exemption for new single family housing and owner-occupied rehabilitation.

Advance notice of this hearing was sent to over 600 interested organizations and individuals. The notice also indicated that copies of the Work Group Report are available for public review and comment.

Requested Action: Staff recommends adoption of the proposed changes to the Distressed Areas Map as shown on Exhibit A of the attached staff report.

Staff Briefing on the Work Group Recommendations Concerning the City's Property Tax Exemption Programs

and

Requested Action on the BOP Staff Recommendation on the Proposed Map Amendments for the Distressed Areas (Chapter 3.102 of the Portland City Code)

Background

The City of Portland administers several programs designed to provide limited property tax exemptions in order to carry out several housing policy and program goals. An interagency staff group, at the request of City Commissioner Erik Sten, examined several policy issues related to some of these programs in a report titled *Recommendations of the Property Tax Exemption Policy Work Group* (June 30, 2000). This report was transmitted to Commissioner Sten who authorized further action to explore the feasibility of adopting the various recommendations. The public notices sent for your November 28 meeting also noted the availability of this report.

Since this report was published, staff has briefed and solicited comments from the Housing and Community Development Commission, the Portland Development Commission, the City Attorney's Office, and other bureaus involved in developing housing policy or administering housing programs.

At your November 28, 2000 meeting, the Planning Commission will also be briefed on the nine recommendations contained in the work group report and invited to comment on any of these as they are considered for adoption by City Council or agency administrative action.

The Distressed Area Map

Of the nine recommendations contained in the Work Group report, the Planning Commission is authorized by City Code to designate areas of the city (identified by statute as distressed areas) eligible under the program that grants limited ten year property tax exemptions for newly constructed single family housing and rehabilitation improvements undertaken by owner-occupants. **Therefore, your November 28 meeting will also be a hearing to determine proposed changes to the Distressed Area Map.**

By way of brief historical background, the adoption of the single family tax exemption was in response to the recommendations of the Vacant and Abandoned Buildings Task Force in 1988. The Task Force report directed the Bureau of Planning to draft enabling legislation to allow cities to provide a limited ten year property tax exemption for the construction of new single family structures in neighborhoods or areas meeting the distressed area criteria specified in the Statute.

During their 1989 Session, the State Legislature passed SB 310 amending ORS 308.450-308.481 and ORS 458.005-458.065 to allow local communities to adopt these programs. In 1990, the City Council adopted an ordinance amending and re-titling Chapter 3.102 of the City Code to read:

Chapter 3.102, Property Tax Exemption for Residential Rehabilitation and New Construction of Single-Unit Housing Distressed Areas

The three activities benefited in this Chapter are: 1) Rental rehabilitation citywide; 2) Owner occupied rehabilitation in distressed areas; and 3) New single family residential construction in distressed areas. The Portland Development Commission administers these programs. The Planning Bureau recommends to the Planning Commission distressed area boundaries and sets annual price limits for qualifying single family houses by resolution adopted by City Council. The reconsideration of the geographic boundaries for distressed areas is to be conducted at least every three years. The goal of this reconsideration is to determine whether changing circumstances warrant a revision of the boundaries. The last time these areas underwent a comprehensive examination was in 1995 with additional areas added as a result of the adoption of the Outer Southeast Community Plan in 1996.

The statutory and code language governing this designation process state:

3.102.090 Designation of Distressed Areas.

A. The Bureau of Planning shall be the agency responsible for designating distressed areas. The Portland Development Commission and Community Development shall be consulted in the designation process. The designation of such areas shall occur in the form of a public hearing conducted before the City Planning Commission through a legislative process appealable to City Council. If there is no appeal, the decision of the Planning Commission shall be final. The Bureau of Planning shall make available maps indicating current distressed areas. The designation of the first distressed areas shall be conducted as nearly as possible in conjunction with the adoption of this ordinance implementing tax exemption in such designated areas. From the date of the first designation, a review of the areas for possible amendment of the boundaries of the distressed areas shall occur at least every three years.

B. The criteria for designating distressed areas shall include a consideration of the following factors:

1. The area is primarily a residential area of the city which is detrimental to the safety, health and welfare of the community by reason of deterioration, inadequate or improper facilities; the existence of unsafe or abandoned structures, including but not limited to a significant number of vacant or abandoned single or multi-family residential units; or any combination of these or similar factors; and,

2. The incentive of limited property tax exemption in a distressed area will help to carry out adopted policies, or areawide or district plans of the city related to housing or neighborhood revitalization.

C. At no time shall the cumulative land area within the boundaries of distressed areas exceed 20 percent of the total land area of the city.

Areas Currently Designated

Areas designated during the first round of analysis in 1991 were in:

North Portland:

Portsmouth and portions of Kenton and St. Johns

Northeast Portland:	Boise, Cully, Eliot, Humboldt, King, Sabin, Vernon, Woodlawn and a portion of Concordia
Inner Southeast Portland:	Buckman, Kerns, Sunnyside, and a portion of Hosford-Abernethy
Outer Southeast Portland:	Brentwood-Darlington

A map showing the current areas designated as distressed areas is attached to this report.

Among the factors considered in the original designation of distressed areas in 1990 were:

- Percentage of high school graduates
- Percentage of unemployment
- Percentage of female head of household
- Index of property crimes per 1000 population
- Building activity in neighborhoods
- Median house value
- Median rent
- Median income
- Number and percentage of derelict buildings
- Percentage of households below the poverty level

It is important to note that the final selection process was not dictated solely by how areas ranked according to the above list of factors. For example, the index of property crimes showed primarily non-residential areas at the top of the list. Further, some factors were weighed more heavily than others. The level of past building activity was considered in some cases more significant than average educational attainment or unemployment rates. The city also decided to apply this program in various areas of the city, Outer-Southeast, Inner-Southeast, and North, as well as in the original targeted neighborhoods of Inner-Northeast Portland. Finally, the initial screening omitted areas that were not eligible for federal Housing and Community Development funds because of relatively higher incomes.

An overall reconsideration of the distressed areas in 1995 concluded that no major factors justified a amendment to the boundaries. Neighborhoods added as a result of special planning analysis were Mt. Scott Arleta, Foster-Powell and the northern two-thirds of the Lents Neighborhood with the adoption of the *Outer Southeast Community Plan* in 1996.

During the original mapping cycle much of the above data was available according to recognized neighborhood association boundaries. Therefore, the original mapped distressed areas followed these boundaries to the extent possible. Current data used in the recommendations below tends to follow Census Tract boundaries so that proposed additions and deletions will less likely follow the boundaries of neighborhood associations.

Current Data and Policies Used in the Proposed Map

Since the original distressed area boundary designations, the City has had the benefit of updated housing and demographic Census data from the 1996-99 American Community Surveys (ACS), an updated Needs Analysis from the *2000-2005 Consolidated Plan*, and much community feedback on the changing conditions within several of the inner city neighborhoods. Other information sources include maps generated by Bureau of Planning GIS staff. These include a

map generated in August of 1999 showing program activity in the currently designated distressed areas and maps showing vacant land in areas zoned for single family residential development and multifamily development. Lastly, the City has recently created two new urban renewal areas: Interstate and Lents Town Center. The affordable housing analysis contained in these plans led to policies supportive of more affordable renter and homebuying opportunities consistent with the program objectives of the tax exemption programs.

