

Rockwood Renewal Feasibility Study



Prepared for:

City of Gresham, Oregon

By:

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In association with:

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Acknowledgements

With this feasibility study Gresham's City Council has taken a visionary step toward the use of urban renewal as a means to build community wealth, create jobs, increase housing opportunities, provide for quality services and enhance the City's overall quality of life.

This has been a broad-based community effort led by the City Council and the Rockwood Action Plan Implementation Committee (RAPIC). The efforts of others are also gratefully acknowledged including all those who gave their time and advice through stakeholder interviews, focus groups and who attended the community meetings and workshops.

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Preface

This report and study conclude that urban renewal is feasible to enhance the local economy and quality of life in Gresham by providing the financial, organizational and planning tools necessary to redevelop and revitalize the Rockwood–West Gresham area. Furthermore, an urban renewal district in Rockwood–West Gresham can also be an indispensable means to achieve the City’s economic development, housing and land use goals.

The study finds that urban renewal can help Rockwood–West Gresham become a more competitive and desirable location for new commercial business, industry and housing by providing the means to:

- Support development of vacant, underutilized and difficult to develop industrial sites.
- Revitalize Rockwood’s core area into a viable regional town center.
- Implement many of the goals and objectives of the several past planning efforts that have focused on Rockwood–West Gresham.
- Promote the rehabilitation of existing housing and the development of new housing.

The Rockwood Renewal Feasibility Study results from the Gresham City Council’s specific direction to investigate the feasibility of using urban renewal as a revitalization and redevelopment tool for the Rockwood–West Gresham area. This report is a step toward implementing the City Council’s proposed 2002-03 Community Goal to “*Proceed with the establishment of the Rockwood Urban Renewal District.*”

A detailed Research and Technical Appendix accompanies this Summary Report and supports its recommendations.

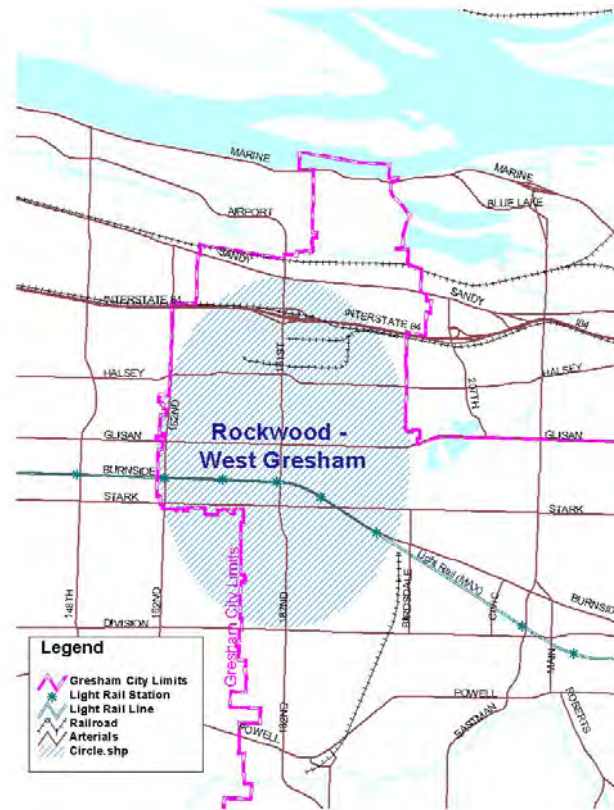
Introduction

As summarized in the preface, the following report concludes that the use of urban renewal meets longstanding community goals and needs for the Rockwood–West Gresham area, is technically feasible, and is practical and workable from organizational and financial perspectives.

This conclusion is based on an analysis of the following questions:

- Can an urban renewal district be configured within Rockwood–West Gresham to comply with the statutory limits on land area and assessed value?
- Do physical conditions exist which require the use of urban renewal through its support and promotion of new development and redevelopment?
- Will adequate tax increment revenues be generated from properties within conceptual urban renewal areas to fund projects and activities to realize Gresham’s goal of revitalizing the area?

Figure 1. Rockwood–West Gresham General Vicinity Map



Three alternative area concepts for urban renewal were analyzed for feasibility. From this analysis it is recommended that the Rockwood–West Gresham Urban Renewal Plan focus on the delineation of a redevelopment district which provides a balance of industrial, commercial and housing lands capable of generating tax increment revenues to fund a range of capital projects and urban renewal activities. This area is best represented by Concept “C”, which is identified in the following report and appendices. However, the delineation of a redevelopment district requires a great deal of additional work. The actual boundary to be recommended in the Urban Renewal Plan may not entirely reflect the more general configuration of the current concept.

The feasibility of Concept C is supported by the research and technical analysis. It also best fits the six principles outlined by the City Council in its discussion of urban renewal at its October 23, 2001 Joint Work Session:

1. Properties located within an urban renewal district should be able to generate a tax increment base necessary to fund a wide range of projects and activities needed to redevelop and revitalize the West Gresham – Rockwood area. In this regard, a practical mix of commercial, industrial and housing lands is required.
2. Any urban renewal district should incorporate Rockwood’s “core,” including the Rockwood Triangle/Rockwood Town Center area.
3. An urban renewal district could include those lands that can be historically identified as “Rockwood,” including industrial and other employment lands in West Gresham.
4. The formation of an urban renewal district should consider both short- and long-term impacts on future property tax revenues.
5. An urban renewal district should not include lands which cannot be redeveloped within the district’s anticipated lifespan.
6. A future urban renewal district should include areas that have obvious housing rehabilitation and development needs, especially along major arterial streets and the light rail corridor.

The development of the Rockwood Renewal Feasibility Study was informed by and responsive to extensive public input. At the project’s outset, a multi-faceted public involvement and information program was established. Public involvement strategies included stakeholder interviews, community newsletters, surveys, use of print and public access cable television media, web page, phone-in information line, presentations to community organizations, and two community workshops held in Rockwood.¹

The accompanying table highlights public input contributed in preparation of the Rockwood Renewal Feasibility Study.

¹ Results of the public outreach effort are detailed in the Technical Appendix, Section V.

Rockwood Renewal – Public Response and Information

Future Vision for Rockwood

- An area of quality, affordable housing, a variety of housing choices, and increased home ownership.
- A permanent, self-sustaining community-building effort underway.
- A viable, vital business district that is pedestrian-friendly, connected to the neighborhood, visually attractive, inviting to investors.
- A sense of shared neighborhood pride, personal security, and an area where citizens are actively involved in their community.

Positive Opportunities to Build On

- The existing MAX light rail line, and opportunities for transit-oriented development near rail stations.
- Existing, strong residential neighborhoods that create the right environment for new residential options.
- A core of existing businesses that serve local neighborhood needs.
- Developable and re-developable sites available in many parts of Rockwood–West Gresham.
- An exciting, multi-cultural community that represents a unique focal point of future markets and economic development opportunities.
- Good access to transportation resources: proximity to MAX, PDX airport, highways, and rail.

Priorities for Rockwood–West Gresham Renewal

- More housing opportunities including: diverse, affordable housing choices, increased home ownership, and rehabilitation of existing housing.
- Economic development and jobs for area residents.
- Streetscape improvements, public spaces to support a more pedestrian-friendly environment.
- Quality public facilities and services: including parks, community centers, street improvements, and social services.

Concerns and Impressions about Rockwood–West Gresham

- A low-income area continuing to experience decline – with vacant storefronts, a decline in homeownership, and a lack of a cohesive identity.
- Concern in the community about high crime rates or a perception of crime, and increased gang activity.
- In the words of some observers: “Rockwood–West Gresham is the most challenging part of the region,” which will require a comprehensive, sustained effort to revitalize.

Top Barriers to Rockwood Renewal

- The legal requirement to gain support of city-wide voters for urban renewal – a major challenge
- Crime and/or the perception of crime.
- A shortage of family-wage jobs. The area has a poor jobs/housing balance, and many Rockwood area residents must commute long distances to jobs.
- High levels of poverty – one-third of area households are affected. Incomes average \$10,000 - \$12,000 below the citywide median.
- A record of past studies, plans and actions (rental construction limit) – some never implemented.

Feasibility Findings and Conclusions

The Rockwood Renewal Feasibility Study was conducted to determine the feasibility – legal, technical, financial, organizational, practical – of developing an urban renewal plan for Rockwood-West Gresham. Three key questions were evaluated, focusing on: configuration of an urban renewal district; physical conditions which might warrant urban renewal; and the adequacy of urban renewal funds generated to fund required projects and activities.

The following provides an overview of the study’s findings and conclusions regarding the feasibility of urban renewal.

Question 1: Can an urban renewal district be configured within Rockwood–West Gresham to comply with the statutory limits on land area and assessed value?

The evaluation determined that all three concept areas are well within statutory limits for maximum area and assessed value.²

Question 2: Do physical conditions exist which require the use of urban renewal tools to either remove or lessen them, through its support and promotion of new development and redevelopment?

The feasibility study demonstrates that physical conditions in the Rockwood–West Gresham area meet the requirements for urban renewal.³

Question 3: Will adequate tax increment revenues be generated from properties within the urban renewal concept areas to fund projects and activities to realize Gresham’s goal of revitalizing the area?

The study’s research and analysis estimate that tax increment funds generated in Rockwood–West Gresham for urban renewal could total between \$52 million to \$92 million over the life of the district. The amount depends on which redevelopment area is chosen. In this instance, Option “C” generates the most tax increment revenue.

