

**CITY OF MILWAUKIE  
PLANNING COMMISSION  
MINUTES  
Milwaukie City Hall  
10722 SE Main Street  
TUESDAY, April 28, 2009  
6:30 PM**

**COMMISSIONERS PRESENT**

Jeff Klein, Chair  
Dick Newman, Vice Chair  
Lisa Batey  
Scott Churchill  
Teresa Bresaw  
Paulette Qutub  
Chris Wilson

**STAFF PRESENT**

Alex Campbell, Resource & Economic  
Development Specialist  
Li Alligood, Assistant Planner

**1.0 Call to Order—Procedural Matters**

Chair Klein called the meeting to order at 6:39 p.m. and read the conduct of meeting format into the record.

**2.0 Planning Commission Minutes**

2.1 March 10, 2009

**Commissioner Bresaw** confirmed that Commissioner Batey's suggestion on 2.1 page 31 should read, "...visit New Columbia that ~~Mr. Anderson~~ **Commissioner Bresaw** mentioned."

**Commissioner Bresaw moved to approve the March 10, 2009 meeting minutes as corrected. Commissioner Batey seconded the motion, which passed 4 to 0 to 1 with Vice Chair Newman abstaining.**

**3.0 Information Items—None**

**4.0 Audience Participation—None**

**5.0 Public Hearings—None**

**6.0 Worksession Items**

6.1 Urban Renewal project briefing  
Staff Person: Li Alligood & Alex Campbell

**Alex Campbell, Resource and Economic Development Specialist**, reviewed the staff report, noting that the City had engaged Tashman Johnson, LLC to complete the feasibility study on urban renewal.

- The focus of the feasibility effort was to identify the likely revenues from creating an Urban Renewal District (URD) downtown, if pursued, with an emphasis on balancing the burden of public area requirement expenses between public and private developers, while adhering to the City's relatively high development standards. After reviewing other options, such as local and business improvement districts, urban renewal appeared to be the best choice to fund projects such as the Downtown

Riverfront Land Use Plan, Capital Improvement Projects (CIP), and other unfunded projects.

- By early summer, the results of the feasibility study would be shared with the Planning Commission, Riverfront Park Board, Neighborhood District Association (NDA) leadership, and City Council to determine whether urban renewal should be pursued.
- He responded to comments and questions from the Commission as follows:
  - \* The feasibility study cost \$30,000. He reviewed the competitive process for hiring the consultant, which involved reviewing 7 proposals before hiring Jeff Tashman of Tashman Johnson, LLC, who had 30 years of experience working with urban renewal in Oregon.
  - \* The request for proposal (RFP) sought specific deliverables from bidders including:
    - Providing advice and the most accurate and reasonable method for projecting potential revenue from tax increment financing;
    - Reviewing and prioritizing existing projects to determine those most valuable and important in generating additional tax increment revenue; literally, private investment;
    - Determining which opportunity sites in and around downtown might stimulate the private side to consider development;
    - Assistance in providing public information about urban renewal.
  - \* In the bid process, the City also considered each bidder's approach, as far as their understanding of what the City wanted and might not have considered, as well as the experience and background of the consultant team.

**Commissioner Churchill:**

- Expressed concern that the bid process presumed that urban renewal was coming because the RFP did not ask if the project was appropriate, but rather to consider the best way to raise funds to make urban renewal work in Milwaukie.
- Wanted a balanced approach and was concerned that the decision had already been made that urban renewal was appropriate for Milwaukie. The City's approach did not seem balanced.
  - \* **Mr. Campbell** agreed the assumption was that urban renewal was a tool that would be useful to the City on some level. He added that very few cities in Oregon had tackled downtown redevelopment without urban renewal.
- Preferred to have the City consider whether urban renewal was appropriate—or not, but what he heard was urban renewal was appropriate and the City was considering how to make it work financially. If the goal for the consultant was to make the project work financially, it did not leave room for determining whether or not the project was appropriate for the City.
  - \* **Mr. Campbell** responded that staff made the assumption that the Planning Commission and City Council would determine whether the project was appropriate or not.