The current Work Group used 1996 American Community Survey data to examine several factors indicating the relative socioeconomic conditions of Census Tracts within the city. These included: median household income, percentage of owner-occupied units, percentage of people living in poverty, and the percentage change from 1990 to 1996 in the number of people living in poverty.

Overlaying this analysis on the current areas led to initial conclusions that additional areas lying primarily to the east of existing distressed areas should be included. Further, it was suggested that portions of current areas with industrial zoning and little chance for housing development, as well as the inner southeast neighborhoods be removed from the program. In both the industrial and employment areas and in the inner southeast neighborhoods, little or no use has been made of the program.

Staff made site visits to the areas in outer northeast and southeast Portland proposed for inclusion into the program. The visits provided further information as to the utility of the program to achieve its goals in these areas. Work Group members observed a broad mix of housing conditions with significant new housing development, both single family and multiple dwelling units built in several infill sites among the older housing in areas currently designated as eligible as well as those proposed in the staff recommendation. The difference in applying the program in new areas will be the income limits and owner-occupancy requirements that are expected to be included in Chapter 3.102.

The major service deficiency in much of the outer eastside neighborhoods is the lack of paved streets and sidewalks. This led Work Group members to question whether the tax exemption incentive was an appropriate response to this particular service deficiency. Given that the public interest may not be to encourage new housing development until a street improvement plan is in place and that there is already residential construction occurring in these areas, the Work Group proposed to reconsider the fundamental eligibility requirements of the program before recommending specific areas for designation. Tailoring the newly proposed areas to the Lents Town Center Urban Renewal Area will provide funds to construct residential streets in that portion of Outer Southeast Portland.

Staff Recommendations for the Distressed Area Map

Areas Recommended for Addition

The Work Group recommends that the following areas be added:

Outer Northeast Portland: The portion of the Parkrose neighborhood covered by Census Tract 79. This Tract is bounded by Sandy Boulevard, the I-84 freeway, NE 102nd and 122nd Avenues.

Justification: In Census Tract 79, the 1996 ACS data shows low median household incomes, a moderate percentage of households living in poverty, and an increase in the number of people living in poverty. This Census Tract has some vacant land zoned for single family residential use. Field survey work identified a number of single family homes on oversized lots that could be subdivided.

Inner Northeast Portland: The portion of the Piedmont neighborhood that includes the Rosemont and surrounding properties in Piedmont. This area is between Portland Boulevard, Bryant Street, Congress and Albina Streets.

Justification: This area is in the Interstate Urban Renewal Area. The program can be used to make the mixed-income housing being constructed for owner-occupancy on the Rosemont site affordable to more households. The Albina neighborhoods have experienced considerable upgrading in the last ten years. Designating this site for the program would provide additional opportunities for Albina residents to become homeowners and remain in the community.

Outer Southeast Portland: The portion of the Powellhurst-Gilbert neighborhood covered by Census Tract 90. This is the area between Division Street and the Springwater Corridor, SE 122nd and 136th Avenues,

The portions of the Powellhurst-Gilbert and Lents neighborhoods covered by the part of Census Tract 84 south of Powell Boulevard and Census Tract 85 except for the area west of SE 117th that is south of Harold Street (Beggar's Tick Marsh and surrounding industrial and environmentally constrained areas).

Justification: Census Tracts 90 84, and 85 have a high level of construction activity and have scattered vacant sites that are zoned single family residential and low density multifamily (the R2 zone). The city annexed Census Tract 90 and the remaining portions of Census Tract 84 and 85 in the early 1990s. The *Outer Southeast Community Plan* increased residential densities in these Census Tracts and vacant land is now building out at higher densities. Construction of both rowhouses and single-family dwellings on smaller lots is taking place.

Census Tract 90 has the following characteristics:

- Scattered vacant sites. Some of the larger vacant areas in this Census Tract are environmentally constrained.
- A low rate of homeownership.
- A higher than usual number people in this Census Tract living in poverty although the 1996 data show the percentage of people living in poverty in between 1990 and 1996 decreased.

The portion of Census Tract 84 south of Powell Boulevard and the portion of Census Tract 85 north of Harold Street and the area east of SE 117th Avenue and south of Harold Street has the following characteristics:

- Currently in the Lents Town Center Urban Renewal District. This Urban Renewal Plan will help provide funding to pave residential streets.
- Many oversized single family dwelling lots which could be divided to accommodate infill development
- Median household incomes in 1996 that are consistent with the City median.
- The number of people living in poverty in 1996 is moderate but increasing slightly since 1990 in Census Tract 85.
- Higher than average home ownership rates in Census Tract 85 and moderate rates in Census Tract 84.

Areas Recommended for Deletion

The Work Group recommends that the following areas currently designated as distressed areas be deleted:

Outer Northeast Portland: The area in the Cully neighborhood area north of NE Lombard Street and NE Portland Highway west of NE 72nd Avenue and north of NE Killingsworth Street to between NE 72nd Avenue and I- 205.

Justification: These lands have Comprehensive Plan Map designations of industrial and employment. A small amount of land is zoned for residential uses but has industrial and employment Comprehensive Plan map designations.

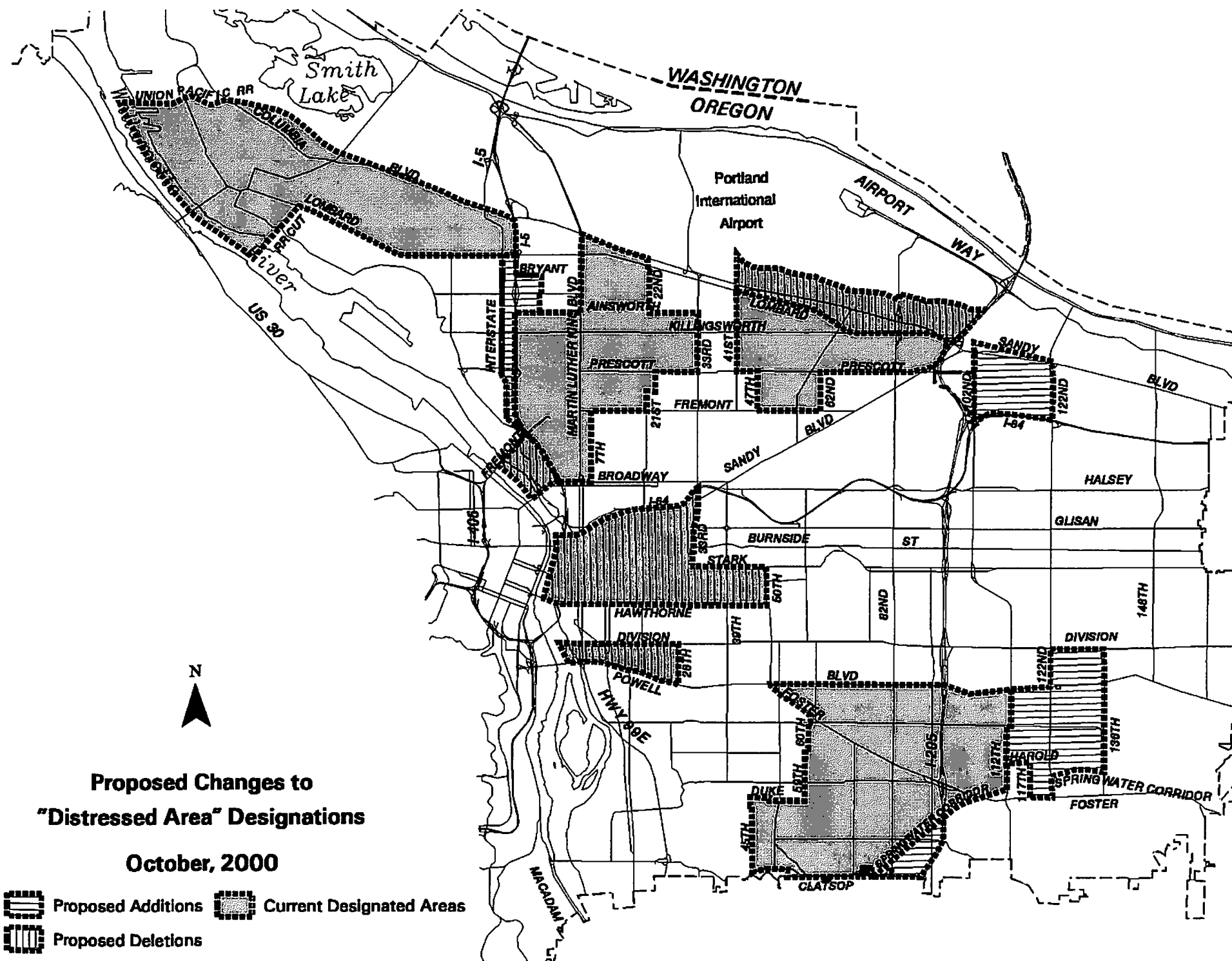
Inner Northeast Portland: The portion of the Eliot neighborhood west of Interstate 5.