The borrowing capacity of the Tax Increment Financing (TIF) funds is estimated to yield between \$36 million and \$64 million – sufficient to support an urban renewal program.⁴

Configuration of a Renewal Area

Can an urban renewal district be configured within Rockwood–West Gresham to comply with statutory limits on maximum land area and assessed value?

A key consideration for Rockwood–West Gresham urban renewal feasibility is the ultimate configuration of an urban renewal district. Council direction, public input and the goals of the City’s policy documents were used in shaping three area options for analysis.

These alternative concepts were created to emphasize different goals for urban renewal: Industrial development and job creation, housing and residential area improvements, or a combination of these. It is important to stress that all options included Rockwood’s core area, the area designated on the City’s Comprehensive Plan and the Metro 2040 Concept Map as a Town Center.

² For further analysis of the three area concept options, review the Technical Appendix, Section III.

³ A discussion of statutory requirements pertaining to the physical conditions that allow the application of urban renewal appears in the Technical Appendix, Section II.

⁴ For a detailed description of the development potential analysis for Options A, B and C, see Section III of the Technical Appendix.

Each of the urban renewal area concepts has been evaluated to determine their overall feasibility pursuant to the above criteria.

The evaluation concluded that the three concept areas are well within statutory limits for maximum area and assessed value.

Figure 2 compares the three urban renewal concept areas with the statutory limits – not to exceed 15% of Gresham’s total land area or assessed value.

Figure 2. Concept Areas vs. Statutory Limits

Statutory Limit	Option A (Job Creation)	Option B (Housing)	Option C (Job-Housing)	City of Gresham
Assessed Market Value	\$450 million	\$584 million	\$705 million	\$6.3 billion
-% of City	7.1%	9.2%	11.2%	–
Total Land Area ¹	1,369.8	1,216.2	1,551.0	14,330.7
-% of City	9.6%	8.5%	10.8%	–

Note: ¹ Total land area includes public right-of-way. Land area is expressed in acres.

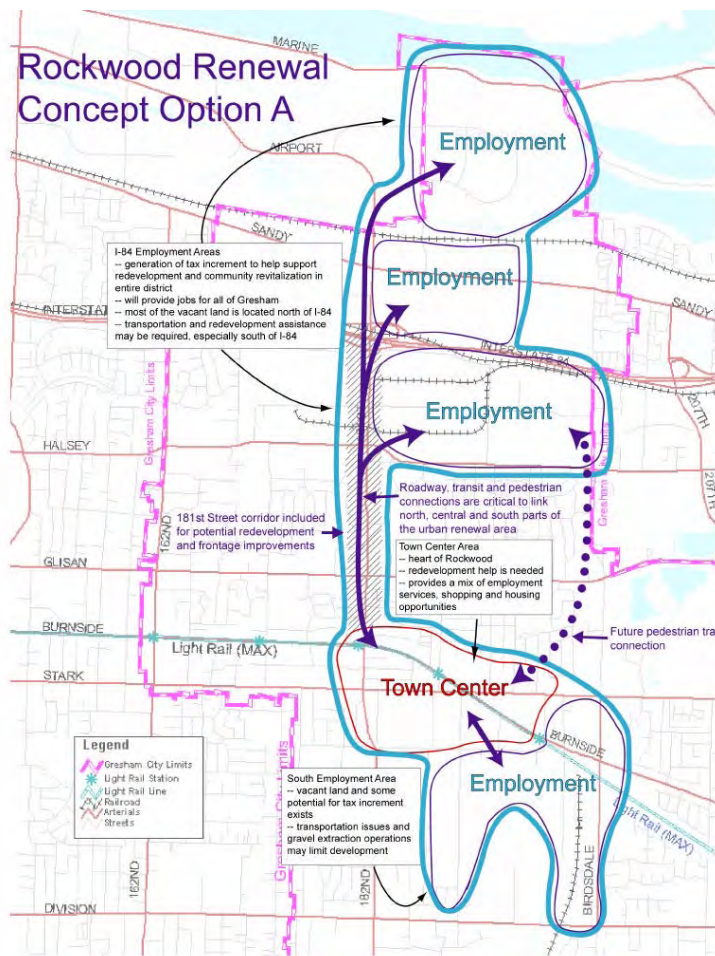
The following gives an overview of the three concept areas that were evaluated for urban renewal feasibility.

Option A: Focuses on Job Creation Associated with Industrial Land and Rockwood Core (Town Center) Redevelopment.

The first area concept option extends north from the Rockwood Town Center along the 181st Avenue corridor. Option A (see Figure 3) encompasses a significant portion of West Gresham’s potentially developable industrial sites located along 181st, south of I-84, and north of I-84 in the Columbia Corridor.

- Option A**
- Concentrates on job growth and redevelopment of the Rockwood Town Center.
 - Would maximize funds available for redevelopment of the Rockwood Town Center.
 - Of all the options, includes the least amount of housing.
 - Allows for upgrading 181st Avenue and Gresham / Fairview pedestrian / bicycle trail.

Figure 3. Concept A (Job Creation, Industrial Land and Town Center Development)

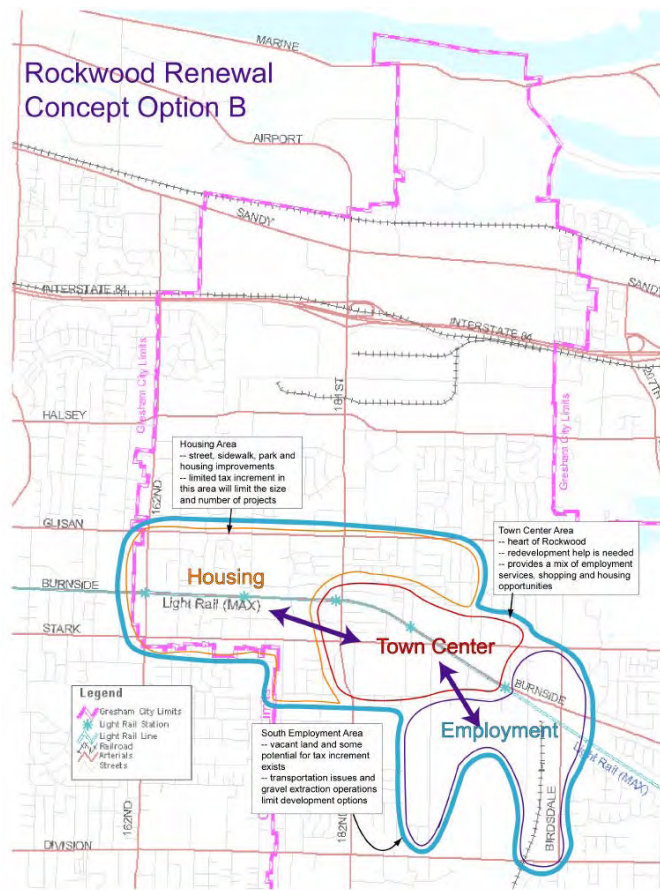


Option B: Focuses primarily on improving housing and Gresham's "west side" residential areas.

Option B (see Figure 4) is concentrated in the Rockwood Town Center and immediately adjacent areas to the west along the MAX light rail line. The Quarry area, zoned industrial and located to the southeast, is also included.

- Option B**
- Concentrates on improving housing and residential areas and the Rockwood's central core.
 - It would generate less funding for urban renewal projects. Therefore, redevelopment in the Rockwood Town Center would be smaller in scope, occur more slowly and with fewer projects than possible under Concepts A & C.
 - Of all the options, it includes the greatest amount of housing, including single-family housing areas.
 - Allows for urban renewal projects such as home rehabilitation loans and improvements to neighborhood streets and sidewalks.

Figure 4. Concept B (Housing Creation and Residential Area Improvements)

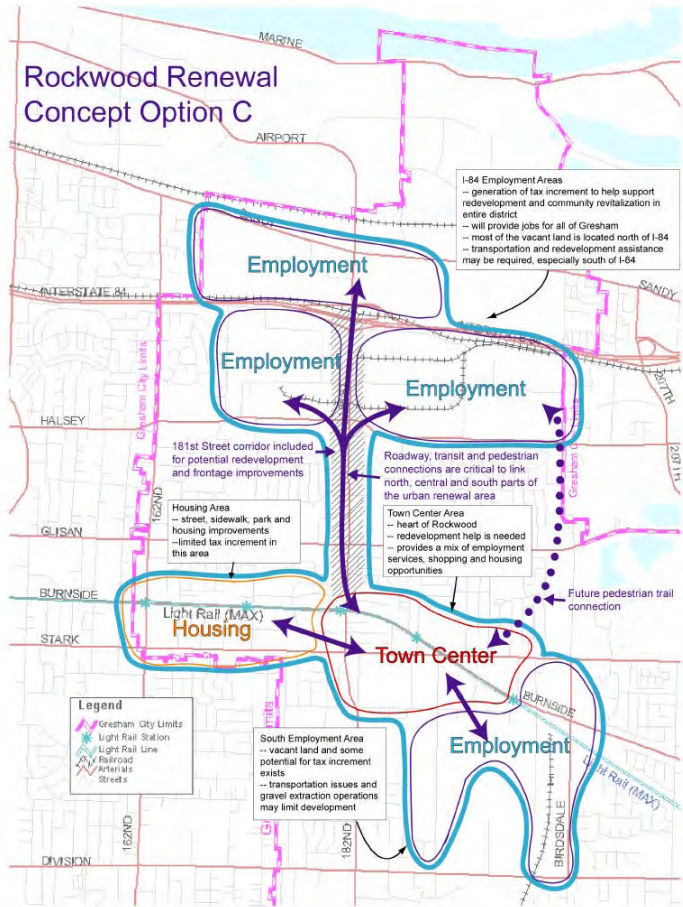


Option C: Combines Options A and B; Balances Job Creation, Industrial Land Development, Town center and Housing revitalization

Option C (see Figure 5) encompasses the Rockwood Town Center, adjacent areas to the west along the MAX line, and employment and industrial areas to the north along 181st Avenue to Sandy Boulevard. It does not include lands within the South Shore industrial area. It also includes the Quarry site southeast of the Town Center.