**Chair Klein** noted the City was hiring a consultant with expertise in managing urban renewal to provide an analysis on whether the project was appropriate. He agreed that the bid process did appear biased in one direction. While urban renewal was typically utilized for revitalization in other Oregon cities, the question appeared loaded in order to provide a desired response.

**Commissioner Churchill** believed other options were available for downtown revitalization and wanted to hear about ways to support and have a healthy downtown without artificial processes to stimulate growth. A number of other similarly populated cities were doing very well without urban renewal programs.

**Jeff Tashman, Tashman Johnson, LLC**, stated the role of Tashman Johnson was to provide analysis as directed by staff, but the Planning Commission and City Council would make the final determination as to whether urban renewal was worth pursuing.

- During the scope of work process, the City stressed that the assumptions and methods utilized should be really transparent. As a separate task, the City requested that Tashman Johnson prepare a methodology utilizing certain assumptions to provide a likely level of development that could be stimulated in the study area, given a certain range of investment.
- He noted he had done feasibility studies for cities that decided not to pursue urban renewal and he did not consider them to be failed projects.

**Commissioner Churchill** asked how many 22,000 to 25,000 resident cities in Washington, Oregon, and California implemented urban renewal programs.

- \* **Mr. Tashman** explained that while Washington had weak laws and rarely used the urban renewal process, California had a well-developed program. In Oregon, more than 60 cities and counties had done urban renewal in approximately 100 URDs.
- \* Milwaukie was the 20th largest city in Oregon, and perhaps 5 larger cities did not have urban renewal or were not seriously studying the process.

**Chair Klein** commented that though he was skeptical about the urban renewal report, he understood Tashman Johnson was providing specific information requested by staff and that the ultimate decision was up to the Planning Commission and City Council. He asked staff to research how other Oregon cities with similar population ranges did or did not utilize urban renewal.

- \* **Mr. Campbell** explained that the study was only designed to see what urban renewal could do in Milwaukie, assuming that urban renewal could be utilized as a fiscal tool.

**Commissioner Batey** asked if the urban renewal study would be mapped out against other options that City Council did not want to pursue. Those discussions had not been provided to the Planning Commission or the public.

- \* **Mr. Campbell** responded that the study from Tashman Johnson would not, but staff could provide that information. However, no other comparable tools were available to study where a locality's tax contributions were leveraged by a number of overlapping jurisdictions.

**Mr. Tashman** reviewed his urban planning background with the City of Milwaukie and presented his PowerPoint explanation of urban renewal and its feasibility in Milwaukie with the following additional comments:

- Urban renewal was a local government program under control of the City Council and authorized by state law to prevent and cure blight. A long definition existed in the statute that covered the criteria for finding blight, but final judgment was left with the local jurisdiction. He defined the essence of blight as a lack of private investment in

real estate development across a specific obstacle, such as lack of infrastructure, amenities, or a means of acquiring a site.

- The financing tool for urban renewal was tax increment financing, which utilized property taxes on growth in assessed value in an urban renewal area to pay for urban renewal projects.
  - \* When an urban renewal plan was established, it defined the boundaries of an urban renewal district. This allowed the assessor to determine the frozen or certified base, which was how much assessed value was within the boundary. Growth in the assessed value was called the incremental assessed value, and property taxes on that increased amount were allocated to the urban renewal agency.
- The main focus of urban renewal plans was investment in infrastructure including streets and utilities. It could also be used to directly assist property owners and developers with projects that provided special benefits for the public.
  - \* If a private property owner or developer wanted to do a mixed-use building downtown, under stated criteria, urban renewal could provide money for public requirements that were a financial obstacle.
- Urban renewal plans were usually proposed as a part of the financing package. Urban renewal could not pay for operation, maintenance, or promotion, so typically a URD was combined with an economic or business improvement district.
  - \* Two major property tax measures in the 1990s reduced the funding capacity of urban renewal, and so because it was no longer as powerful of a revenue generator as it once was, other funding sources were also typically used.
- Urban renewal agencies could no longer use condemnation or eminent domain to obtain property, but could purchase land from a willing seller.

**Mr. Campbell** clarified that urban renewal was not used for the North Main project, so the City, through a special Public Works fund loan, paid a substantial portion of the costs.