Justification: This area is zoned employment and industrial. There has been no program activity in this area.

Inner Southeast Portland: The inner southeast neighborhoods of Kerns, Buckman, Sunnyside, and Hosford-Abernethy.

Justification: These neighborhoods are densely developed, revitalizing, and have little vacant land zoned for single family use. Some new rowhouse projects are being constructed but the price of new units exceeds the maximum price limit of this program. Little use has been made of the program in these neighborhoods.

Maps showing the current distressed area boundaries and those areas recommended for addition and deletion are shown on the following page of this Report.



Staff suggested that the Planning Commission would benefit from an in-depth briefing on the different regulations and agreements currently applicable to this site. The main concern is the bulk of the proposed building for this site, that it is all one height.

Michaelson referred to item two from the joint letter from the Design and Landmarks Commissions that asked Planning Commission to strengthen the view corridor language by changing it to say "establish the view corridor" instead of "consider establishing the view corridor". **The Planning Commission voted unanimously to change the language to "establish the view corridor"** (Aye: Fritz, McNelly, Michaelson, Seltzer, Stevens, Abel; Absent: Holt, Scott).

Fritz is concerned about the application of design guidelines to Union Station. Given the increased development potential in the area west of 9th Fritz suggested staff provide some specific design guidelines to address the issue of bulk and height and view sheds in relationship to Union Station. Staff looked at a wide swath of potential buildings, not a specific scenario. Kelley suggested Planning Commission refer the question to staff of whether additional design guidelines are needed. Some of this information will be covered by the briefing presented to the Planning Commission on December 12th.

The Planning Commission voted unanimously to adopt the whole package as amended (Aye: Fritz, McNelly, Michaelson, Seltzer, Stevens, Abel; Absent: Holt, Scott).

Additional written testimony (attached)

Portland Design Commission and Historic Landmarks Commission

Patsy C. Berner, 821 NW 11th, #603, 97209

Garry Papers, American Institute of Architects, 315 SW 4th, 97204

Martha and John Stewart, 811 SW 11th, #503, 97209

Spencer Beebe, Ecotrust, 1200 NW Naito Parkway, #470, 97209

Mark L. Roberts, 820 NW 12th, #606, 97209

Carter Case, Pearl District Neighborhood Association, 513 NW 13th #300, 97209 (several related letters)

Vasiliki Vlahakis and Brian McCarl, Old Town Chinatown Neighborhood Association

Scott Watson, Naito Properties, 5 NW Naito Parkway, PO Box 3458, 97208

Bill and Julie Young, 606 NW 11th, 97209

Kristin King, Riverstone resident (e-mail)

Robert A. DeGraff, 821 NW 11th #515, 97209

Wayne A. Case, 821 NW 11, #521, 97209 (RECEIVED AFTER RECORD CLOSED)

**AMEND MAP OF DISTRESSED AREAS FOR PURPOSES OF
ADMINISTERING CHAPTER 3.102 PROPERTY TAX EXEMPTION FOR
RESIDENTIAL REHABILITATION AND NEW CONSTRUCTION OF SINGLE
UNIT HOUSING IN DISTRESSED AREAS**

Because of the late hour, Mike Saba, staff, did not do the briefing, but focused specifically on the map amendment. The briefing will be presented at another time. Staff used a power point presentation (attached), to present Recommendations 7, 8, 9, which are relevant to the distressed areas map. An inter-agency work group was convened by

Commissioner Eric Sten to look at the various tax exemption programs, and the work group felt that the Single Family Housing in Distressed Areas Program, adopted in 1991, needed the most reform. The work group decided to alter the purpose of the program to make it a moderate-income homebuyer program, rather than a housing production program. Staff's proposal is to amend Chapter 3.102 by making three simple amendments (Recommendations 7, 8, 9) as well as require a price limit, income limit, and require that the purchaser be first time home buyer as well as live in the house for the 10 year period of the tax exemption.

The criteria for recommending designation of distressed areas are similar to those used for designating urban renewal districts, including: primarily a residential area; include factors that are detrimental to the safety, health, and welfare of the public; will carry out adopted policies, or area wide or district plans for housing or neighborhood revitalization; and no more than 20% of city land area.

Staff presented the information they considered in making this recommendation, including studies, census data, crime data, land use characteristics, and service deficiencies. One of the recommendations is to rename 'distressed areas' to 'home buyer opportunity areas'. Staff's recommendations have been approved by both the PDC attorney as well as the City Attorney, as far as being consistent with the legislative purpose.

They did not just rely on the census tract information, but also viewed the areas in person before they made their determination. They gave specific examples of areas that showed increasing poverty, but after seeing the area, it did not seem appropriate because the homes seemed in good condition and there were very few vacant lots. Because of that, staff ending up deleting some areas that were originally proposed.

Staff also looked at neighborhood and community plan areas that had been recently adopted, along with other transportation or other public facilities.

Staff specified which areas they are recommending to remain designated as eligible, areas they feel should be deleted, and areas to be added. The two changes in the program are there will now be an income limit, and a limit on the price of the houses.

Michaelson expressed concern that establishing an income limit actually steers low/moderate income people into lower income areas instead of dispersing them throughout the city. If there is not an income limitation but the units are in the poorer neighborhoods then a better mix of incomes in the neighborhoods happens naturally. If it is being changed to a moderate-income home ownership program we should go back to the Legislature and apply it citywide. It seems the way staff is changing the program is inconsistent with the goals of getting a better population mix.