- Concept C**
- Combines the principles and goals of Concepts A and B. Balances jobs creation, Town Center and industrial lands development with housing revitalization.
 - Is estimated to generate more tax increment revenues than either Concepts A & B.
 - Includes single-family and multi-family housing near the major streets (including Stark Street and Burnside) – but does not include as much single-family housing as in Concept B.
 - Allows for upgrading 181st Avenue and Gresham / Fairview pedestrian / bicycle trail.

Figure 5. Concept C (Jobs-Housing Mix)



Need and Eligibility for Urban Renewal

Do physical conditions exist which require the use of urban renewal, through its support and promotion of new development and redevelopment?

The feasibility study demonstrates that physical conditions in the Rockwood–West Gresham area meet the requirements for urban renewal, which could be eliminated or lessened through the use of urban renewal tools.

Oregon’s urban renewal statutes outline requirements to identify the specific conditions within a community, which create physical and/or socio-economic distress, which warrant the use of urban renewal as a tool for community revitalization.

To evaluate Rockwood’s need and eligibility for urban renewal, research and analysis was undertaken pertaining to:

- Current socio-economic data (including Census 2000 figures).
- Needs assessments and studies compiled for the Rockwood–West Gresham area.
- The observations and experience of key community leaders and others responsible for service delivery in Rockwood.
- Existing conditions in Rockwood that demonstrate the area’s eligibility for urban renewal.

To help determine the need for urban renewal in the Rockwood–West Gresham area, contacts were made with a cross-section of community leaders and others who live, work, deliver services, or operate a business in the target area. Some 25 participants were interviewed in September – October 2001, in person and by telephone. These “scoping” interviews were conducted by City of Gresham staff and the consultant team.

The contacts with community leaders confirm a widely held and deep concern about current conditions in Rockwood. The specific examples cited – problems, opportunities, priorities – underscore and demonstrate the need for Gresham to use urban renewal (and other tools) to effectively launch and sustain ongoing community revitalization in Rockwood.

Conditions in Rockwood were also systematically evaluated to determine the applicability of statutory standards for urban renewal eligibility (ORS 457.010). In summary, a wide range of such conditions in Rockwood appear to qualify the area for urban renewal status as shown below.

Rockwood / West Gresham Eligibility for Urban Renewal

- ✓ Buildings unfit / unsafe
- ✓ Faulty planning
- ✓ Poor site size / configuration
- ✓ Inadequate streets, open space, utilities
- ✓ Depreciated property values
- ✓ Unproductive land

The following table highlights incidences in Rockwood of “blight” (as defined by State statute).

Rockwood Eligibility for Urban Renewal	
Condition	Incidence in Rockwood
<p>1. Buildings unfit or unsafe to occupy:</p> <ul style="list-style-type: none"> • Defective design / construction • Faulty spatial arrangement • Overcrowding • Inadequate ventilation / light / services • Obsolete, deteriorated 	<p>Industrial Areas / Employment Areas:</p> <p>Some industrial buildings are not suited for contemporary economic activity.</p> <p>A number of older industrial buildings or properties are under-utilized, sit vacant or are used for storage. The design, form and configuration of buildings and other uses on many sites is obsolete.</p> <p>Residential Areas:</p> <p>Many residential buildings in Rockwood were built twenty or forty years ago. These structures no longer meet current energy, fire and life safety and earthquake codes.</p> <p>Some buildings show outward signs of deterioration. Properties in the Rockwood area were not subject to property maintenance codes until 2001.</p> <p>Many of the apartment developments in the area were built in large “super-block” configurations, resulting in high densities.</p> <p>Some of these super-block developments front on the MAX light rail line and major arterials. Access is blocked to important transportation facilities from adjacent business and residential areas.</p> <p>Some residential areas lack access to open-space, park and recreation facilities and commercial and personal services.</p> <p>There are a number of older, large “barracks-style” apartment complexes built many years ago that lack quality design.</p> <p>Many manufactured housing units are older models, which do not comply with current codes.</p>
	<p>Commercial Areas:</p> <p>Linear commercial development along many of the area’s major streets lack shopping district critical mass.</p> <p>The design, form and arrangement of uses of some commercial developments and buildings is obsolete.</p>

Rockwood Eligibility for Urban Renewal (Cont.)

Condition	Incidence in Rockwood
<p>2. Dislocation, deterioration, disuse from faulty planning</p>	<p>Faulty planning is one of the reasons for Rockwood’s current condition. Much of this land, now part of the City of Gresham, urbanized over a period of forty years within unincorporated Multnomah County.</p> <p>The result is:</p> <ul style="list-style-type: none"> • An inefficient pattern of parcelization, lot sizes and locations. • Incompatible and sometimes conflicting mixes of land uses. • Underutilized investment in Regional Light Rail Resources. • Inability to meet regional planning goals. The Metro 2040 Concept and Gresham’s Comprehensive Plan envision Central Rockwood as the site of a viable Town Center. However without the correct planning, governance and financial tools this will not happen.
<p>3. Irregular or inadequate lot sizes</p>	<p>Some industrial zoned lands are in relatively small parcels or ownership configurations, which could make future industrial development difficult.</p> <p>Some commercially zoned land is characterized by lot sizes and ownership which would make future development projects difficult.</p> <p>Many lots on super-blocks are too long and lack street frontage to allow development of an integrated / walkable community form, which is one of the goals of the Central Rockwood Plan.</p> <p>A number of the area’s industrial properties are previously mined aggregate sites or are being currently being mined. These properties may require substantial engineering and rehabilitation to be made useable for contemporary industrial uses.</p>
<p>4. Lot configuration disregards natural features</p>	<p>Not Applicable.</p>
<p>5. Inadequate streets, open space and utilities</p>	<p>There are few City neighborhood / community parks serving the area. There is a lack of neighborhood and community facilities which are within walking and biking distance from activity centers and residential areas.</p> <p>The grid pattern of the local street system has been interrupted by “super-block” style of development. The result is a discontinuous and inefficient street system.</p> <p>Many local and major streets lack pedestrian facilities.</p> <p>Some local residential streets were constructed without adequate curbs, sidewalks and storm-drainage systems.</p>

Rockwood Eligibility for Urban Renewal (Cont.)	
Condition	Incidence in Rockwood
6. Depreciated property values; reduced tax capacity	Developed properties in Rockwood tend to be of lower value than in the City as a whole.
7. Unproductive land	Lands zoned industrial adjacent to the Rockwood Town Center are being mined for gravel but provide relatively few jobs in contrast to other industrial lands. In general commercial sites in the Town Center Corridor Mixed Use and Station Centers are developed / used at densities and activities below that allowed by the Comprehensive Plan. Land within the centrally located “triangle” is particularly underdeveloped in relationship to its location on key arterials and the MAX light rail transit line.
8. Population loss	Not Applicable.

Data also support the Rockwood–West Gresham area’s eligibility for urban renewal. As shown in the next figure, the property values (land and improvements) of developed properties within Rockwood are \$0.86-\$1.70 per square foot below that of the citywide average. The area also contains a significantly higher proportion of low income households than Gresham’s citywide percentage.

Figure 6. Indicators of Urban Renewal Need and Eligibility

Indicator	Option A	Option B	Option C	City of Gresham
Property Values (\$/SF)	\$11.34	\$11.31	\$12.15 ¹	\$13.01
Percent Low Income	32.4%	33.0%	32.0%	21.6%

¹ Estimates were adjusted to exclude US Bank and Albertson’s industrial sites.

Generation of Tax Increment Funds

Will adequate tax increment revenues be generated from properties within conceptual urban renewal districts to fund projects and activities to realize Gresham’s goal of revitalizing the area?

The feasibility study estimates that tax increment funds generated in Rockwood–West Gresham for urban renewal could total \$52 million to \$92 million over the life of the district – sufficient to support an urban renewal program.

This estimate is similar to totals for several Portland urban renewal areas.⁵

⁵ A detailed analysis of TIF generation (including assumptions) appears in the Technical Appendix, Section III.

How Urban Renewal Funding Works

- ✓ Urban renewal activities and projects are financed by tax increment revenues
- ✓ Tax increment revenues come from property taxes generated in the urban renewal district
- ✓ The portion of property tax revenues going to established taxing districts are “frozen” for the life of the district at the time the district is declared
- ✓ Any property tax revenues above the “frozen” level (tax increment revenues) are earmarked to pay for urban renewal improvements and programs in the urban renewal area
- ✓ Urban renewal districts raise money by borrowing against future growth in tax increment revenues
- ✓ This borrowed money pays for capital improvements and other projects to spur more development, which results in an increase in the renewal district’s overall property value
- ✓ Enhanced property values result in tax increment revenue growth which is used to repay the borrowed funds

The feasibility study uses a detailed set of assumptions to project the added development that would occur in the Rockwood area under two scenarios:

Base Case Scenario: The base case scenario considers all existing development, plus all development / redevelopment which could be expected to occur without urban renewal.