- He agreed urban renewal was not the only funding source for infrastructure projects. The only real difference with urban renewal was that all the other taxing districts would be helping to repay for the loan for the improvements.
- It was presumed that the final urban renewal area would not be as large as the study area defined by the City in the RFP, but the relative strengths and weaknesses of several different areas would be assessed as options for City Council to consider. Data and results would be presented for each study area in the final report to Council.
- Staff delineated the boundaries of the study areas, which had not been presented to any other City boards or commissions.

**Commissioner Churchill** did not understand how this project was being directed and was very concerned that such a broad urban renewal net was being cast for the size of the city.

- \* **Mr. Tashman** responded that the idea was to provide a study area that did not exclude areas that might potentially be appropriate for urban renewal. There was no presumption that the entire area would be placed into a URD. The study was to provide information so the public, City Council, and Planning Commission could make informed judgments regarding the location of the URD boundaries.

- \* He clarified that projects being funded had to be within the URD. Statutes limited what could be put in a URD to no more than 25% of a City's assessed value and no more than 25% of the land area.

**Commissioner Churchill** noted that blight was the subject of the study, but in Milwaukie, blight was actually located further east of the boundaries defined in the study.

**Chair Klein** added that some study areas did not have blight. He asked that if one URD was being done with separate portions, would those portions be broken out to receive urban renewal dollars or were the funds being considered to go to other important projects, like the Lake Road redevelopment.

- \* **Mr. Tashman** explained that an area should be included within a URD because improvements needed to be done in that area. There was no requirement to break the URD into subareas, with the money generated from each subarea spent in that subarea, but it was not good policy to include an area in a URD for the sole purpose of generating revenue with no projects planned there. The City had to find and document conditions of blight within the urban renewal area as a whole and propose projects in the urban renewal plan that addressed those blight conditions.
  - Urban renewal used to have a very negative stigma with regard to residential areas because of the condemnation issue. Condemning land and establishing residential neighborhoods had not been an urban renewal agency policy for many years, and was now against the law as well. In many areas, a URD was a positive marketing factor for residential neighborhoods because there was a greater chance that streets and lighting would be up to standard.

**Mr. Tashman** and **Mr. Campbell** continued responding to questions and comments from the Commission as follows:

- Taxpayers would notice an urban renewal line on their tax bill, indicating how much was going to urban renewal.
- The issue of urban renewal taking away funds from the City's coffers and resulting in the City having to raise taxes to cover the difference was an essential value judgment on urban renewal.
  - \* Every City Council or County Commission had to look at urban renewal and decide if forgoing some revenue on growth was worth it or not. A certain amount of growth would occur in the area without urban renewal, but it was believed that a higher level of investment and development would result with an urban renewal plan. If development within a URD would not happen without the urban renewal investment, then the City was not forgoing revenue on it.
- The City had a permanent tax rate that could not be raised, so the only way the City could raise taxes was by a local option levy or general obligation bond. Since 2001, the law stated that urban renewal could not affect those types of levies.
  - \* If the total assessed value in a URD increased in the future, any money levied by other tax districts and approved by voters would go toward the projects intended, such as schools or libraries, not to urban renewal projects; that money would be exempt.
    - If voters approved a general obligation bond, growth in the area would go toward repaying the bond, not to urban renewal. If the development in the area was successful, taxing districts, including the City, had a way to benefit immediately from that success if new taxes were approved by the voters.

