

# City should meet affordable housing goals in North Macadam URA

BY WILL WHITE  
CONTRIBUTING COLUMNIST

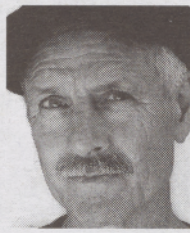
A proposal now in front of Portland's City Council will have a dramatic impact on the nature of the community being created in the North Macadam district through the use of public funds. At issue is whether current city elected officials will fulfill commitments made in 1998 when a Comprehensive Plan was passed to insure that the income profile of any newly created neighborhoods would match that of the city as a whole.

The North Macadam Urban Renewal Area was first proposed in 1997. When planning for the district began in the late 1990s, I was a member of the city's advisory committee. Council members had learned earlier in the development of the River District Urban Renewal Area (URA) that it is essential to establish affordable housing commitments at the outset if a new neighborhood is to provide homes to the full range of Portland's citizens. The comprehensive plan of 1998 was adopted to lock that approach into policy.

Urban renewal areas are specific geographic neighborhoods authorized by City Council and planned by the Portland Development Commission (PDC). To create funds to spur development in a newly established URA, property taxes that go to the city, county, and school district are capped at the existing level. For 20 years, any increase in tax revenue is invested back into the URA to support new development. After 20 years, this increased level of tax revenue again flows back to the city, county, and schools – unless the life of the district is extended by City Council.

When it was first proposed in 1997, it was the City's intention for the new 130-acre North Macadam district to replicate the earlier successful creation of a mixed income neighborhood in the

Will White was senior advisor to Sen. Jeff Merkley from 2009 to 2014. Prior to that, he was the director of Portland's Bureau of Housing and Community Development for five years and executive director of the nonprofit Housing Development Center for 10 years. This article is based on his testimony to City Council on Feb. 26.



River District URA. That did not happen. PDC and Council adopted sound targets, but then made three major mistakes:

1. It was decided that housing should happen late in the development of North Macadam - only after infrastructure had been paid for and for-profit developments were built to create tax increment revenue.

2. Sites for affordable housing were not acquired in the early years when land was still cheap.

3. Development agreements negotiated with property owners by the Portland Development Commission (PDC) often did not include requirements to build affordable housing as part of the mix of planned projects. When affordable housing was required of large landowners like Oregon Health & Science University and Portland State University, these commitments were later removed by PDC and the city.

In 2003, after five years of planning and development in the North Macadam URA, PDC and City Council took a second big step away from creating a mixed-income neighborhood. They abandoned the 1998 comprehensive plan requirement that the North Macadam district should reflect the income profile of the city as a whole. Instead of being bold and finding creative ways to come up with the needed funds, a weak "Constrained funding model" based on available funding levels was adopted for housing.

The city was able to find money to fund roads, a streetcar, an aerial tram to OHSU, a greenway, a hotel, and thousands of condominiums and market-rate apartments, but affordable housing targets were cut. The target was lowered by more than half, from 1845 to 754 affordable units.

Notably, while this lowering of the target constituted a 59 percent reduction in the amount of projected affordable housing, the agreement included a crucial condition: After the first 3,000 units of housing were built in the district any further residential development would match the income profile of the city as a whole.

In 2012, Gray's Landing, the district's first affordable housing building was finally opened. It provided 209 apartments for people of modest means, including much-needed housing for 42 homeless veterans. As reported by the Oregonian at the time:

"The 209 apartments represent about half of the affordable housing called for in the South Waterfront plan but arrived almost six years behind schedule. Affordable housing was intended as a key and early element of the South Waterfront's largely publicly funded transformation from riverfront industrial land to high-density urban neighborhood. . . Reasons for the delay include the recession, problems with developers, and tax dollars that went first to public works projects like the aerial tram and the streetcar.

At present, nearly 3,000 units of condominiums and luxury apartments have been built in North Macadam. Striking high-rise housing units have risen near the Willamette River, but only the wealthy could afford to buy them.

No further affordable housing has been built since 2012. Even the drastically reduced targets of the "constrained funding" plan have not been met. Four hundred seventy-nine units of affordable housing were to have been developed during the last decade and a half, but we are now short of that modest target by 270 units – a shortfall of 56 percent!

The need for affordable rental housing has never been greater. More than half of the households with incomes below 50 percent of the area median (only \$35,000 per

year for a family of four) currently spend more than half of their income on rent each month. To cover the cost of their housing, they must cut back on expenditures for food, medications, clothing, education and other essentials.

The proposed fourth amendment to the North Macadam URA now before City Council marks our city's third and final chance to get the housing policy right in this key downtown neighborhood. To fulfill the commitments made by Portland's elected officials, the city must do the following four things:

1. Develop 400 units of affordable housing units on Parcel 3, a site already owned by the City. Because nearly 3,000 units of market rate housing have already been built in North Macadam, we shouldn't use Parcel 3 to build more market rate housing.

2. Stick to the goal reaffirmed by City Council in 2003: additional housing built in North Macadam beyond the first 3,000 units must match the city income profile.

3. Accomplish this goal by setting aside now at least three additional sites for future affordable housing developments. Part of this goal can be accomplished by acquiring one or more affordable housing sites in the development agreement currently being negotiated for the 30-acre Zidell property – the largest open redevelopment site in the central city. The City and PDC should also work with both OHSU and PSU to negotiate purchase agreements for sites that can provide future housing that is appropriate to Portlanders who work or study at these institutions. OHSU and PSU have received great benefits from the North Macadam URA, and both have previously committed to developing affordable housing on their property.

Portland has a wonderful national reputation for bold and progressive accomplishments. A neighborhood developed with immense city resources that does not accommodate the hard-working people who keep our city going falls far short of that reputation. It's time that we finally do the right thing in North Macadam. City Council should not approve the current urban renewal amendment until a detailed strategy has been adopted to create a true mixed-income neighborhood in North

Macadam. Many experienced housing developers and policy experts would join me in offering to work with PDC and City Council to accomplish these goals.