Urban Renewal Scenario: The urban renewal scenario considers all existing development, plus all development / redevelopment which could be expected to occur with an urban renewal program in place

The potential amount of tax increment revenues was developed using a three-step process:

1. First, new development/redevelopment is projected for the three area concept options: A, B and C.
2. These development/redevelopment projections provide the basis on which to estimate the increase in market values attributable to new development/redevelopment.
3. This in turn yields an estimate of the amount of urban renewal funds which could be generated.

Figure 7 compares the projections for new development for Options A, B, and C under both the Base Case (without urban renewal) and with urban renewal.

Without urban renewal, new commercial / industrial development is estimated to range from 800,000 square feet over the 20-year period for Concept B to 2.7 million square feet for Concept A. Housing development ranges from 135 additional units (Concept A) to 585 units (Option C). Total added market value is estimated to increase by \$119 million in Concept B, \$218 million for Option C, and \$236 million for Option A.

Comparatively, with urban renewal, new commercial / industrial development is estimated to range from 1.9 million square feet over the 20-year period for Concept B to 7.9 million square feet for Concept A. Housing development ranges from 390 additional units (Concept A) to 1,740 units (Option C). Total added market value is estimated to increase by \$339 million in Concept B, \$793 million for Option C, and \$717 million for Option A.

Base Case Versus Redevelopment Options

Figure 7. Market Values Attributable to New Development

Base Case	Commercial and Industrial			Housing			Total Added Market Value
	New Bldg. SqFt	Added Value/ SqFt	Added Market Value	Added Housing Units	Added Value/ Unit	Added Market Value	
Concept A	2,700	\$80	\$216,000	135	\$150,000	\$20,250	\$236,250
Concept B	800	\$80	\$64,000	390	\$140,769	\$54,900	\$118,900
Concept C	1,700	\$80	\$136,000	585	\$140,769	\$82,350	\$218,350
Urban Renewal							
Concept A	7,900	\$83	\$658,000	390	\$150,000	\$58,500	\$716,500
Concept B	1,900	\$92	\$174,000	1,170	\$140,769	\$164,700	\$338,700
Concept C	6,000	\$91	\$548,000	1,740	\$140,690	\$244,800	\$792,800

Note: Property and assessed values are in \$1,000. Assumptions may or may not represent realized conditions. All estimates are preliminary and subject to change. 1) Square foot estimates are in terms of 1,000's sq. ft. 2) Market value calculations are in \$1,000. 3) New Bldg. Sq Ft. is net new area including both redeveloped footage and new, not previously existing ,sq footage.

Source: E.D. Hovee & Company, November 2001.

This additional development in Rockwood, under both the base case and urban renewal scenarios, is used to estimate and compare future property taxes. Figure 8 shows the existing assessed value for the three alternative urban renewal areas, along with the assessed value added under the base case and urban renewal scenarios.

Finally, tax increment funds (TIF) generated under the urban renewal scenario for new development are estimated. Under the urban renewal scenario, TIF funds generated over 20 years would total between \$78.4 million (for Concept B) and \$138.4 million (for Concept C).

Figure 8. Estimated Property Taxes (Year 20)

TIF Funds	Option A	Option B	Option C
Existing Market Value	\$450,489	\$583,957	\$704,823
Base Case			
Estimated Assessed Value	\$239,675	\$310,685	\$374,989
Added Assessed Value	\$209,488	\$105,431	\$193,616
Taxes Generated by New Development	\$2,824,904	\$1,421,716	\$2,610,873
Urban Renewal			
Estimated Assessed Value	\$239,675	\$310,685	\$374,989
TIF Funds from Existing Base	\$3,231,969	\$4,189,525	\$5,056,652
Added Assessed Value	\$635,337	\$300,333	\$702,993
TIF Funds Generated	\$8,567,392	\$4,049,930	\$9,479,720
Cumulative TIF Funds (20 Years)	\$112,363,648	\$78,463,103	\$138,427,957

Note: Property and assessed values are in \$1,000. Taxes generated and cumulative TIF funds are expressed in actual amounts. TIF estimates are in year 2000 dollars.

The TIF funds generated over the 20-year life of the urban renewal district would be used to repay debt acquired early in the program. The borrowing capacity of the TIF funds is estimated to yield between \$36.1 million (for Option B) and \$63.6 million (for Option C).

Fiscal Implications

What fiscal effects of urban renewal are estimated for the City of Gresham and other taxing entities?

The creation of an urban renewal district is a policy decision made by a jurisdiction to focus property tax proceeds generated from the district to improve conditions within the district. Once the urban renewal district is created, tax revenues associated with any increase in assessed value – whether it would have occurred with or without urban renewal is dedicated specifically to the area.

The primary taxing districts that could be affected are Multnomah County, City of Gresham, Multnomah ESD, Mt. Hood Community College, and to a lesser extent, Metro and the Port of Portland. Public schools are not affected. The State of Oregon ensures that K-12 schools are funded according to a funding formula that allocates monies to districts on a uniform per pupil level.

The analysis estimates that Multnomah County’s and the City of Gresham’s general funds would be most affected. Multnomah County is projected to contribute an estimated \$17 million to \$24 million to urban renewal over twenty years (with a net present value of \$11 to \$16 million). The City of Gresham over this period would commit \$14 million to \$20 million (NPV of \$10 - \$13 million).

Other taxing jurisdictions affected include: Multnomah ESD, which would see an estimated \$1.8 - \$2.5 million (NPV \$1.2 - \$1.7 million) committed to redevelopment; and Mt. Hood Community College, which would contribute a similar amount. Metro and the Port of Portland would also be participants, but at lower levels.

The level of property tax contributions over the life of the urban renewal district is directly related to the urban renewal district’s overall increase in property value. For example, the City of Gresham’s general fund would initially contribute an estimated \$76,000 in year one, growing to \$2 million for year twenty. Mt. Hood Community College is estimated to forego \$9,000 in year one, growing to \$250,000 in year twenty.

It is estimated that under Options A and C, 60%-65% of the revenue that taxing districts put into the district during urban renewal would be paid back (through increased assessed values) within the first five years after the district expires. Under Option B, 48% would be paid back within the first five years.

It is important to note that the above analysis regarding the reallocation of property tax revenues does not tell the whole story. Affected taxing districts will not completely give up fiscal benefits if an urban renewal district is established. As the Rockwood-West Gresham area improves and development activity increases, other revenues will also increase. These other revenue sources include: business taxes, payroll taxes, utility revenues (water/sewer), and other similar fees. Also, as the area redevelops, the per unit expense to provide services should decline as existing investments (such as infrastructure) are better utilized and a smaller portion of social and safety services are needed. The accompanying table summarizes additional fiscal considerations.

There are also potential community and region-wide social and economic development benefits associated with quality of life improvements such as the creation of jobs, housing and business opportunities and needed public infrastructure. Furthermore, the economic equation should be considered in context of the potential of urban renewal to prevent or resolve significant social and economic problems. If left unattended, these problems could become intractable. The result could be a stagnant or declining urban area that demands costly and continuous social and public safety services.

Fiscal Implications of Urban Renewal

During Urban Renewal (10-20 years)

- Increase in business tax revenue (County only)
- Annual 3% increase in property tax revenue not captured by taxing entity (goes to urban renewal district)
- Property tax revenue from new development not captured (goes to urban renewal) until the expiration of the district
- Decrease in demand for some services
- Increase in utility revenues and fees
- Increase in payroll taxes (Tri-Met only)
- Expenses for some facilities paid by urban renewal rather than general funds
- Increased buying power of the community due to creation of job opportunities through urban renewal

After Urban Renewal

- All property tax revenue increases captured by taxing entities
- Increase in property tax revenue that would not have occurred without urban renewal
- Increase in business tax revenue resulting from business development that would not have occurred without urban renewal (County only)
- Decrease in need for services
- Increase in utility revenues and fees
- Increase in payroll taxes (Tri-Met only)
- Increase in expenses for facilities formerly paid for by urban renewal
- Increase in community wealth and buying power due to job creation

Research and Technical Appendix

The Summary Report for the Rockwood Renewal Feasibility Study is accompanied by a Technical Appendix. This supplemental technical document details various elements of the feasibility analysis:

- Need and eligibility for urban renewal
- Configuration of a renewal area
- Organization and staffing for a renewal program
- Public input

Rockwood Renewal Feasibility Study

Prepared for:

City of Gresham, Oregon

Submitted by:

Barney & Worth, Inc.

In association with:

E.D. Hovee & Company
Tashman Johnson LLC

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I. Introduction

Background

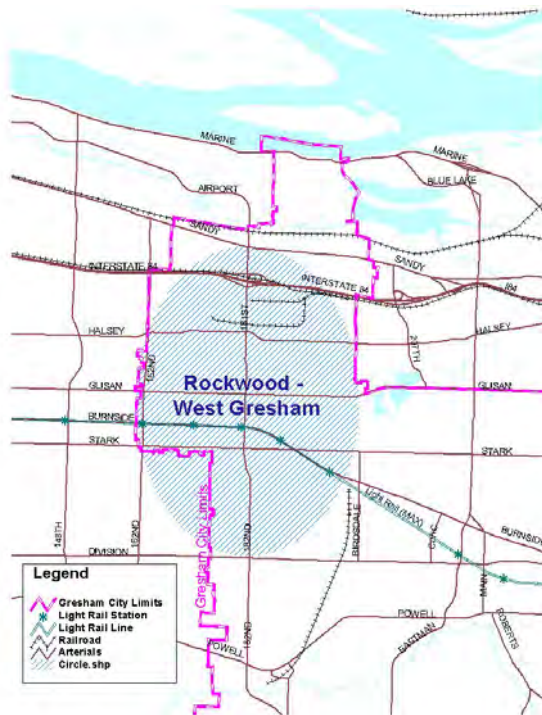
The Rockwood area in West Gresham has become a focus for Gresham planning over the past decade. Much of the Rockwood area (see vicinity map) was annexed to the City of Gresham in the 1980s. Formerly part of unincorporated mid-Multnomah County, the area lacked basic infrastructure – sewers and stormwater systems, streets, sidewalks – and some municipal-type services. Upon annexation, the City’s initial focus was to address this accumulated deficit of services and facilities in Rockwood.