- Overlapping taxing districts, like a school district, would be motivated to have urban renewal because it was a good long-term investment, although with indirect effects.
- City Council would have to specifically address any formal comments from overlapping tax districts when considering the urban renewal plan. However, no taxing district could legally stop an urban renewal plan.
- Many URDs already existed in overlapping taxing districts, such as the fire district and Metro. Urban renewal did create an odd situation in that it funded additional investments in high-priority areas. Milwaukie was essentially the one jurisdiction not taking advantage of it.
- The City could legally approve a URD in spite of what other taxing districts said, although it was never done. A legislative bill was currently being negotiated between representatives of overlapping taxing districts and the Association of Oregon Redevelopment Agencies to put various limits on urban renewal, which Milwaukie would be subject to should the City pursue a URD.
- As far as the anticipated timeframes for urban renewal, an industrial development URD, for example, could make improvements to accommodate a single large user and be a very short-term project.
  - \* The big Intel project in Hillsboro that included Orenco Station had been in existence for a long time, but the URD was paid off in a short period of time.
  - \* Portland adopted a Downtown Urban Renewal Plan in 1971 that would continue until 2022, while the Clackamas Town Center URD was divided twice, balancing out the revenues going to urban renewal and other taxing districts. He would research further, but he believed that the Clackamas Town Center URD was complete.
- City Council had the authority to designate who governed the urban renewal agency. Council could either choose to appoint an urban renewal board, or designate the community housing authority if available. Or the City Council itself could govern it, which was typical since Councilors were accountable to the voters and urban renewal was too important for Council to delegate that authority.
  - \* The City of Portland used a separate appointed board called the Portland Development Commission (PDC). In practice, Portland's City Council had been taking back authority from that board over the last several years, but the PDC was still formally the governing urban renewal agency. However, urban renewal plans as well as any substantial amendments always had to be adopted by City Council.
  - \* The benefits of appointing a separate board were the advantages of distancing the governance of the agency from politics and to be able to include people with special expertise.
- The most simple and quantifiable measure of success was to look at the growth in assessed value during the urban renewal plan and how it related to the investments made in the URD. The growth before and after the URD could also be compared, noting specific projects that produced that growth. A less quantifiable but important measure was whether the URD had created a better sense of place and whether the area had become more of an asset to the community.
- A projection of revenues would be provided. Some very successful districts achieved projected revenue levels earlier than expected, including the River District in Portland. Others had not achieved the projections.
- Given the varied and numerous plans currently underway in the City, he explained that urban renewal plans consisted of authorized projects with projected completion

dates that were implemented on a year-by-year basis through the budget process, allowing for continuous opportunity to adjust strategies if something did not work.

- \* If funding were produced from an urban renewal plan that would not otherwise be available, the City had ways to implement the plans it was unable to before, such as improvements around light rail or Riverfront Park that would benefit from urban renewal funding. He did not consider urban renewal another layer of planning but an implementation measure.
- How urban renewal funds were spent was always fluid, unless borrowing long term for urban renewal projects. The budget process projected the amount of revenue for the following year and could also set priorities for how funds were spent.
- The urban renewal study area boundary was included in the RFP packet and was considered a technical decision. Nothing was hidden. The very large boundary under study could create the appearance that an enormous urban renewal area was planned but was set to avoid limiting the ultimate area, which could include one or several URDs.
- A URD did not have to be approved by voters, but must be approved by Council with a nonemergency ordinance so that it was referable to the voters.

**Chair Klein:**

- Believed that while defining the final boundary, each stage should be studied to determine the percentage of total revenue brought into the City to see what would not be included compared to the need to fund other projects coming up. He asked if that percentage was known at present.
  - \* **Mr. Campbell** responded the gross forgone tax revenues would be provided, but a breakdown of the subareas could also be provided.
- Stated because so many entities were seeking funding, the main goals and boundary should be set early to determine what projects would receive funding.

**Commissioner Batey** asked if one, two, or three URDs were expected as a result of the feasibility study.

- \* **Mr. Campbell** replied that had not yet been determined. Aside from the philosophical questions about urban renewal, project priorities should be determined if the urban renewal moved beyond the feasibility study. Without a clear idea of the amount of funding available, it was difficult to discuss which projects would be pursued and how many URDs would be established.
- \* He agreed to show the revenue streams separately for each subarea.

**Chair Klein** added that urban renewal projects should be priority-rated so the public would understand where the revenue was utilized if urban renewal moved forward.

**Vice Chair Newman** stated that he wanted to know the responses of the other taxing districts prior to making a recommendation to City Council. All the projects were important, but what he heard was that declaring a URD was tantamount to being a pirate. Just because other cities were establishing URDs did not mean that Milwaukie should, especially in the current economy.

