



PORTLAND BUSINESS ALLIANCE

Leading the way

January 10, 2012

Chair Andrews
Portland Development Commission
222 NW 5th Ave
Portland OR 97209
RE: 2012-13 Central City Urban Renewal Budget Priorities

Dear Chair Andrews:

Thank you for the opportunity to provide comments on the central city urban renewal district budget priorities. The Alliance values the importance of urban renewal in the central city as a necessary financial tool to generate economic investment and offset the higher cost of development and redevelopment in the core, so that the central city can remain a regional hub for economic development, job creation and fulfillment of city and regional land use, transportation and carbon emission reduction strategies.

Used appropriately, tax increment financing can rehabilitate areas suffering from disinvestment and/or blight, prevent economic decline, leverage significant private-sector and other public-sector resources and increase tax revenue for local jurisdictions. We remain concerned that tax increment financing is, at times, used as a quasi-general fund for projects not optimized for this tool. This practice does not maximize the ability to use urban renewal as a tool for economic generation. We urge the city and the PDC to preserve this important tool for development projects that:

- Have the ability to generate tax increment
- Have private-sector participation
- Create a local and widespread “halo effect” of economic development and private investment.

We remain concerned with the declining presence of tax increment financing as a key redevelopment tool available throughout the central city. Regional employment and housing projections rely on the central city to accommodate a significant portion of the expected growth by intensifying the use of land. Tools such as tax increment financing have been instrumental in making higher density, mixed-use projects financially feasible.

Without the presence of the tax increment financing tool or other tools, we are very concerned that high density, mixed-use development will not occur, and the city will lose market share to less costly, less risky lower density and

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greenfield development opportunities. Ensuring that the central city remains the regional economic center is critical. To this end, we would like to work with the city, Metro and the impacted taxing jurisdictions on identifying and implementing additional tools to assist with high-density development and central city revitalization.

We applaud the city and the PDC for their focus on economic development. The adoption of the city's Five-Year Economic Development Strategy and the focus on traded sector industries are critical elements of promoting job creation in the City of Portland. We look forward to continuing to work with you on efforts and investments that stimulate economic investment.

As a part of the focus on economic development, we are supportive of ways to improve linkages between research, innovation and industry. We are pleased that the city is proposing an innovation district encompassing Portland State University for this purpose. We look forward to learning more about the proposal and working with the city, the PDC and Portland State University on this effort

Budget Priorities

River District

The Alliance is supportive of the business finance, storefront improvement and redevelopment loan programs. These opportunistic resources are critical to attracting and retaining firms. We appreciate PDC's targeted pro-active recruitment of cluster industries, but at the same time recommend that PDC make these important finance programs available on a reactive basis to businesses that are creating economic investment and jobs, but may not be in a cluster industry.

The allocations for the Downtown Retail Strategy and the 10th and Yamhill Garage are of high priority to the Alliance. Both of these expenditures will go far in strengthening the retail core and implementing the Mayor's Downtown Retail Vision. The 10th and Yamhill project will be a critical improvement to the west end of the retail core, where significant investment is being made. We recognize there is a near-term construction timing issue with this project and its adjacent building; we urge PDC to maintain the funding for this project while that timing issue is being resolved.

The Post Office site continues to be a high priority opportunity site for the Alliance, as this site could be a significant game-changer for the city and the region. We support the redevelopment of this site in a way that maximizes job creation and allows for market flexibility at the time when development is feasible.

The Alliance is interested in learning more about the revised plan for Centennial Mills. If PDC is reconfiguring the plan from a community vision standpoint to more of a jobs-based strategy, we recommend that this site be offered to market and that some of the funds be distributed to other market-based projects. There are several jobs-based projects in this area of the district, including One Waterfront, which merit funding and could have private sector partnerships involved.

