

The Last Best Place in Portland

by Shelley A. Lorenzen

Bounded by the western shore of the Willamette River, the Marquam Bridge, and I-5, much of Portland's North Macadam district lies vacant. I used to run through the area and thought that it would make a great place for those carnivals that tear up the lovely lawns of downtown's Waterfront Park several times a year. Others, more powerful than I, have grander plans for the district.

The City of Portland plans to borrow \$162 million to spend in North Macadam over the next 20 years, not counting interest. That works out to be more than \$1 million per acre. Taking inflation into account, the total borrowing is projected to be \$288 million.

The League of Women Voters of Portland supports the redevelopment of North Macadam and agrees public investment is warranted. We want to make sure, however, that public money achieves public goals that would not be realized by private investment alone. We also want the private entities who stand to benefit most from this public investment to bear their fair share in the development of the district.

The most visible businesses in North Macadam are Zidell Marine, Schnitzer Steel, and the Spaghetti Factory. In total, about 30 private entities own the banana-shaped 130 acres which extend about one mile south from the Marquam Bridge. A slender strip of land 25 feet wide along the bank of the Willamette makes up the greenway.

The City's Framework Plan for North Macadam predicts that public investment will spur \$900 million in private investment in the district. Without the public investment, the Portland Development Commission (PDC) predicts approximately \$300 million in private investment. Most of that private investment is in the cost of building new market-rate housing, office buildings and hotels.

The Framework Plan describes a rela-



A current view of North Macadam.

tively dense, urban neighborhood designed to accommodate 10,000 jobs, 3,000 housing units, an expanded greenway and another 10 to 12 acres in neighborhood parks and open spaces. The district would be connected to downtown by the Central City Streetcar and to OHSU and the rest of Marquam Hill by an aerial tram. The planners envision a lively, mixed-income community, which would include an outstanding riverfront that can be enjoyed by residents of the neighborhood and the region.

In August of 1999, the Portland City Council took two major steps toward realizing this dream. First, it accepted the Framework Plan for redevelopment of the area. Second, it created the North Macadam Urban Renewal Area and adopted an urban renewal plan.

Developing the Framework Plan was very complicated. It was prepared by the staff of the PDC, based on recommendations from the 26-member North Macadam Steering committee, which is comprised of North Macadam property owners, private citizens, and staff of the PDC and of other city agencies. Hundreds of meetings were held over the course of two years. Besides the Steering Committee, the process spun off six work groups and included public observers such as the League of Women Voters.

Discussions over downtown riverfront redevelopment, with hundreds of millions of dollars of public money on the table, get contentious. Everyone has an opinion about what they would like to see there. The regulatory authorities have a field

day.

In essence, the City of Portland is asking its citizens to save North Macadam, just as God asked Noah to save the animals. If Noah lived in Portland today, however, even he would have had difficulty getting his ark off the ground. Noah might have offered the following explanation as to why the ark was behind schedule:

Lord, please forgive me. I did my best but there were BIG problems. First, I had to hire an engineering firm to redraw your plans for the ark so that they would meet building codes. Then the neighborhood association objected to having such a big boat in their backyard (they suggested instead that ark would make a wonderful Southwest community center). Then the Homebuilders Association said the ark looked suspiciously like a snout house, so I had to get variances from the Portland planning and design commissions. Then I received irate phone calls from housing advocates demanding to know why God was building boats when what Portland really needs is more affordable housing. When I started rounding up the animals, I was sued by the National Marine Fisheries Service for proposing to take two of every endangered species of salmon from the Willamette River. Just when I got that suit dismissed, the Mayor called and said that she had formed a 26-member steering committee (with

innumerable subcommittees) to study whether the launch of the ark will help economic development in Portland and, by the way, her reelection campaign. Charlie Hales thinks the ark should serve as the first water taxi between the last streetcar stop in the River District and the Rose Garden. And, just yesterday, I received a notice from Metro that, according to its map, the ark is not sitting on a designated flood plain. They asked me to relocate the ark to a flood plain outside the urban growth boundary. Oh Lord, I really don't think I can finish the ark for at least another 20 to 25 years!