Public Hearing

Trell Anderson, Housing & Community Development, 421 SW 6th, #1100 A, 97204
They support these recommendations and the change in the map. There seems to be a shift in the neighborhoods from a revitalization agenda to a neighborhood stabilization agenda, and the objective is now how to move people who currently rent to becoming homeowners in the same area. He will be present for the policy discussion.

Staff indicated, in response to a comment that not much area was added to the map around Interstate, that the problem is the urban renewal boundaries are so irregular it would be difficult to use those exact boundaries. Staff did include areas that are ripe for redevelopment between Interstate and the freeway. There are 10 neighborhoods associated with the Interstate urban renewal area, and this program does touch each of those neighborhoods. They feel they have enough land and enough sites to make it work. More background will be presented during the policy discussion.

McInelly asked Anderson to submit written testimony summarizing his comments, including a phone number so they could contact him.

Jeff Fish, 1834 SW 58th, #206, 97221

He pretty much agrees with the map and concurs with the areas being removed and added. Talked about his experience building homes in the area. He has looked at properties along the Interstate corridor and thinks widening it is okay. He is against changing the income requirement, feels it was a program that was designed to influence development and put mixed incomes in neighborhoods. He hasn't sold property to someone who was going to rent it. Concerned that having the income limitation will make it a much more complicated matter to purchase.

Public testimony closed

After discussion, including a suggestion to track the Interstate situation to see if a map extension is appropriate, **the Planning Commission voted unanimously to adopt the staff recommendation for the distressed areas map** (Aye: Fritz, McInelly, Michaelson, Seltzer, Stevens, Abel; Absent: Holt, Scott).

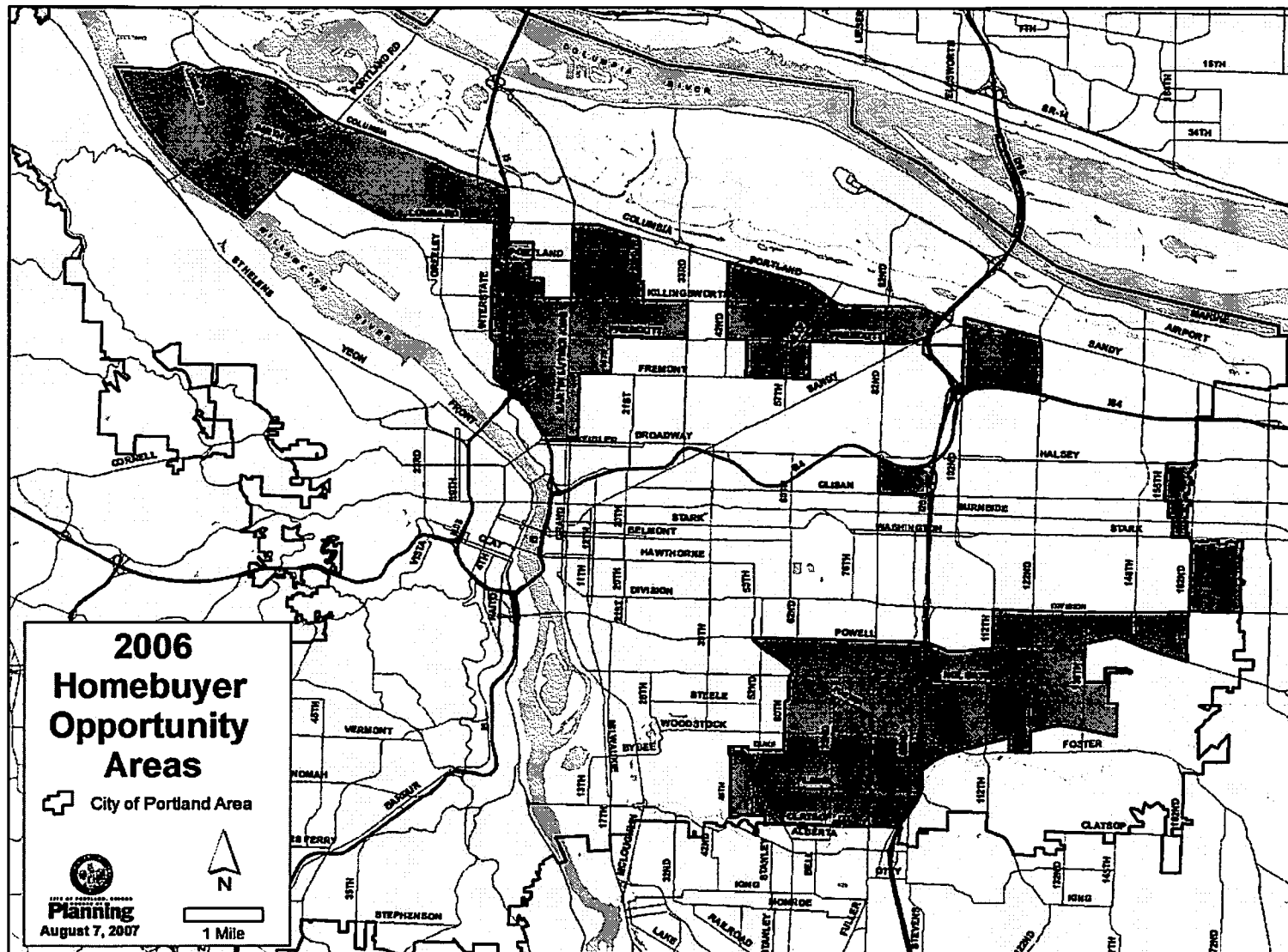
Additional written testimony (attached)

David Nemo, PDC, 1900 SW 4th, #7000, 97201

Meeting adjourned at 11:50 PM.

Respectfully submitted,

Susan D. Gregory
Planning Commission Secretary





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BUREAU OF
Planning

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Gil Kelley, Director

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M E M O

Date: December 29, 2005

To: Planning Commissioners

From: Barbara Sack, City Planner

Cc: Gil Kelley, Planning Director

Subject: Proposed Changes to the Map of the "Homebuyer Opportunity" Areas

The City of Portland has six tax exemption programs that carry out City housing and planning goals. Some of these programs are mapped for particular geographic areas and it is usually the Planning Commission that sets the boundaries of these areas to carry out particular City plan and policy objectives. One of these programs allows homebuyers to apply for a 10-year property tax exemption on the improvement value of newly-constructed, single-family home in designated "Homebuyer Opportunity" areas. The purpose of the program is to provide an incentive for new for-sale housing construction in neighborhoods experiencing some blighted conditions and to provide affordable homeownership opportunities.

The Planning Commission is charged by City Code Chapter 3.102 with reviewing the "Homebuyer Opportunity" areas at least every three years and making adjustments, if needed, after holding a public hearing. They can add in new areas and remove other areas to reflect the changes in Portland's neighborhoods and the need for the program. Some neighborhoods that may have been designated "distressed" are now improved, and others that have been stable in the past may now need attention. No more than 20 percent of the land area of the city can be designated for this program. The changes to the map are final if not appealed to City Council within 30 days. Planning Bureau staff in consultation with the Portland Development Commission and the Bureau of Housing and Community Development proposes changes to the boundaries.