- \* **Mr. Tashman** responded that his company put together urban renewal plans for Gresham and Tigard where URDs had been rejected by voters in the past. One overarching principle of that work was having to rationalize why each part of the proposed urban renewal area was to be included, and also to identify the problem in the area and determine why urban renewal was needed to help

- overcome the problem. The process in both cities was meticulous because it had to go to the voters.
- \* The process for determining the included areas in Milwaukie would be very transparent and meticulous about what areas were included and why. Concerns about taking money from other taxing districts were more appropriate if a big net was drawn just because the area might develop. A carefully-drawn boundary demonstrating that the area as a whole needed help could promote development that otherwise would not happen. Such plans tended to get the acquiescence of the overlapping taxing districts.
  - \* **Mr. Campbell** added that the Planning Commission hearing was typically the first public formal hearing to which overlapping jurisdictions were invited and where their comments were first considered formally. He did not mean to imply that Milwaukie should do a URD because everyone else was doing it, but there was an equity component to the question. Milwaukie was currently on the less equitable side. Many areas were using URD within the overlapping taxing districts, the boundaries of which included Milwaukie.

**Chair Klein** noted that while URDs might take from the general fund, hopefully the value brought to those areas by urban renewal would increase the value of the surrounding area to compensate for it. Otherwise, the funds were being taken.

- \* **Mr. Campbell** added that the City was taking the same risk and making the same investment that it asked of the overlapping tax districts.

**Commissioner Churchill:**

- Asked if the other key stakeholders and overlapping jurisdictions were specifically invited to tonight's Planning Commission meeting.
  - \* **Mr. Campbell** answered 'No.'
  - \* **Chair Klein** believed that two meetings had already been held at City Council on urban renewal. He had requested the Planning Commission's meeting on urban renewal.
- Believed that not inviting the overlapping districts or key stakeholders to this first public meeting where the boundary was addressed was a mistake.
  - \* **Chair Klein** agreed with Commissioner Churchill's conclusion.

The Commission took a brief recess, reconvening at 7:55 p.m.

6.2 Main Street Initiative project briefing  
Staff Person: Li Alligood

**Li Alligood** introduced Jamie Johnk of the Clackamas County Main Street Program, who provided an overview of the project.

**Jamie Johnk, Main Street Coordinator**, reviewed the Main Street Program, its intent and benefits as an economic development tool, via PowerPoint.

- Participating in the program meant that individuals and groups were learning about implementing a Main Street program to revitalize the downtown in their communities.
- She explained that they were asking for the commitment of time from community leaders and staff. Clackamas County and the State had funding available for the market analysis, historic inventory, training, and workshops.

**Commissioner Batey** said that engaging the downtown property owners would be difficult in Milwaukie because many owners were absentee landlords. She asked what kind of outreach was planned for the upcoming meeting.

- \* **Ms. Johnk** responded that the invitation list was sent to the downtown area business and property owners. The problems with property owners and business owners were not unique to Milwaukie. When either a cost or benefit affected absentee property owners, they get involved.

**Chair Klein** encouraged Planning Commissioners to participate, adding that the Design and Landmarks Committee (DLC) should probably be involved as well.

**Li Alligood, Assistant Planner**, reviewed how the Main Street Program would complement the City's downtown projects, activities, local businesses, and existing assets via PowerPoint, noting the specific role the Planning Commission would play as well as the individual involvement of Commissioners themselves.

**Alex Campbell, Resource and Economic Development Specialist**, stated that the Open House for business and property owners would be held Wednesday, May 13, 2009 at 6:00 p.m. at the Masonic Lodge. Electronic invitations had been sent with hard copies to follow. RSVPs had been requested.

- The Open House presentation would be very similar to what was presented to the Commission, but with much more detail about the nuts and bolts of what the Main Street Program was and its purpose.
- He reported that Ms. Alligood had already briefed the DLC on the project.
- He sought input from the Commission about how best to engage the downtown business owners and suggested that a formal Planning Commission representative attend the Open House or that Commissioners participate as individuals. He encouraged people from the general community to attend and listen.
- He believed it was time to have a downtown Milwaukie association again. Although it was a challenging group to bring together, he wanted to create space where discussion could occur.

**Chair Klein** stated that the downtown should have its own Neighborhood District Association (NDA). If it received funding similar to that of the other NDAs, he believed there would be more organization and participation.

