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A Decade of Success in Downtown Housing, 1978-1989

Portland (Or.). Development Commission

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A REPORT ON
HOUSING AND PUBLIC INVESTMENT IN THE
SOUTH PARK BLOCKS URBAN RENEWAL AREA

A Decade of Success in Downtown Housing

1978-1989

This Report provides the Portland Development Commission and the City Council with an update of activities within the South Park Blocks Urban Renewal Area (SPBURA) since 1978. A great deal of public investment in housing, park and street improvements has occurred to stabilize and strengthen the City's largest and most successful downtown residential neighborhood. Today this neighborhood, which historically has been a residential area, has a growing residential population with several hundred new residents living in new and rehabilitated housing and contributing to a safer, more vital neighborhood.

POLICY BACKGROUND

The City of Portland has historically had a strong commitment to downtown housing, especially in the southwest area of downtown known as the South Park Blocks Area. The South Park Blocks neighborhood has been a downtown residential area for most of this century and has largely maintained this character even with the increased presence of commercial development. The area is typically residential neighborhoods in that it historically has been characterized by a large supply of permanent, standard housing. In contrast to other areas of downtown, transient single room occupancy housing has never predominated in the South Park Blocks area.

EARLY CITY ACTIONS

In the 1970's, the City adopted progressive housing policies and programs to maintain and strengthen the downtown residential neighborhood by supporting housing opportunities for a broad range of people including low-, middle- and upper-income groups. These policies were embodied in the adoption of:

The 1975 Limited Property Tax Abatement Program: A ten-year property tax holiday for new construction and substantial rehabilitation of housing.

The 1977 AX/RX Zone: Rezoned a large area of downtown to a new central residential zone which requires a minimum of 60 percent of building area to be used for residential purposes and limits non-residential uses to 40 percent, in most areas.

The 1979 Downtown Housing Policy and Program: A major policy document formalizing the City's approach to downtown housing, including the recognition that a balance of low-, middle- and upper-income housing units were all necessary for a successful downtown neighborhood.

SOUTH PARK BLOCKS URBAN RENEWAL PLAN

In the mid-1980's the City recognized that additional financial tools were needed to support downtown housing. Private investment in housing was not occurring to the extent that had been anticipated. As a result, in 1985 City Council directed the Portland Development Commission to prepare the South Park Blocks Urban Renewal Area (SPBURA). The new district was created with the primary goal of strengthening the existing residential neighborhood. It provided a mechanism for the City to assist in the financing of new middle-income rental housing construction and additional rehabilitation loan programs for low- and moderate-income housing.

The primary goals of SPBURA were:

1. Create 1,600 new middle-income housing units by 2008.
2. Maintain the number of low- and moderate-income housing units.
3. Enhance and renovate the South Park Blocks.
4. Provide improvements necessary to support and promote the cultural center, particularly addressing the area's visitor parking needs.

In addition, the Plan speaks to developing supportive commercial services to serve the growing residential neighborhood and it provides a guideline for incorporating 15 percent of newly constructed units for low- and moderate-income households.

SOUTH PARK BLOCKS AREA ACCOMPLISHMENTS

Today, the vitality and attractiveness of the South Park Block neighborhood demonstrates the success of the City's long-standing housing policies. More than \$31.2 million of public funds, combined with private financing, has been invested in housing. These housing expenditures have been supported by \$2.2 million of park and public improvements in the area.

Since 1978, there has been a net increase of 673 housing units in the South Park Blocks neighborhood and, of even greater significance, the neighborhood is once again a thriving residential area with an identity as the City's largest downtown neighborhood. The area is home to downtown workers, retired people, students and other people wanting an urban living experience and proximity to the region's business, financial, retail, cultural and entertainment center.

Public improvements have also been undertaken to renovate the South Park Blocks and provide improvements to S.W. Main Street in conjunction with the Performing Arts Center. Today all six blocks of the South Park Blocks outside of the Portland State University campus have been completely renovated. The City and the Portland Development Commission have also begun an important street lighting program to provide new ornamental light fixtures throughout much of the area.

INCREASING HOUSING SUPPLY 1978-1988

The total supply of housing in the SPBURA has increased by 673 units since 1978, an increase of 32 percent. Permanent housing units now total 2,747, the majority of which are complete living units rather than single room occupancy (SRO) units. A summary table of the overall unit count changes is shown on Page 3, with more detailed information found in Appendix 1.

Low- and moderate-income housing has increased by a net of 378 units as a result of new construction and rehabilitation. Low and moderate is defined as apartments and single room occupancy units with rents of less than \$500 per month.

Within the low- and moderate-income category, a total of 631 new low/moderate apartments were added to the market between 1978 and 1988. The supply of SRO units dropped from 672 to 419 resulting in an overall net increase of 378 low- and moderate-income units. The drop-in SRO units was largely due to the conversion of the Hotel Park Haviland from 210 SRO units into 162 Section 8 apartments. No SRO units were lost due to demolition for re-use as surface parking lots. The Hotel Park Haviland example depicts the trend in the neighborhood to produce complete, permanent living units in keeping with a residential, rather than commercial neighborhood character.