At the same time, the Rockwood area continued to develop. Upzoning around MAX light rail transit stations attracted significant infusion of new multi-family housing construction. Rockwood’s increased population density, in turn, placed still more pressure on Gresham city services.

By the mid-1990s, Gresham began a systematic look at the Rockwood community’s long-term needs. In 1995, work began on the Central Rockwood Plan. Residents, business people and property owners were asked to contribute their opinions and ideas on issues which were most critical to the Rockwood area.

In 1997, Gresham’s “Citizens First” initiative again asked citizens for their views on Rockwood’s strengths and challenges. These citizen perspectives, gathered through a listening process including community meetings and surveys sponsored by Rockwood area neighborhood associations, provided the starting point in 1998 for the newly commissioned Rockwood Action Plan.

Figure 1. Rockwood–West Gresham Vicinity Map



Citizen input in the 1990s consistently underscored four critical issues for Rockwood:

- *Housing*: increase in rental property without a corresponding increase in home ownership
- *Employment*: need for more family wage jobs, closer to home
- *Public safety*: a growing incidence of crime, drugs, gangs
- *Pedestrian environment*: the need for more pedestrian-friendly streets, business districts and neighborhoods

Rockwood Action Plan

To address these four priorities – housing, jobs, public safety, pedestrian environment – the Rockwood Action Plan took a comprehensive view of the needs of Rockwood. In all, the Rockwood Action Plan Task Force identified and discussed nearly 60 issues and needs. These issues and needs were distilled into nine action areas (see below).

<p style="text-align: center;">Rockwood Action Plan Action Areas</p> <p>Community Engagement and Organization Housing Social Services Public Safety Business and Economic Development Transportation, Traffic, and Parking Town Center Triangle and Fred Meyer Site Parks, Public Spaces, and Public Facilities Community Image</p>
--

In 1998, Gresham City Council adopted the Rockwood Action Plan to guide the City's efforts in Rockwood to address the community's special issues and needs. The Plan serves as a blueprint for revitalizing the Rockwood district. The Plan outlines over 100 strategies and specific actions to upgrade and improve public services, housing, the local economy, and community livability. Implementation of the Action Plan is overseen by a citizen group: the Rockwood Action Plan Implementation Committee. The accompanying table provides a sample of projects contained in the Action Plan.

**Rockwood Action Plan (December 1998)
Partial List of Projects**

Housing	<ul style="list-style-type: none"> • Rent-to-own program • Transit-oriented development tax exemption • Systems development charge financing for affordable housing • Housing maintenance program • Development design handbook
Social Services	<ul style="list-style-type: none"> • County social services / health clinic
Business and Economic Development	<ul style="list-style-type: none"> • Economic Improvement District • Financial incentives to relocate non-conforming businesses • Business directory map in MAX stations • High quality weekend marketplace • Transit-oriented tax exemption
Transportation, Traffic and Parking	<ul style="list-style-type: none"> • Synchronized traffic signals • Obtain right-of-way and construct street segments • Local improvement districts to upgrade substandard streets • Street improvements • Upgrade substandard streets • Traffic calming • Reconstruct 188th Av. Transit Center • Upgrade / retrofit Stark St. as a boulevard • Upgrade / retrofit MAX stations to Westside standards • Upgrade light rail tracks from 178th Av. to Ruby Junction • Safe pedestrian crossings at key locations • Uniform bicycle lanes
Rockwood Town Center Triangle	<ul style="list-style-type: none"> • Central gathering place / plaza • Redevelopment of park-and-ride lot at 181st
Parks, Public Spaces and Public Facilities	<ul style="list-style-type: none"> • Park land acquisitions • Community gathering places • New parks / open spaces • Pedestrian / bicycle trails • Developer incentives for dedication of parks • Multi-purpose public safety and community center • Satellite recreation sites at multi-family housing projects

The Rockwood Action Plan also provides a timeline for implementation, and names the City department or other agency responsible for taking the lead. Resource needs to implement the Plan – including funding – are also identified. In many instances, however, the Action Plan (and subsequent dates) indicate the funds to implement the top priorities are “unallocated”.

In the 1990s, several trends emerged:

- The most recent socio-economic data indicates that poverty has increased sharply over the past decade.
- The area's percentage of home ownership remained low.
- Commercial storefront vacancies have climbed.

There have also been significant increases in the growth of minority populations in Rockwood over the past decade: particularly Latino and Russian / Eastern European. The Latino population now exceeds 38% within one Rockwood census tract – in comparison with 12% of the population citywide.

Urban Renewal Feasibility Study

In response to these and other factors, the City of Gresham is exploring the possible use of urban renewal as a tool to help achieve revitalization of the Rockwood–West Gresham community. Urban renewal authority, as provided in ORS 457, is used by many other Oregon communities as a method to address similar development problems and opportunities. An urban renewal designation could provide a funding source to propel many of the strategies and specific actions outlined in the Rockwood Action Plan.

A first step in considering the potential for urban renewal is to prepare a detailed feasibility study. The feasibility study is designed to provide the foundation for informed discussion by City of Gresham staff and elected leaders on key questions surrounding Rockwood Renewal.

If an urban renewal program proves feasible for the Rockwood–West Gresham area, the City of Gresham expects to proceed in 2002 with development of an urban renewal plan – as required by ORS 457. Together, the feasibility study and urban renewal plan will offer the information needed by citizens who must ultimately decide the future for Rockwood Renewal. The Gresham City Charter requires that creation of an urban renewal district must be referred to voters city-wide for approval. The current schedule calls for submitting the question to voters in 2003.

A consultant team was retained in 2001 to assist the City of Gresham to conduct the feasibility study. The team was led by Barney & Worth, Inc., with important contributions by E.D. Hovee & Co. and Tashman Johnson LLC. To complete the feasibility study, the consultant team collaborated with the staff project team in Gresham's Community & Economic Development Department and with members of the Rockwood Action Plan Implementation Committee.

The feasibility study includes:

- A “scoping” process that draws upon the experience and priorities of community organizations and leaders who are already at work on Rockwood revitalization.
- Technical analysis to indicate whether Rockwood Renewal could fulfill all requirements of Oregon State Law.
- An examination of the Rockwood area's “need” for urban renewal, and identification of specific deficiencies and opportunities which could be addressed through urban renewal-supported projects.
- Comparative analysis of various options for configuring an urban renewal district in Rockwood–West Gresham.

- Testing of the financial feasibility for an urban renewal program, including a preliminary assessment of fiscal impacts on affected taxing entities.
- A preliminary evaluation of how Gresham's first urban renewal program should be organized and staffed.
- Public outreach to involve citizens in the planning for Rockwood Renewal.

The next sections provide an overview and highlights of the feasibility study analysis.

II. Need and Eligibility for Urban Renewal

Oregon's urban renewal statutes outline requirements to identify the specific conditions within a community which create physical and/or socio-economic distress – or “blight” – which warrant the use of urban renewal as a tool for community revitalization.

To evaluate Rockwood's need and eligibility for urban renewal, the project team:

- Reviewed current socio-economic data (including Census 2000 figures).
- Examined needs assessments and studies compiled for the Rockwood–West Gresham area.
- Interviewed key community leaders and others responsible for service delivery in Rockwood.
- Systematically assessed existing conditions in Rockwood that demonstrate the area's eligibility for urban renewal.

This section summarizes Rockwood–West Gresham's demonstrated need and statutory eligibility for urban renewal.

Perspective of Community Leaders

To help determine the need for urban renewal in the Rockwood–West Gresham area, contacts were made with a cross-section of community leaders and others who live, work, deliver services, or operate a business in the target area. Some 25 participants were interviewed in September – October 2001, in-person and by telephone. These “scoping” interviews were conducted by City of Gresham staff and the consultant team.

Scoping participants included leaders and representatives of:

- Rockwood neighborhood
- Area business and property owners
- Real estate / development community active in Rockwood–West Gresham
- Key agencies operating programs / facilities in the Rockwood area: Housing Authority of Portland, Tri-Met, Metro, Multnomah County
- Community development corporations
- Other community-based organizations
- Providers of health, human services, and criminal justice services
- Elected officials from the City of Gresham and Multnomah County
- Rockwood Action Plan Implementation Committee (RAPIC)

Participants were asked to describe their current impressions of Rockwood, and future vision for what it could become. They were also asked to identify the area's most important opportunities, challenges, and priorities.

These contacts with community leaders confirm a widely held, deep concern about current conditions in Rockwood. The specific examples cited – problems, opportunities, priorities – underscore and demonstrate the need for Gresham to use urban renewal (and other tools) to effectively launch and sustain ongoing community revitalization in Rockwood.

The following section highlights results of these contacts with community leaders, and their views on Rockwood's need for urban renewal.