God might reply, "This is what results from public-private partnership? It will take more than a miracle to sort this one out."

Urban renewal, by state law, is a way for cities to finance the redevelopment of blighted areas. If an area meets the statute's blight test, a city may designate the area for urban renewal. Then the city sells bonds to raise money to invest in the urban renewal area. The city expects its investment to draw private investment and thus push up property values. From the increase in property tax revenue, the city repays these bonds and the interest owed on them.

For example, the assessed values of property in the North Macadam Urban

Renewal Area are estimated by the PDC to be approximately \$132 million. Property taxes on that base amount will continue to flow to the various current taxing districts (the City of Portland's general fund, Portland Public Schools, the county, etc.). Property taxes on any new assessed value will be used solely to repay the bonds sold by the city to raise the public moneys to invest in the North Macadam Urban Renewal Area during the 20-year plan period. After the debt is retired in approximately 25 years, property taxes on the total assessed value will flow again to the normal taxing districts.

Complexity aside, we at the League of Women Voters want to make sure that the public is getting the most benefit possible in return for its very substantial investment. We want to see more affordable housing. Public funding for affordable housing under the urban renewal plan gives us only 40 percent of the City's goal for the area, yet we are funding with public money almost 80 percent of the cost of the streets, utilities and other infrastructure in the district, costs normally born by the developers.

The League has called for a wider waterfront greenway and we want it to be spectacular in both function and design. We want further consideration of the biological aspects of the design, setback, and uses of the greenway and the treatment of the riverbank. The 35 to 50 foot setback from the river proposed by the Framework Plan is not sufficient for habitat restoration, but we do not know yet what the appropriate setback should be. We have suggested that the City initiate a design competition to generate imaginative ideas for the design of both the greenway and the riverbank. We think this process needs to be outside the realm of the Steering Committee so that competing interests will not suffocate creative ideas before they see the light of day.

Finally, we want a clearer picture of what the property owners will contribute in exchange for this outlay of public dollars. When we and others ask for more greenway, we are told that it will reduce the amount of money available for affordable housing. Must these public goals be mutually exclusive? Perhaps we could persuade the property owners to provide more

greenway and open space in exchange for our public investment. Alternatively, they could pick up a bigger share of the infrastructure that will serve their property and thus free up public dollars for parks, greenway, and affordable housing.

We were gratified that, after the public hearings in August, the City Council directed that further consideration be given to expanding the greenway, additional funding for affordable housing, Endangered Species Act implications, riverbank treatments and storm water issues. We also are glad that the Council recognizes that the Framework Plan is simply that: a plan. There are no firm commitments yet from property owners to build affordable housing, target high wage jobs, increase housing density, build roads, or commit land for parks and open space.

Fortunately, the city has considerable bargaining power in this case. The property owners insist that the land is worth little without public investment. We would like to see the upcoming negotiations focus on the balance between property owners' needs and the City's goals for the district, rather than pitting greenway width against the number of affordable housing units.

North Macadam offers the City of Portland and its property owners an extraordinary opportunity to create, literally from the ground up, a riverfront neighborhood that walks the talk of Oregon's innovative land use and environmental policies. We have the opportunity to create a vibrant district with extraordinary open spaces that take maximum advantage of the beauty of the Willamette, a district with a mix of jobs and housing that includes people from all walks of life, a district that implements innovative solutions to storm water treatment, riverbank restoration, transportation and parking. The League and the people of Portland have great hopes and dreams for this last, best place in Portland. It is only right that the property owners bear their fair share. The private sector must give as well as take to make the dream come true.

Adapted from a speech by Shelley A. Lorenzen to the Downtown Lion's Club. A lawyer, she was Vice President and General Counsel of Arcata Corporation, a 7000-employee printing company. Currently she is first vice president of the Portland Chapter of the League of Women Voters.



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