The supply of middle-income housing has grown entirely due to new construction. Three new projects totalling 295 middle-income units were built in the late 1980's.

PERMANENT HOUSING IN THE
SOUTH PARK BLOCKS

	<u>1978</u>	<u>%</u>	<u>1988</u>	<u>%</u>	<u>Net Change</u> <u>1978-88</u>	<u>%</u>
<u>Housing Units</u>						
Low/Moderate Income *	1,883	(91%)	2,261	(82%)	378 Units	(20%)
Middle Income	191	(9%)	486	(18%)	295 Units	(154%)
TOTAL PERMANENT HOUSING	2,074	(100%)	2,747	(100%)	673 Units	(32%)

* Includes SRO units

NOTE: These figures do not include student housing, motels, hotels and private clubs. See Appendix 1 for this additional information.

PUBLIC INVESTMENT IN HOUSING

More than \$31.2 million of public money has been directed towards housing production and renovation to leverage private investment in a financially

challenging downtown housing market. A combination of public sources were used: tax increment bond proceeds, Housing and Community Development funds, State of Oregon Housing Agency bond proceeds, tax exempt revenue bonds and other sources as they were available.

Public funds for housing were expended in the following manner:

PUBLIC INVESTMENT IN SOUTH PARK BLOCK HOUSING
1978-1988

<u>Housing Units</u>	<u>Public Funds Expended</u>	<u>%</u>
Low/Moderate Income	\$26.5 Million	(85%)
Middle Income	\$ 4.7 Million	(15%)
TOTAL	\$31.2 Million	(100%)

PUBLIC IMPROVEMENTS

The largest public improvement project undertaken since the creation of the SPBURA was the completion of the renovation of the South Park Blocks. The Parks Bureau restored the three southern blocks (between Market and Jefferson Streets) in 1984-85. In 1987, PDC and the Parks Bureau completed the northern three blocks (between Jefferson and Salmon Streets). The total rehabilitation cost was \$1.3 million. The Street Lighting Section of the Bureau of Traffic Management also contributed to the effort by providing new ornamental light fixtures in the South Park Blocks and has recently begun a program to provide additional ornamental lighting on major transportation streets throughout the district.

Another major public improvement completed in 1987 was the reconstruction of S.W. Main Street in conjunction with the completion of the Performing Arts Center. The S.W. Main Street plaza provided a connecting area between the New Theatres Building and the Schnitzer Concert Hall, which can be closed to automobile traffic during performances. The S.W. Main Street project was also designed to provide a gateway to the Park Blocks and cultural center from the Broadway theater and commercial district. The S.W. Main Street project was completed at a cost of \$900,000.

FUTURE PROJECTS

To fulfill the objective of creating a stable, but diverse residential neighborhood, PDC is working to achieve the City's middle-income housing goal of 1,600 new units and to maintain the supply of existing low- and moderate-priced housing. Public financial assistance will continue to be necessary to sustain the incentive for the private development community to continue adding to the City's stock of middle-income housing.

During the next five years, several new projects are anticipated to be undertaken in the SPBURA. Map 1 depicts probably locations for the new housing and the paragraphs below provide general descriptions of each project. Each of these projects will meet SPBURA's 15 percent low- and moderate-income goal.

Project 1

A 23-unit, middle-income in fill project is proposed between two existing apartment buildings. Construction is anticipated to begin Winter 1990.

Project 2

A 150-unit new middle-income project has been proposed for a partial block site and will include neighborhood retail and commercial services along Jefferson. Development planning began Winter 1990 and construction is anticipated to begin Summer 1990.

Project 3

A moderate- to middle-income project of 50 to 75 units is proposed. Development planning could begin as early as Spring 1990.

Project 4

A potential moderate-income project is being analyzed by a private developer. PDC will work with developer to determine feasibility. Timing of project to be determined.

Project 5

A mixed-use, cultural campus public parking garage combined with middle-income housing is also in the early planning stages. The housing component will add approximately 100 new units. Project timing to be determined in 1990

In addition to new construction, approximately 200 units of existing low- and moderate-income housing will be rehabilitated by private property owners through the Investor Rehabilitation Loan Program during the next five years.