**Rockwood Renewal
Scoping Contacts – Highlights**

Current Impressions of Rockwood	Low income area, experiencing decline – with vacant storefronts, high crime, lacking a cohesive identity Significant growth in Latino population (and Eastern Europeans, to a lesser extent) “The most challenging part of the region” – requires comprehensive, sustained effort
Future Vision	Quality, affordable housing and increased home ownership Permanent, self-sustaining community building A viable, vital business district Visually attractive, inviting Neighborhood pride, sense of security, citizens involved in community
Opportunities / Assets	Light rail, transit-oriented development Strong residential neighborhood, core of existing businesses Developable/redevelopable sites Multi-cultural community Transportation access: MAX, PDX, highways, rail
Barriers / Challenges	Requirement to gain city-wide support for urban renewal Crime/perception of crime Shortage of family-wage jobs, poor jobs/housing balance, long commutes Poverty, concentration of low-income housing and associated problems, lack of social capital Record of past studies, plans and actions (multi-family housing ban)
Priorities	Diverse, affordable housing choices; increased home ownership; upgrade existing housing Economic development and jobs Streetscape improvements, public spaces Community multi-service center, quality public facilities
Steps to Encourage Private Reinvestment	Urban renewal Work to retain existing businesses, form a business association, provide financial incentives Enhance the streetscape, create a pedestrian-friendly environment; focus on the “Triangle” Invest in attractive public facilities to serve community, located close to MAX
Who to Involve	Rockwood businesses, institutions, property owners, area residents Ethnic / cultural community Seek partnerships with other agencies: Multnomah County, Housing Authority, community development corporations, police City-wide community leaders and leadership required

Rockwood Renewal Scoping Contacts – Highlights

Additional details of the scoping contacts for Rockwood Renewal are outlined below.

Current Impressions of Rockwood

The overriding impression of Rockwood today is *concern*. Scoping participants generally express worry that conditions in Rockwood–West Gresham are continuing to deteriorate. Highlights of participants’ current impressions of Rockwood:

A low-income area, continuing to experience decline – with vacant storefronts, a drop in home ownership, lacking a cohesive identity.

High crime (or a perception of crime); increased gang activity.

A growing Latino population, as well as an influx of other non-English speaking groups.

In the words of some observers: “The most challenging part of the region”, requiring a comprehensive, sustained effort.

Other current impressions of Rockwood–West Gresham include:

- Annexed without infrastructure; unplanned; neglected.
- More than its share of NIMBYs (Not in My Backyard Land Uses).
- Transit-dependent community: many residents lack cars or drivers licenses.
- A drain on the City’s resources.
- Experiencing start of gentrification.

Future Vision

In contrast, the shared future vision for Rockwood is quite positive, although some observers emphasize that their vision will take many years to achieve. Key vision elements include:

Quality, affordable housing, a variety of housing choices, and increased home ownership.

A permanent, self-sustaining community building effort underway in Rockwood.

A viable, vital business district that is pedestrian-friendly, connected to the neighborhood, visually attractive, inviting to investors.

A shared sense of neighborhood pride, personal security, where citizens are actively involved in their community.

Additional vision elements named in scoping contacts:

- Multi-cultural center.
- More local sources of wealth creation, entrepreneurship.
- High transit ridership.
- One of Gresham’s “pearls-on-a-string”, development centers along the MAX line.
- Pilot area to test community policing concepts.
- A center for Gresham’s new forms of transit-oriented development.

There are mixed views on the desirability or inevitability of at least some “gentrification”, or “involuntary displacement” of Rockwood residents, as urban renewal stimulates the community.

At least one participant continues to be very skeptical about making progress in Rockwood. “It’s like shoveling sand against the tide.”

Opportunities/Assets

What are the key existing opportunities/assets which can help provide a foundation for Rockwood Renewal? The opportunities mentioned most often are:

The existing MAX light rail line, and opportunities for transit-oriented development near rail stations.

Strong residential neighborhoods already in place, creating the right environment for new residential options for the middle class.

A core of existing businesses that serve local neighborhood needs.

Developable and redevelopable sites available in many parts of Rockwood–West Gresham.

Rockwood’s exciting multi-cultural community.

The area’s relatively good transportation access: proximity to MAX, PDX airport, highways, rail.

Additional opportunities identified:

- Proximity to high tech employers.
- Abundant water supply.
- Vance Park
- Public services (clinic) in place.
- Community leadership committed to Rockwood
- “Cleaner” electricity – closer to Bonneville.

Barriers/Challenges

The top barriers or stumbling blocks to Rockwood Renewal identified by scoping participants include:

The legal requirement to gain support of city-wide voters for urban renewal. This is viewed as the major challenge facing Rockwood Renewal.

Crime and/or the perception of crime, including rising gang violence.

A shortage of family-wage jobs; the area’s poor jobs/housing balance, and long commutes for many Rockwood area residents.

High levels of poverty, and a concentration of low-income housing and associated problems, lack of social capital in the Rockwood area.

A record of past studies, plans and actions (multi-family housing ban) – some never implemented.

Still more barriers acknowledged by scoping participants:

- Traffic volumes, esp. trucks
- Gresham's ban on affordable (multi-family) housing.
- Poor north-south transit links to MAX line.
- Absentee ownership.
- Lack of basic infrastructure; unimproved, dead end streets.
- Major businesses not committed to area for long-term.
- Limited recreation opportunities.
- "Angry" public.
- Requires patience.

Priorities

What are the most important priorities for Rockwood–West Gresham revitalization? Scoping participants call for a "balanced approach". Program elements named as most deserving of attention:

Housing is the number one suggestion: diverse, affordable housing choices; increased home ownership; upgrading existing housing.

Economic development and jobs for area residents.

Streetscape improvements, public spaces to support a more pedestrian-friendly environment.

Community multi-service center, quality public facilities.

Also mentioned as possible priorities:

- Code enforcement.
- Strong community policing presence.
- Develop Vance Park as full-fledged park and recreation facility.
- Culturally-specific approach to social service delivery.
- A creative marketing plan to promote Rockwood, and establish a new image.

Steps to Encourage Private Reinvestment

An important goal of urban renewal is to use limited public funds to leverage ongoing private investment in the community. Recommended strategies to help accomplish this goal include:

Urban renewal itself is often mentioned as a powerful tool to promote investment.

A focus on existing employers: work to retain existing businesses, form a business association, provide financial incentives.

Enhance the streetscape, creating a pedestrian-friendly environment.

Focus on the "Triangle".

Invest in useful and attractive public facilities to serve community, located close to MAX.

Further suggestions to induce private reinvestment:

- Prototype projects: Rockwood Commons, a Belmont Dairy-type project, business park.
- Permit assistance for Rockwood businesses and interested investors.
- Land assembly, linking together several “skinny, deep lots”.
- Promote an active role in Rockwood for CDCs (community development corporations).
- Create a “destination”.
- Develop more housing.
- Property maintenance code, stronger enforcement.

Who to Involve

What interested persons or organizations should become involved in Rockwood Renewal? Mentioned most often are:

Local Rockwood businesses, institutions, property owners.

Rockwood area residents and neighborhood associations.

Latino community, and other ethnic cultural groups.

Partnerships with other agencies already involved in Rockwood: Multnomah County, Housing Authority of Portland, community development corporations, police, and others. Scoping participants underscore the number of organizations already focused on Rockwood, and the need to draw upon their special expertise.

A number of observers also emphasize the need to involve city-wide community leaders, and gain city-wide leadership for Rockwood Renewal.

Other suggested participants in Rockwood revitalization include:

- Public schools.
- Churches, ministerial alliance, “faith-based community”.
- Chamber of Commerce.
- Low-income advocacy groups.
- Area service clubs: Rotary, Kiwanis.
- Rockwood Action Plan Implementation Committee (RAPIC).
- Urban renewal experts from Portland and other communities.

Comparison with State Eligibility Requirements

City of Gresham staff and consultants also systematically reviewed existing conditions in Rockwood to determine the applicability of State standards for urban renewal eligibility (ORS 457.010). In summary, a wide range of such conditions in Rockwood appear to qualify the area for urban renewal status, including:

- Buildings unfit / unsafe
- Faulty planning
- Poor site size / configuration
- Inadequate streets, open space, utilities
- Depreciated property values
- Unproductive land

The following table highlights incidences in Rockwood of the physical conditions that would make the area a candidate for urban renewal. These standards are defined specifically by State statute.