1. Background: Program History

This tax exemption program, like the other City tax exemption programs, is enabled by State statutes. Portland's local program is authorized by Oregon Revised Statutes 458.005–458.065, *Housing in Distressed Urban Areas*, which the Oregon Legislature adopted in 1989 by the passage of Senate Bill 310 at the request of the City of Portland. At that time, housing abandonment was a problem in areas of North, Northeast, and Southeast Portland that had little new investment in recent decades. The City's Vacant and Abandoned Task Force recommended that a tax incentive be created to encourage new housing production. City Council adopted this program in 1990 and designated the areas mentioned above as "distressed."

In 2002, due in part to the revitalization of many close-in neighborhoods, the name of the areas to which the program applied was changed from "Distressed" to "Homebuyer Opportunity." Applicant income limits and owner occupancy requirements were added at that time. These changes were made in part to address concerns that the program might be unintentionally promoting gentrification. The program has always had a cap on the price of eligible units that is set annually. Neighborhood revitalization continues to be an objective for designating eligible areas

In 2003, this program became inactive for two years due to the expiration of the sunset date in the State authorizing statutes. In 2005, the Oregon State Legislature passed Senate Bill 847, which extended the sunset date in the authorizing statutes to 2015 and allowed condominiums to be eligible for the program. On October 19, 2005, the Portland City Council amended City Code Chapter 3.102 to include the new sunset date, condo eligibility, and the housekeeping changes allowed by the Senate Bill by adopting Ordinance 179685. It also set the 2005 price cap for eligible units at \$225,000 by adopting Resolution 36340.

2. Selection of Areas Eligible for the Program

City Code Section 3.102.090, Designation of Homebuyer Opportunity Areas, lists two criteria for the selection of these areas. (See Attachment 1 for the code text.) The first is that the area be primarily a residential area that is blighted, and the second is that the limited property tax exemption incentive help carry out adopted city plans and policies related to housing or neighborhood revitalization.

Initially, the areas were selected based on such factors as building activity; median home value, rent and household income; number and percentage of derelict buildings; and percentage of households below the poverty level. Planning efforts that were underway for areas that were in need of revitalization also helped determine the designation of the first "distressed" areas. The City was engaged in plans for the Albina community and Brentwood-Darlington at the time the program was adopted. Portions of Albina and the entire Brentwood-Darlington neighborhood were originally designated as "distressed" areas eligible for this program, as well as portions of North and Inner Southeast Portland.

The Planning Commission has adjusted the map twice since the program began in 1990. In 1996, three neighborhoods in Outer Southeast were added as part of the *Outer Southeast Community Plan* process. These were Mt. Scott-Arleta, Foster-Powell and Lents neighborhoods. In 2002, all areas in Inner Southeast Portland (Buckman, Kerns, Sunnyside, and portions of Hosford-Abernethy) and some industrial areas were deleted from the program because of rising home values and/or lack of program activity. Other areas along the MAX northbound light rail line and portions of two East Portland neighborhoods (Parkrose and Powellhurst-Gilbert) were added. The map in Attachment 2 shows the current designated areas in which the program applies, as well as proposed changes to the map.

3. Proposed Changes to the "Homebuyer Opportunity" Map

The proposed changes for the program map are based on information available at the census block group level from the 2000 census, and consultations with Homeownership Advisory Committee (HOAC) members. HOAC is a subcommittee of the Housing and Community Development Commission that is staffed by the Bureaus of Planning and Housing and Community Development and the Portland Development Commission.

The Planning Bureau is not currently engaged in any community and area plans. Much of the area covered by the most recent area plan, the *St Johns/Lombard Plan* (2004) is already included in this program, as are large portions of the Interstate Corridor urban renewal area (2000), and the Lents URA (1998). The Planning Bureau's District Liaisons for Northeast and East Portland, and PDC staff that administers this program, were consulted on new areas to include on the map. (See Attachment 2 for the Proposed Map.)

Criteria for Selection of Proposed Map Additions

The data selected from 2000 Census for proposing additions to "Homebuyer Opportunity" areas are:

- Predominance of low and moderate income households;
- Median household income lower than City median; and
- Median housing value lower than City median.

Planning staff also conducted field surveys of areas suggested by HOAC members, the District Liaison planners and PDC staff. These areas were checked for:

- Infill opportunities such as oversized lots and vacant land available for single-family and low density multifamily development.
- "Distressed" neighborhood conditions such as boarded-up housing and housing in poor condition.

Zoning maps and maps showing vacant land and subdivided land without building permits were also consulted.

The proposed areas to be added are east of SE 82nd Avenue.

Finding: Most of the areas are located on Portland's eastern boundary where there is vacant land, median household incomes and home values lower than the City median in 2000, and in some cases, poorly planned development patterns, unpaved streets, and boarded-up housing. (See Attachment 3 for the Description and Characteristics of the Areas.)

Criteria for Selection of Areas Proposed Map Deletions

Staff consulted the 2000 census data for census block groups that are currently included in "Homebuyer Opportunity" areas that did not have a predominance of low and moderate income households and did have:

- Median household incomes well above the City median; and
- Median home values close to, or above, the City median.

These areas were also field checked for housing condition, vacant land, and infill development opportunities. HOAC members recommended that the areas deleted from the map be kept at a minimum.

The proposed areas to be deleted are five census block groups in Northeast Portland.

Finding: These areas had median household incomes significantly above the City median and home values close to or above the City median in 2000. These are older, built up areas with single-family homes that are generally in good condition and where there is little vacant land for development. (See Attachment 3 for the Description and Characteristics of the Areas.)

4. Staff Recommendation:

Approve the proposed changes to the "Homebuyer Opportunity" Areas Map.

Attachment 1:

City Code Requirements for Designation of “Homebuyer Opportunity” Areas

3.102.090 Designation of Homebuyer Opportunity Areas

(Amended by Ordinance Nos. 170667, 176786 and 179685, effective November 18, 2005.)

A. The Bureau of Planning shall be the agency responsible for designating homebuyer opportunity areas. The Portland Development Commission and the Bureau of Housing and Community Development shall be consulted in the designation process. The designation of such areas shall occur in the form of a public hearing conducted before the City Planning Commission through a legislative process appealable to City Council. If there is no appeal within 30 days of the decision by the Planning Commission, the decision shall be final. The Bureau of Planning shall make available maps indicating current homebuyer opportunity areas. The designation of the first homebuyer opportunity areas shall be conducted as nearly as possible in conjunction with the adoption of this ordinance implementing tax exemption in such designated areas. From the date of the first designation, a review of the areas for possible amendment of the boundaries of the homebuyer opportunity areas shall occur at least every three years.