APPENDIX 1

SOUTH PARK BLOCKS HOUSING INVENTORY

1978 and 1988

	<u>1978</u>	<u>1988</u>	<u>Net Change</u>
<u>Low/Moderate Income Units</u>	1,883	2,261	378
SRO	672	419	(253)
Apartments	1,211	1,842	631
<u>Middle-Income Units</u>	191	486	295
 TOTAL PERMANENT HOUSING UNITS	 2,074	 2,747	 673
 <u>Other Housing Types</u>	 1,155	 1,142	 (13)
Hotels, Student Housing, Private Clubs			
 TOTAL HOUSING	 3,229	 3,889	 660

Rental Rate Definitions based on City policy:

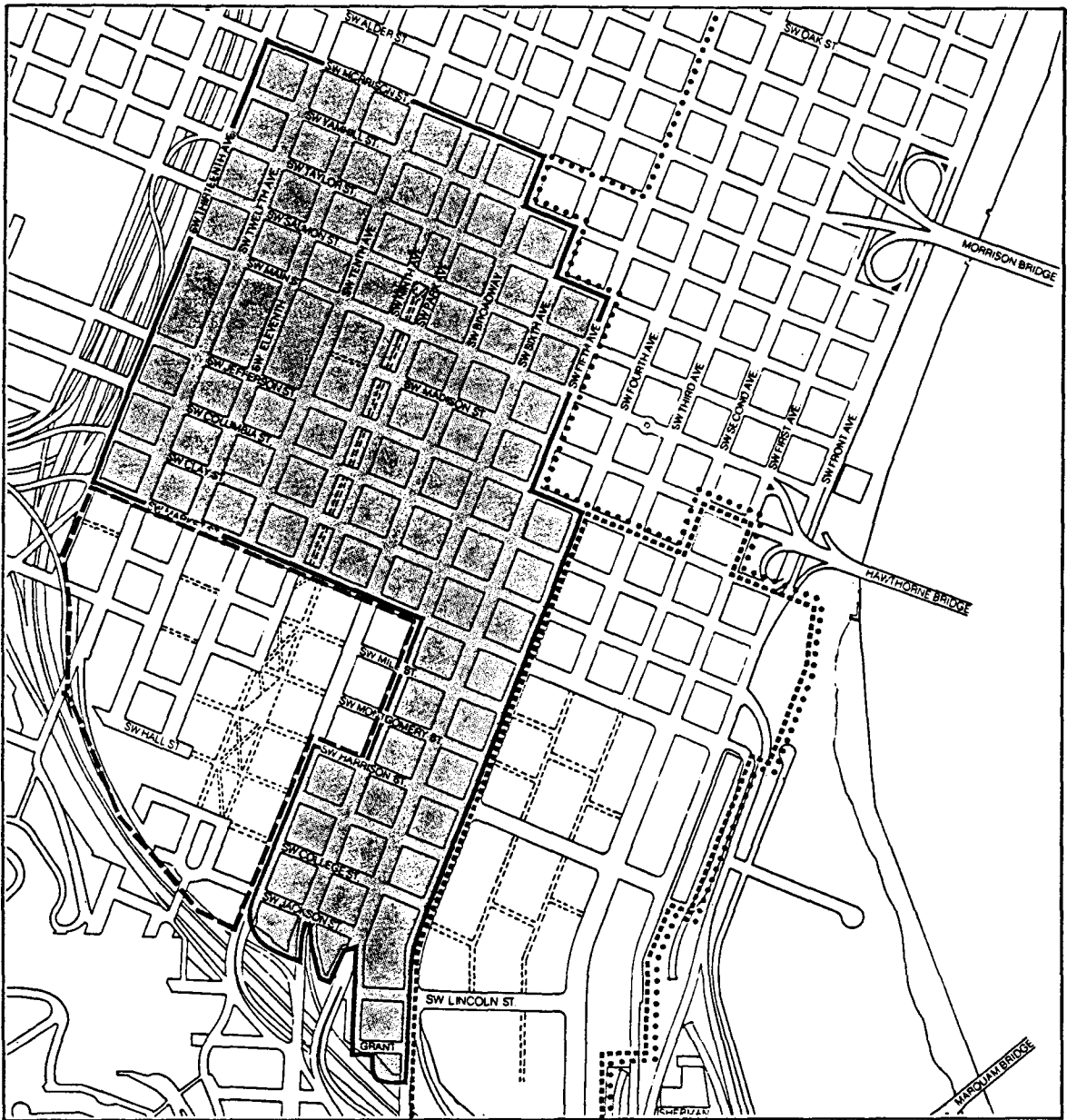
Low Income -- Rents of \$350/month or less.

Moderate Income -- Rents between \$350 - 500/month.

Middle Income -- Rents of more than \$500 - 1,100/month.

Upper Income -- Rents of more than \$1,100/month.

Source: 1988 Portland Downtown Housing Inventory, Portland Development Commission.



SOUTH PARK BLOCKS URBAN RENEWAL AREA

EXHIBIT 1

RENEWAL AREA BOUNDARY

- PORTLAND STATE UNIVERSITY
RENEWAL AREA
- SOUTH AUDITORIUM RENEWAL AREA
- DOWNTOWN WATERFRONT RENEWAL AREA
- SOUTH PARK BLOCKS RENEWAL AREA

PORTLAND DEVELOPMENT COMMISSION