Rockwood Eligibility for Urban Renewal	
Condition	Incidence in Rockwood
<p>9. Buildings unfit or unsafe to occupy:</p> <ul style="list-style-type: none"> • Defective design / construction • Faulty spatial arrangement • Overcrowding • Inadequate ventilation / light / services • Obsolete, deteriorated 	<p>Industrial Areas / Employment Areas:</p> <p>Some industrial buildings are not suited for contemporary economic activity.</p> <p>A number of older industrial buildings or properties are under-utilized, sit vacant or are used for storage. The design, form and configuration of buildings and other uses on many sites is obsolete.</p> <p>Residential Areas:</p> <p>Many residential buildings in Rockwood were built twenty or forty years ago. These structures no longer meet current energy, fire and life safety and earthquake codes.</p> <p>Some buildings show outward signs of deterioration. Properties in the Rockwood area were not subject to property maintenance codes until 2001.</p> <p>Many of the apartment developments in the area were built in large “super-block” configurations, resulting in high densities.</p> <p>Some of these super-block developments front on the MAX light rail line and major arterials. Access is blocked to important transportation facilities from adjacent and business and residential areas.</p> <p>Some residential areas lack access to open-space, park and recreation facilities and commercial and personal services.</p> <p>There are a number of older, large “barracks-style” apartment complexes built many years ago that lack quality design.</p> <p>There are several manufactured home parks in the area. Many manufactured housing units are older models, which do not comply with current codes.</p>
	<p>Commercial Areas:</p> <p>Linear commercial development along many of the area’s major streets lack shopping district critical mass.</p> <p>The design, form and arrangement of uses of some commercial developments and buildings is obsolete.</p>

Rockwood Eligibility for Urban Renewal (Cont.)	
Condition	Incidence in Rockwood
10. Dislocation, deterioration, disuse from faulty planning	<p>Faulty planning is one of the reasons for Rockwood's current condition. Much of this land, now part of the City of Gresham, urbanized over a period of forty years within unincorporated Multnomah County.</p> <p>The result is:</p> <ul style="list-style-type: none"> • An inefficient pattern of parcelization, lot sizes and locations. • Incompatible and sometimes conflicting mixes of land uses. • Underutilized investment in Regional Light Rail Resources. • Inability to meet regional planning goals. The Metro 2040 Concept and Gresham's Comprehensive Plan envision Central Rockwood as the site of a viable Town Center. However without the correct planning, governance and financial tools this will not happen.
11. Irregular or inadequate lot sizes	<p>Some industrial zoned lands are in relatively small parcels or ownership configurations which could future industrial development difficult.</p> <p>Some commercially zoned land is characterized by lot sizes and ownership which would make future development projects difficult.</p> <p>Many lots on super blocks are too long and lack street frontage to allow development of an integrated / walkable community form which is one of the goals of the Central Rockwood Plan.</p> <p>A number of the area's industrial properties are previously mined aggregate sites or are being currently being mined. These properties may require substantial engineering and rehabilitation to be made make useable for contemporary industrial uses.</p>
12. Lot configuration disregards natural features	Not Applicable
13. Inadequate streets, open space and utilities	<p>Only two City neighborhood / community parks serve the area. There is a lack of neighborhood and community facilities which are within walking and biking distance from activity centers and residential areas.</p> <p>The grid pattern of the local street system has been interrupted by "super block" style of development. The result is a discontinuous and inefficient street system.</p> <p>Many local and major streets lack pedestrian facilities.</p> <p>Some local residential streets were constructed without adequate curbs, sidewalks and storm-drainage systems.</p>

Rockwood Eligibility for Urban Renewal (Cont.)	
Condition	Incidence in Rockwood
14. Depreciated property values; reduced tax capacity	Developed properties in Rockwood tend to be of lower value than in the City as a whole.
15. Unproductive land	Lands zoned industrial adjacent to the Rockwood Town Center are being mined for gravel but provide relatively few jobs in contrast to other industrial lands. In general commercial sites in the Town Center Corridor Mixed Use and Station Centers are developed / used at densities and activities below that allowed by the Comprehensive Plan. Land within the centrally located “triangle” is particularly underdeveloped in relationship to its location on key arterials and the MAX light rail transit line.
16. Population loss	Not Applicable.

Data also support the Rockwood–West Gresham area’s eligibility for urban renewal. As shown in the Figure 2:

- The property values (land and improvements) of developed properties within Rockwood are \$0.86-\$1.70 per square foot below that of the citywide average.
- The relative intensity of private investment on developed properties within Option B is lower than the other two concepts, and much lower than the citywide average. (This is due to the lack of high value, industrial properties coupled with the inclusion of low value residential sites.)

Figure 2. Indicators of Blight Conditions

Indicator	Option A (Job Creation)	Option B (Housing)	Option C (Jobs- Housing)	City of Gresham
Property Values (\$/SF)	\$11.34	\$11.31	\$12.15 ¹	\$13.01
Private Investment (I:L Ratio) ²	3.24	2.47	3.24 ¹	3.17
Percent Low Income	32.4%	33.0%	32.0%	21.6%

Note: 1) Estimates were adjusted to exclude U.S. Bank and Albertson industrial sites. 2) I:L stands for Improvement-to-Land Ratio. The estimate provided is for developed properties only.

Source: E.D. Hovee & Company.

III. Configuration of a Renewal Area

An important consideration for Rockwood Renewal is the configuration of urban renewal boundaries. Some key questions:

- How do various area options achieve specific objectives for Rockwood Renewal? Do they also fulfill statutory requirements?
- What concepts would best address the need and priorities being considered for the Rockwood Renewal program?
- Will the area options being considered generate sufficient tax increment revenue to support the renewal effort? What are the comparative impacts on the City's General Fund and other taxing entities?

This section provides a technical analysis that helps inform the City of Gresham on these questions.

As part of this technical analysis, three alternative urban renewal concept areas are analyzed in-depth to identify various areas in Rockwood and West Gresham that could produce a feasible urban renewal program.

Alternative Urban Renewal Area Concepts

Before identifying any geographic area for inclusion into an urban renewal area, a set of guiding principles is needed to set out the purpose of establishing an urban renewal district in Rockwood. Together, the guiding principles and legal parameters will help give merit to any proposed boundary.

At the start of the planning process, two philosophical questions were posed to assist in determining the appropriate urban renewal boundary options:

- ⇒ *Where is Rockwood?* The physical boundaries that define the entire Rockwood community should in part be based on Rockwood's sphere of influence or the Town Center's connectivity to other sectors of Gresham.
- ⇒ *What is Rockwood?* Defines the purpose of establishing urban renewal within Rockwood and the goals that should be achieved.

In answering these questions, a scoping process revealed widespread agreement that the proposed Rockwood urban renewal area should at least encompass the *triangle* and *town center* areas. How far beyond that core area depends in large part on what goals are being achieved through urban renewal. While a comprehensive set of goals for Rockwood Renewal has not yet been adopted, some common themes are identifiable at this juncture. These can serve as a preliminary set of guiding principles for evaluating urban renewal area concepts:

- ⇒ Create a diversity of family wage jobs for Rockwood residents and the rest of Gresham.
- ⇒ Improve deteriorated residential areas and increase home ownership, providing a wide array of housing choices.
- ⇒ Create the image of Rockwood as offering locational advantages.
- ⇒ Make Rockwood a vital place to live and do business.
- ⇒ Improve transportation access and mobility.
- ⇒ Strategically leverage private investment with public actions/investment.

- ⇒ Identify community leadership that is committed to improving Rockwood, West Gresham, and all of Gresham. Form partnerships and collaborations with interested organizations.
- ⇒ Maintain the community's unique, diverse, multi-cultural character.

In addition the Gresham City Council identified six themes at its October 23, 2001 joint work session on urban renewal. This direction was also used in evaluating alternative urban renewal area concepts. They are:

7. Properties located within an urban renewal district should be able to generate a tax increment base necessary to fund a wide range of projects and activities needed to redevelop and revitalize the West Gresham – Rockwood area. In this regard a practical mix of commercial, industrial and housing lands is required.
8. Any urban renewal district should incorporate Rockwood's "core", including the Rockwood Triangle/Rockwood Town Center area.
9. An urban renewal district could include those lands that can be historically identified as "Rockwood," including industrial and other employment lands in West Gresham.
10. The formation of an urban renewal district should consider both short- and long-term impacts on future property tax revenues.
11. An urban renewal district should not include lands which cannot be redeveloped within the district's anticipated lifespan.
12. A future urban renewal district should include areas that have obvious housing rehabilitation and development needs, especially along major arterial streets and the light rail corridor.

Due to the significant interest in job creation and residential revitalization, two alternative urban renewal concept options were developed, analyzed and tested with the Rockwood Action Plan Implementation Committee (RAPIC), Mayor, City Council, Planning Commission, Transportation Advisory Committee, and Gresham citizens:

- ⇒ Option A (See Figure 4): Focuses primarily on industrial land development, job creation, and redevelopment of the town center
- ⇒ Option B (See Figure 5): Focuses primarily on improving housing and Gresham's "west-side" residential improvements

A third alternative was identified, based on community feedback. Option C (see Figure 6) combines key features of both Options A & B. The Rockwood Town Center is identified as the core area of interest and common to each alternative.

The three proposed area concepts were checked to ensure they do not exceed either of the statutory thresholds. Overall, all three concept areas are well within state mandated limits. While Option A is larger in geographic size than Option B, it accounts for a smaller proportion of the City's assessed market value – due to the fact Option A has a significant amount of vacant and underutilized industrial land. Option C is the largest of the three concept areas, accounting for 11% of both Gresham's assessed market value and land area.

Figure 3. Analysis: Area Options vs. Statutory Limits

Statutory Limit	Rockwood Town Center	Option A (Job Creation)	Option B (Housing)	Option C (Job-Housing)	City of Gresham
Assessed Market Value	\$132 million	\$450 million	\$584 million	\$705 million	\$6.3 billion
-% of City	2.1%	7.1%	9.2%	11.2%	–
Total Land Area ¹	196.0	1,369.8	1,216.2	1,551.0	14,330.7
-% of City	1.4%	9.6%	8.5%	10.8%	–

Note: ¹⁾ Total land area includes public right-of-way.

Source: E.D. Hovee & Company using information provided by Metro.

Most of Option C's assessed market value and geographic area is located outside of the three northern employment nodes shown in Figure 6. Taken together, those three nodes account for less than 5% of the City's assessed market value and land area.

All three boundary concepts were presented at a public workshop to solicit further input. The following summarizes the analysis of each concept option.