B. The criteria for designating homebuyer opportunity areas shall include a consideration of the following factors:

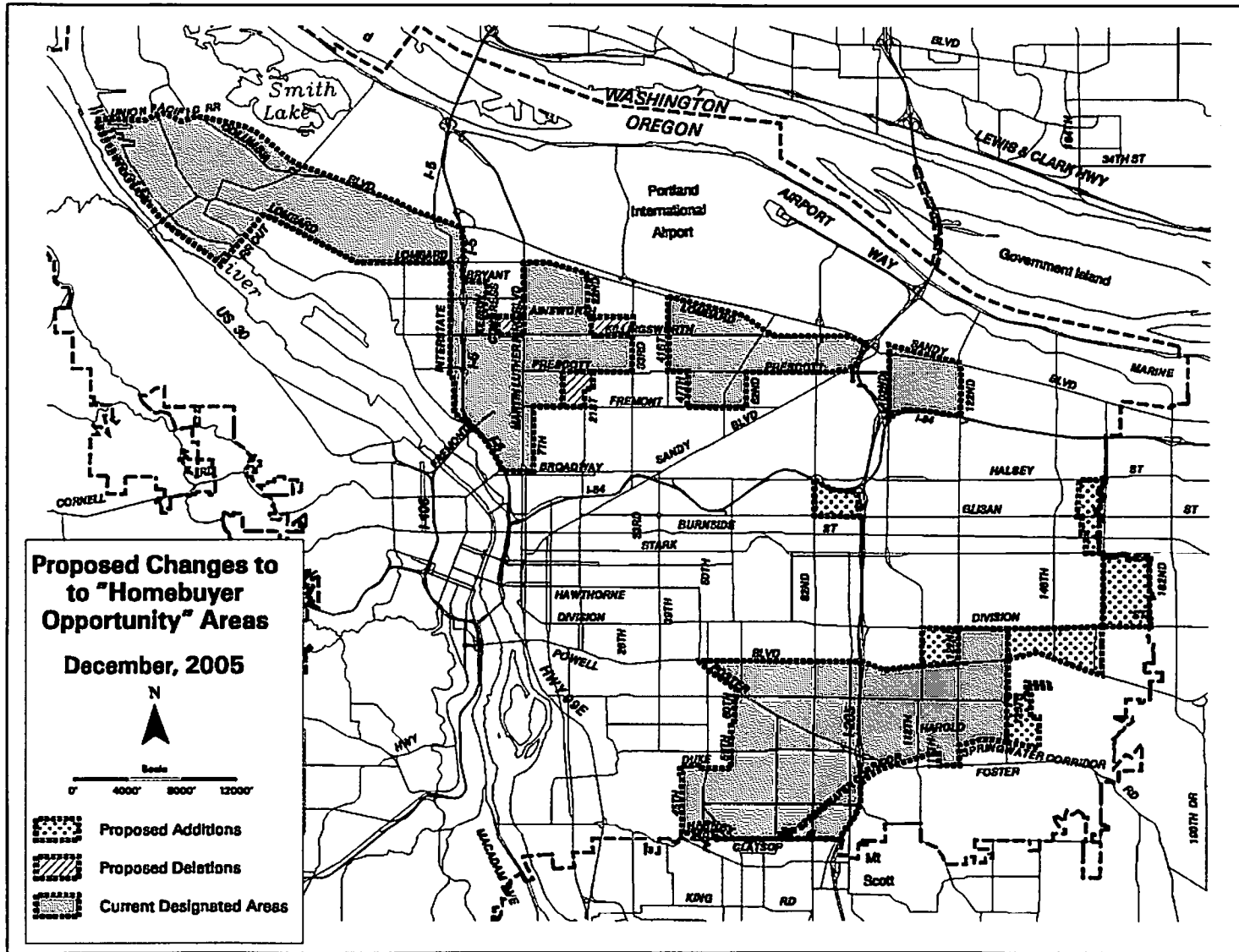
1. The area is primarily a residential area of the city which is detrimental to the safety, health and welfare of the community by reason of deterioration, inadequate or improper facilities; the existence of unsafe or abandoned structures, including but not limited to a significant number of vacant or abandoned single or multi-family residential units; or any combination of these or similar factors; and,

2. The incentive of limited property tax exemption in a homebuyer opportunity area will help to carry out adopted policies, or area-wide or district plans of the city related to housing or neighborhood revitalization.

C. At no time shall the cumulative land area within the boundaries of homebuyer opportunity areas exceed 20 percent of the total land area of the city.

D. The Bureau of Planning shall also establish the price limit of newly constructed single-unit housing eligible for the limited property tax exemption as provided by this Chapter. The price limit shall not exceed 120 percent of the median sales price of single-family homes located within the city. The median sales price shall be determined, with assistance by the County Assessor, using the sales data collected under ORS 309.200 for the period ending the prior November 30 relative to single-family homes. In addition, the Bureau of Planning may use data made available by the real estate and construction or other appropriate industry. The median sales price shall be established by resolution prior to January 1 of each year during the effective time of this program.

Attachment 2: Proposed Changes to “Homebuyer Opportunity” Areas Map



Attachment 3: Description and Characteristics of Proposed Areas for Deletion and Addition by Neighborhood and Census Block Group

Areas Proposed for Deletion

Neighborhoods	Boundaries	Census Tract and BGs	% of BG in Portland	> 50% Low-Moderate Income HHs/ 2000 Median HH Income	2000 Median Home Value	Physical Characteristics
Concordia	North: NE Ainsworth St. South: NE Killingsworth St. East: NE 33rd Ave. West: NE 23rd Ave.	Portion of 36.02 BG 1 & BG 2	100% 100%	No \$51,970 \$52,875	\$153,500 \$154,100	East of Alberta Park: Older built up area where the housing stock is generally in good condition and there is little opportunity for new development.
King and Humboldt	North: Ainsworth St. South: N Killingsworth St. East: NE MLK Jr. Blvd. West: N Vancouver St.	37.02 BG 2	100%	No \$56,875	\$171,300	Area of larger, older homes in good condition with little opportunity for new development.
Sabin	North: NE Prescott St. South: NE Fremont Street West: NE 15th East: NE 23rd to NE Alameda and then NE 21st to Fremont	32 BG 3 & BG 4	100% 100%	No \$58,352 \$70,764	\$180,600 \$209,600	Area just west of the Alameda Ridge: The housing stock is generally in good condition and there is little opportunity for new development.
				City Median = \$40,146	City Median= \$154,700	

Source: 2000 U.S. Census and a map of census block groups having more that 51% of the households defined as low and moderate income as defined by HUD from the *Consolidated Plan for the Cities of Portland and Gresham and Multnomah County 2005-2010*

Areas Proposed for Addition

Neighborhoods	Boundaries	Census Tract and BGs	% of BG in Portland	> 50% Low-Moderate Income HHs/ 2000 Median HH Income	2000 Median Home Value	Physical Characteristics
Montavilla	North: Southern edge of I-84 ROW South: NE Glisan St. East: Western edge of I-205 ROW West: SE 82nd Ave.	17.02 BG1 small portion of 81 BG 3	100% 100%	Yes \$30,833 & \$33,243	\$117,100 \$120,700	Area just south of I-84 right of way and west of I-205 right of way that has vacant land and some housing in poor condition.
Glenfair and Wilkes	North: NE Halsey Streets South: SE Stark East: City boundary just west of 162nd West: NE 155th between Halsey and Glisan, NE 156th between Glisan and Couch Sts., 157th between E Burnside and Stark Street	Yes 93.01 ½ of BG1 ½ of BG2 ½ of BG3	 79% 78% 88%	Yes \$38,750 \$30,688 \$29,375	 \$176,600 \$170,800 \$152,400	The eastern half of Census Tract 93.01 has more modest housing than the western half, some of which is across from the Glendoveer Golf Course, and median housing values are probably lower. There is more vacant land and undeveloped lots in the eastern half of this tract as well as several boarded up houses.
Centennial	North: City boundary just south of Stark Street South: SE Division St. East: City boundary just west of 175th and 176th West: SE 162nd	97.02 BG 1 BG 3 BG4	 34% 91% 100%	Yes \$28,902 \$39,306 \$31,820	 \$132,900 \$137,000 \$76,800	Area with large parcels of vacant land and an incomplete street grid.
Powellhurst-Gilbert	North: SE Division South: SE Powell Blvd. East: 122nd Ave. West: SE 112th Ave.	84 BG 1	 100%	Yes \$37,743	 \$134,700	This area has some big vacant lots.
				City Median = \$40,146	City Median= \$154,700	