Downtown Waterfront

Due to the impending termination of this district, there are very limited resources available for the downtown core. However, the need for investment-assistance resources in this area

has not gone away. We would like to work with the city and PDC on identifying and implementing alternative funding mechanisms for the downtown core. This strategy should include strategic sales of PDC-owned property in this district and a reinvestment of that revenue into the downtown core and the Ankeny/Burnside areas.

The Alliance would like to know more about the revised development proposal for Block 33. Ensuring that this development is a catalytic project that will have regional draw and will contribute to the revitalization of Old Town/China Town is a high priority for the Alliance. We look forward to conversations about this effort.

South Park Blocks

Similar to Downtown Waterfront, the small amount of resources available reinforce the need to identify additional funding mechanisms for this area of downtown. While we understand that the proposed PSU-focused district will address some of these blocks, it leaves a great portion of underdeveloped parcels without assistance. With what is remaining, the Alliance prioritizes the business finance programs and the storefront improvement grants for businesses in this district.

The Alliance is interested in knowing more about the current financial model of the Oregon Sustainability Center project. While we are supportive of projects that synergize research and innovation with industry, we remain concerned that this project's affordability makes private-sector tenancy difficult. We encourage PDC and the city to continue their efforts to secure private-sector participation in this project before it moves forward.

Oregon Convention Center

We are pleased to know that Metro, the city and the county are re-engaged in discussions regarding increasing convention attractiveness, including a Headquarters Hotel. This project remains a priority for the Alliance, as it allows the Oregon Convention Center to remain competitive in the convention industry and bring the many economic benefits of additional regional and national conventions to Portland. We request that the earmark remains for this project while this discussion moves forward.

As this district comes to expiration, we are supportive of the remaining funds being used for projects that spur private industry and leverage the significant investment made in the streetcar. With regard to the Veteran's Memorial Coliseum, we are hopeful that the investment made by this district will create a tailwind of other improvements in this area. We are supportive of the EcoDistrict investment moving forward and pleased to see the participation and private investment already made by district property owners into the district formation process. We look forward to seeing this process continue, with the Lloyd EcoDistrict Board of Directors playing a lead role in the public/private partnership that will determine projects and priorities that distinguish this district.

Central Eastside

The Alliance supports the Central East Side as an important employment district in the central city. We request that PDC use the remaining funds in a focused and consolidated way to help projects that have the most return on investment possible move forward. To that end, we suggest that PDC consider holding and consolidating the resources available until the streetcar begins operation, so that the most strategic investment opportunities can be realized. The Alliance is supportive of the Burnside Bridgehead project moving forward and

requests that this project be allocated enough funding so that the full potential of this site can be fulfilled.

North Macadam

The Alliance supports the expenditures in this district that focus on strengthening connections between research and innovation and industry. Programs such as Business Finance, Development Assistance and Storefront Improvements used for investments that reinforce the existing industry of bioscience, research and innovation are a priority for the Alliance. We prioritize investments that catalyze OHSU's research and innovation into job creation and private-sector spin-offs and opportunities for partnership between Portland State University and OHSU.

Interstate

The Alliance understands that a focus of this district is centered on the Neighborhood Economic Development Strategy. Given this focus, Alliance urges the city to use those Business Finance, Redevelopment Loans and Storefront Improvement tools to help individuals and businesses create wealth for themselves and the community.

We also urge that development in this district acknowledges the significant presence of the health care industry, and we would prioritize investments that build off of this cluster. Additionally, there are multiple industrial districts in this urban renewal area, and we would like to see support for these industrial businesses, by way of maintaining infrastructure that assist with the movement of commercial vehicles while increasing pedestrian scale and safety.

Conclusion

Thank you for your consideration of the Alliance priorities for urban renewal resources. Tax increment financing is a key development and redevelopment tool for ensuring economic investment in the central city. Given the central city's regional economic significance, we would like to continue working with our public sector partners on ensuring that there are robust tools available to assist with important development projects that contribute to urban economic vitality. We look forward to reviewing the draft FY2012-13 budget once it is prepared.

Sincerely,



Sandra McDonough
President & CEO

cc: John C. Mohlis
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