**Ms. Alligood** clarified that a reconnaissance survey of downtown had been done through the Main Street Program identifying additional historic buildings not included on the City's Historic Resources Inventory, which was outdated having been completed in 1988. The City had done a more recent survey project for unranked resources to determine where they should fall.

**Commissioner Batey** agreed the Code should be stronger regarding historic buildings. She lived in a building on the contributing list and learned that the only restriction was that she could not tear the house down.

- \* **Ms. Alligood** added that the City's ordinance also had a scoring component that was not recognized by any other state or federal authority.

**Chair Klein** said that they would decide at the next meeting who would represent the Planning Commission on the boards once they were formed.

## **7.0 Planning Department Other Business/Updates**

### **7.1 Transportation Code Amendment project update**

**Chair Klein** offered the following update in Katie Mangle's absence:

- The Transportation Code Amendment (TCA), which involved the work done by the Commission on how to get public area improvements in residential areas when new residential construction was done, was heard by City Council last week.
- Members of Council did not like the 200-sq ft limit or incremental growth that was included in the plan from the Planning Commission, so Council directed staff to provide a different plan.
  - \* Ms. Mangle would provide a full update later, but staff looked at how many applications came through yearly and reviewed how much money they generated in fees in lieu of construction (FILOC) or for associated public area requirements.
  - \* Staff modified the amendment to state that if an addition was less than 200 sq ft, no public area costs would be required; for additions 200 sq ft to 1,500 sq ft, the applicant would be asked to give right-of-way if not already given; any addition above 1,500 sq ft would require the full public area requirement amounts of the Transportation Code. Staff believed Council would ultimately accept and approve the changes.
- Nick Kovak, an Alderman for Milwaukee, WI, shared that their city had the same dilemma of wanting to encourage residents to enhance their houses and public areas without incurring undue expense for residents. Considering who used the public streets and the number of vehicles in the area, the City of Milwaukee added a \$2 vehicle registration fee to all vehicles, which was collected by the state and sent to the City of Milwaukee.
- He commented that it was an interesting concept, though it would likely be difficult to implement.
  - \* A 300-sq ft addition to a residence did not necessarily create transportation impacts, but did enhance the city because house improvements increased the home's value, therefore generating tax revenue for the City.
  - \* An increase in vehicle fees would account for the number of vehicles at the house.
  - \* The downside was that by adding a fee to vehicle registration, everyone would pay for development rather than just the individuals making improvements to their homes.

**Commissioner Churchill** agreed that taxing vehicles provided a better connection to the transportation/road impacts than taxing residences.

**Chair Klein** did not believe that the Planning Commission would hear the TCA again in a public hearing format.

### **7.2 Code Improvement Project – Republishing update**

This agenda item was delayed due to Ms. Mangle's absence.

## **8.0 Planning Commission Discussion Items—None**

## **9.0 Forecast for Future Meetings:**

- May 12, 2009
1. Worksession: Title 13 Habitat Conservation Areas project briefing
  2. Worksession: Code Improvement Project –Residential Facilities *tentative*

- May 26, 2009
1. Public Hearing: ZA-09-03 Code Tables

**Commissioner Batey** suggested moving the public hearing on Code Tables to May 12, 2009 in order to have the May 26<sup>th</sup> meeting date tentative since it was the day after the Memorial Day holiday.

- \* **Ms. Alligood** explained ZA-09-03 Code Tables was a housekeeping amendment to relabel tables in the Code. She was unsure if it could be moved to May 12<sup>th</sup> because Ms. Mangle was managing it.

**Chair Klein** believed that Ms. Mangle had asked if the Commission was interested in canceling the May 12, 2009 meeting.

- He encouraged Commissioners to go see the newly improved Logus Rd, which was different and very unique. He considered the complaints received, such as a RVs being unable to travel on the street and cars having to slow down to let others pass, to be accomplishments. The idea was to slow traffic down. The project exemplified what streets would look like in the future and would receive many accolades.
- He appreciated the tremendous work done by Alex Campbell who had taken over as project manager.

Meeting adjourned at 8:53 p.m.

Respectfully submitted,

Paula Pinyerd, ABC Transcription, Inc. for  
Alicia Stoutenburg, Administrative Specialist II

  
Jeff Klein, Chair