Source: 2000 U.S. Census and a map of census block groups having more than 51% of the households defined as low and moderate income as defined by HUD from the *Consolidated Plan for the Cities of Portland and Gresham and Multnomah County 2005-2010*

Attachment 3: Description and Characteristics of Proposed Areas for Deletion and Addition by Neighborhood and Census Block Group

Areas Proposed for Addition continued

Neighborhoods	Boundaries	Census Tract and BGs	% of BG in Portland	> 50% Low-Moderate Income HHs/ 2000 Median HH Income	2000 Median Home Value	Physical Characteristics
Powellhurst-Gilbert	North: Division Street South: Powell Boulevard East: SE 162nd Ave. West: SE 136th Ave.	91.01 BG 1 BG 2	 100% 100%	Yes \$38,929 \$32,941	 \$147,600 \$99,800	An area north of Powell Butte with large vacant lots.
Powellhurst-Gilbert	North: South of SE Center Street SE 148th to SE 141st and south of SE Mall west of 141st Street to SE 136th South: Springwater Corridor East: SE 145th Ave and the City owned land on Powell Butte West: SE 136th Ave.	91.02 BG1 west of SE 145th and western edge of Powell Butte	 100%	Yes \$41,167	 \$152,500	Newly urbanizing area just west of Powell Butte with extensive areas of vacant land.
				City Median = \$40,146	City Median= \$154,700	

Source: 2000 U.S. Census and a map of census block groups having more that 51% of the households defined as low and moderate income as defined by HUD from the *Consolidated Plan for the Cities of Portland and Gresham and Multnomah County 2005-2010*

**Portland Planning Commission
Summary Minutes
January 10, 2006
12:30 PM**

Commissioners present: Chris Caruso, Amy Cortese, Don Hanson, Larry Hilderbrand, Paul Schlesinger, Gail Shibley, Tim Smith, Ingrid Stevens, Youlee Yim You

Commissioners absent: None

City Staff Present: Gil Kelley, Barbara Sack, Barry Manning, Betsy Ames, Celia Heron, Joan Hamilton, Planning; Brian Morisky, PDC; Douglas Hardy, BDS; Stuart Gwin, PDOT; Veronica Valenzuela, Mayor's Office; Jeramy Patton, OMF

Stevens opened the meeting.

CONSENT AGENDA

REQUEST FOR STREET VACATION, R/W #6530 – PORTION OF NORTH DANA AVENUE

Documents Distributed:

- Staff Report and Recommendation to the Planning Commission, File No. R/W 6530

Hilderbrand's motion to recommend approval was seconded and passed unanimously (Y-Caruso, Cortese, Hanson, Hilderbrand, Schlesinger, Shibley, Smith, You, Stevens (9); No-None (0)).

CONSIDERATION OF MINUTES

Shibley's motion to approve minutes for the meetings of Oct. 25, 2005; Nov. 8, 2005; Nov. 22, 2005; and Dec. 13, 2005, was approved and passed unanimously (Y-Caruso, Cortese, Hanson, Hilderbrand, Schlesinger, Shibley, Smith, You, Stevens (9); No-None(0)).

CHANGES TO HOMEBUYER OPPORTUNITY AREAS (HEARING)

Documents Distributed:

- Memorandum from Barbara Sack to Commission, Dec. 29, 2005
- Attachment 1: City Code Requirements for Designation of "Homebuyer Opportunity" Areas
- Attachment 2: Map of Proposed changes to "Homebuyer Opportunity" Areas Map
- Attachment 3: Description and Characteristics of Proposed Areas for Deletion and Addition by Neighborhood and Census Block Group

Maps Displayed:

- Homebuyer Opportunity Working Map
- Citywide Zoning with Homebuyer Opportunity Areas

Sack provided background on the City's Single-Family New Construction Tax Exemption Program, formerly called the Distressed Areas Program. She said the program allows a 10-year tax exemption on improvement value of new single-family homes if housing meets the City's goals and objectives for neighborhood revitalization and affordable housing, and if home prices and income levels are below maximum caps. She explained that the program started in 1990 as a response to vacant, abandoned housing and lack of construction in some Portland areas; pursuant to City code Chapter 3.102, the Planning Commission determines boundaries for the program and makes adjustments as needed at least every three years. Sack said a subcommittee of the Housing & Community Development Commission (HCDC), the Homeownership Advisory Committee, which includes staff from the Portland Development Commission (PDC), Bureau of Housing and Community Development and Planning, participated in the designation of the proposed additions to the HO Map. Planning Staff analyzed data from the 2000 Census block group data (income, housing value data) and performed field surveys to determine blighted areas with vacant land where the program can be applied. She stressed that no more than 20 percent of

the land area of the city can be designated for the program. Sack indicated areas to be removed from or added within homebuyer opportunity area boundaries.

Morisky added that he administers the program for PDC and uses GIS data to identify homes determined to be eligible.

Public Testimony

Sandra McDaniel, Montavilla NA, 1435 NE 73rd, 97213, questioned why the neighborhood association had not been included in discussions concerning changes to the map and why neighborhood involvement isn't included in the design of this program. She said her neighbors agree that their area is blighted and can benefit from the program, but they would have appreciated a presentation at one of their meetings so they could have described the needs in the neighborhood. She noted the need for better roads, because the area will continue to be blighted without features that create pride in ownership and improvements from the house to the street. She concluded that Montavilla neighborhood needs help and asked for neighborhoods' involvement in the program.

Commissioners Comments & Questions

- Stevens stated that McDaniel's concerns are reasonable and questioned whether there's enough neighborhood involvement for this program. She noted that PDC Commissioner Doug Blomgren had e-mailed her to ask whether the program could be designed to provide family-sized housing around schools. Sack said she applied legal notification criteria, but the mailing list for the first notice did not include neighborhood associations; however, she notified them when she realized they had not been included. Sack agreed the process could be improved, particularly if linked with another planning effort, but she emphasized that the designation of eligible areas relates to State and City Code criteria.
- Hilderbrand expressed dissatisfaction with the City's Local Improvement District (LID) program that provides sidewalks only for those who can afford it. Caruso and Hilderbrand stressed that if neighbors won't approve a LID project, nothing happens. They stressed that the City would need to reorder its priorities to provide for a complete program that provides infrastructure with housing. Kelley and Hanson indicated that streets are financed different ways, depending on circumstances of development. Hanson stressed that the tax exemption for single-family housing in distressed areas provides a catalyst for additional development activity.
- How close is the City to reaching 20 percent of land area eligible for the program? Sack indicated these changes would increase the percentage from 14 to 15.6 percent. She said HOAC advised not removing too many areas, but more areas could be deleted to ensure room under the cap. She recommended that the Planning Commission check the boundaries and criteria again in three years.
- What is the definition of blight for the study? Sack cited City Code definitions of unsafe and inadequate public facilities and vacant and abandoned housing, but said there is less vacant and abandoned housing than in the past so staff considers household income, median home value, and does visual surveys.
- How do people find out about this and other incentive programs? Morisky said he uses GIS to mail applications to persons predetermined to be eligible for the program, selecting single-family tax lots in the homebuyer opportunity area, but weeding out those too expensive for the program. He said he has sent 571 applications to properties with a final permit issued 2002-2004, when the program was inactive, and 121 have been approved to date, with 30 in the pipeline. He said he intends to mail applications packages to homes that have permits from 2004-2005, but clauses in the State statute and City Code allowed a window of opportunity through December 5, 2005, for homes left out while the program was down. He also announced intentions to seek media opportunities.
- Is the program always for new construction? Morisky said the program applies to homes less than two years old from the date of final occupancy permit.

- Does the program include provisions related to family size? Morisky said there's an allowance to increase allowable income if the household size is over four people. Sack noted that the program's emphasis shifted from housing production to affordable housing; however, the majority of single-family homes built through the program have three bedrooms, and most of the building occurs in single-family residential areas and low-density multifamily areas, so it's assumed larger units get built with this. Morisky added that PDC has updated its database to collect data on the number of adults and children in households and bedroom size.
- What happens if an owner gets a tax break for a few years and then rents or sells? Morisky said that gets flagged by Multnomah County, and the subsequent homeowner can pick up the remainder of the 10-year term if they qualify for income. He said the abatement would be cancelled if the property were rented.
- After 10 years, is there any provision for payback, or does a seller get the full equity after the tax exemption? Morisky confirmed the property would be back on the tax roll after 10 years, and the house could be sold without any payback required.
- How does the City finance construction and paving of roads if homeowners can barely afford the house? Sack acknowledged that is a problem, although some eligible areas are included in the Lents and Interstate urban renewal areas. Sack said there's no mechanism now for providing infrastructure. Hanson noted there are frontage requirements for new homes built on gravel streets, with requirements for curb and some pavement, but results are spotty. He noted that if three or five units are built together, particularly by nonprofit agencies, there's opportunity to construct streets.
- What measures are used and what are the outcomes of this program over the last 13 years? Sack said 2100 units have been created through the program, and she said it's been used in North Portland in projects such as New Columbia and Charleston Place and in developments in Outer Southeast and Lents where BHCD provided money to pave streets in some areas. She said the program has been important to revitalization of Albina and Outer Southeast and can be used in conjunction with other programs. Morisky added that the income limits and home occupancy requirements now included in the program can be tracked.

Kelley agreed that a briefing on street financing mechanisms would be a good agenda item for a future meeting. He stressed that the District Liaison program can serve this housing program by helping identify issues and brief neighbors.

Motion

Hilderbrand's motion to recommend approval of staff's proposed map changes was seconded and passed unanimously (Y-Carusso, Cortese, Hanson, Hilderbrand, Schlesinger, Shibley, Smith, You, Stevens (9); N-0. Schlesinger requested that the letter to Council raise the issue of insufficient streets and stress the impact on blight and safety. Sack noted that that Code does not require passage by Council after the Planning Commission approves the map changes, so no letter is needed. Commissioners requested that Sack forward a letter to Council, with a copy to PDOT, to advise them of the issues raised at the hearing.

122ND AVENUE STATION AREA PROJECT (HEARING)

Documents Distributed:

- Memorandum from Barry Manning, Jan. 10, 2005 (sic), 122nd Avenue Station Area Study Planning Commission Work Session

Manning described proposals and offered the opportunity for public testimony on two topics that came from the hearing on November 22, 2005, for which additional notices were sent to affected properties:

1. Proposed R3 to R1d Comprehensive Plan Map change to maintain housing potential on 122nd Avenue in compensation for housing lost due to changed designations elsewhere.
2. Broader application of Design Overlay Zone ("d") to properties north of Glisan Street and south of Stark Street

He reported that he had explained implications of provisions to callers, but received few inquiries. Commissioners indicated support for staff's recommendations.

Stevens opened the session to public testimony.

Public Testimony

Joyce Rothenbucher, Hazelwood NA, 10759 SE Market, 97216, testified that Hazelwood supports the broader applications of the design overlay zone. **Discussion:** Schlesinger noted Rothenbucher and neighbors supported the additional overlay in testimony at the Design Commission hearing. Rothenbucher added that the Hazelwood NA prefers 300 ft. nodes at both Glisan and Stark.

Manning explained his memorandum and narrated a Power Point (attached) that illustrated issues raised by Planning and Design Commissions.

Demographic/ Income Data

Manning provided data on median household income derived from ESRI Business Analyst. He reported increasing income in six Census tracts, although it fell below citywide median income of \$44,470 in 2000. Manning noted that Brad Tonkin's auto dealership had provided data from an Urban Science market report based on the data source Claritas, which analyzes incomes by zip code areas. That report showed median income dropping in some areas, including zip code 97230. Manning suggested that the zip code-based data covers demographic changes occurring outside of Portland in a broader market area. Manning acknowledged demographic shifts and increased incidence of seniors on fixed incomes living in the area. In response to questions about data, Manning noted that tract 81 falls far below median income level, and income levels can relate to targeted senior housing in the area, household sizes and wage earners per household.

Minimum Floor Area Ratios (FAR)

Commissioners asked for clarification of how staff's proposals for FAR would apply in different development situations.

Douglas Hardy, BDS, summarized nonconforming use regulations relative to minimum FAR, where requirements for FAR are more flexible for existing buildings with an established floorplan than for a demolished site where the developer can meet requirements fully. He provided explanatory scenarios:

- 1) owner who expands existing building on site is only required to come into closer conformance with minimum FAR;
- 2) owner who demolishes a portion of a building and then expands the building is required to provide FAR that exceeds what was previously on site, coming closer into conformance but not fully;
- 3) owner who demolishes all the buildings on site is required to rebuild fully to minimum FAR; and
- 4) owner who demolishes one of several buildings on site is required to rebuild fully to minimum FAR, calculating FAR based on all the buildings on site.

Hardy concluded that anyone who wants to demolish, rebuild, yet not meet the minimum FAR, can go through the Adjustment process to get an exception from minimum FAR. He noted that on this corridor any developer would go through concurrent design review and adjustment process. Regarding FAR of 1:1, Manning noted two additional options presented in testimony: 1) allow demolition of entire site if all new development exceeds previous FAR; or 2) lower the threshold to 0.4:1, which was a FAR suggested in an earlier report that typical auto dealers could achieve with significant enclosed area up front.

Commissioners Comments & Questions

- Commissioners raised concerns for owners whose insurance would only cover the original cost of rebuilding a structure lost to fire, not a building required to be increased to come closer to 1:1 FAR. They expressed concern that auto dealers who make money for the city might be pressured to leave current locations because of the expense and burden of going through an Adjustment proceeding. They raised issues of uncertainty for landowners going through review and potential inequity of requiring a property owner to build a larger building than needed. They asked about the flexibility of the Adjustment and Design review proceedings.
- Hardy said the request for adjustment would be reviewed according to development standards and the purpose statement. He said if there's regulation for minimum FAR, there's a desire to attain