Concept Option A

The first area concept option extends north from the Rockwood Town Center along the 181st Avenue corridor. Option A (see Figure 4) encompasses a significant portion of West Gresham's potentially developable industrial sites located along 181st, south of I-84, and north of I-84 in the Columbia Corridor.

Option A builds economic linkages between the Rockwood Town Center area and nearby employment nodes, through transportation improvements along 181st and a direct connection, albeit longer-term, to the Quarry area to the south of the Rockwood Town Center.

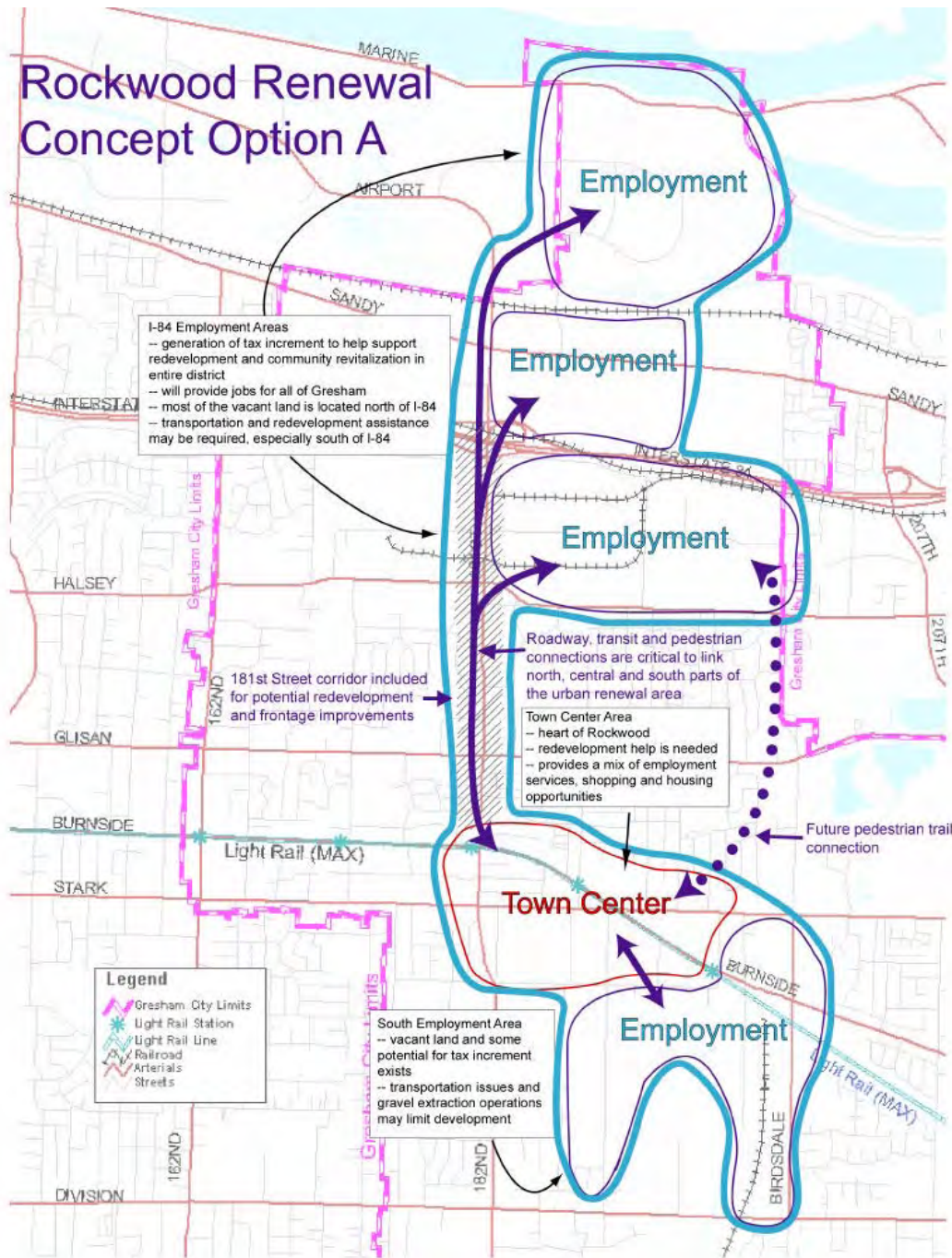
The primary focus of Option A is creating jobs in undeveloped areas and greater employment density on underutilized lands. Also, redevelopment activity would occur in the Rockwood "core".

It is anticipated that most of the urban renewal funding for Option A will be derived from the employment nodes.

Concept A

- Concentrates on job growth and redevelopment of industrial lands and the Rockwood Town Center.
- Would maximize funds available for redevelopment of the Rockwood Town Center.
- Of all the options, includes the least amount of housing.
- Allows for upgrading 181st Avenue and Gresham / Fairview pedestrian / bicycle trail.

Figure 4. Concept A (Job Creation)



Concept Option B

The second area concept option (see Figure 5) is concentrated in the Rockwood Town Center and immediately adjacent areas to the west along the MAX light rail line. The Quarry area to the southeast is also included.

Option B focuses on housing rehabilitation, development and residential area improvements. Job creation would play a secondary role. Mixed-use and high-density housing would most likely occur along the MAX line and within the Town Center area.

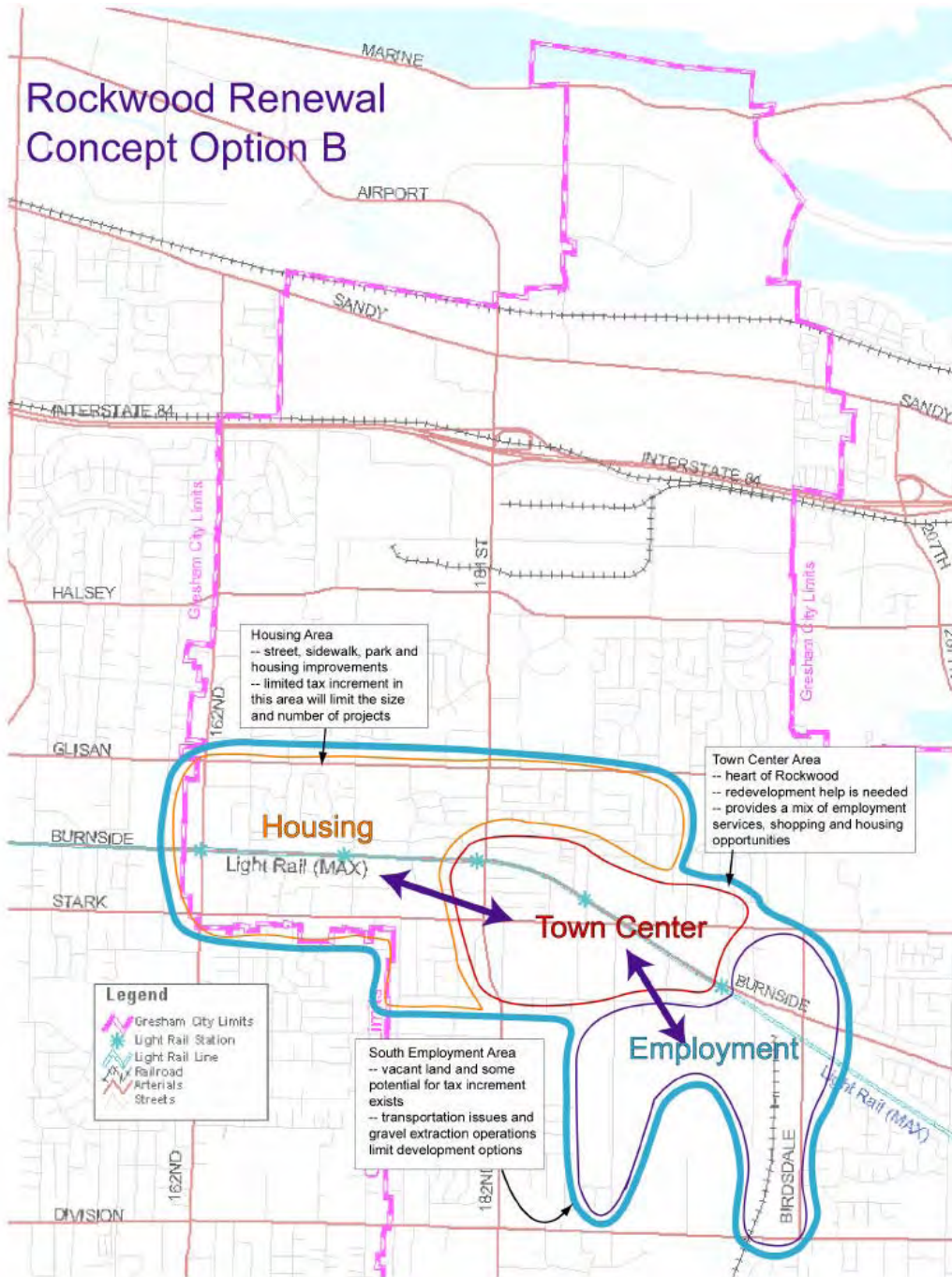
In the short-term, job growth in Option B could be stimulated within the Town Center and commercial developments along the MAX line. Long-term, the Quarry area to the south could be redeveloped into an employment center.

Option B is not anticipated to create as much urban renewal funding due to the lower amount of higher value lands.

Concept B

- Concentrates on improving housing and residential areas and the central core of Rockwood.
- It generates less funding for urban renewal projects. Therefore, redevelopment in the Rockwood Town Center would be smaller in scope, occur more slowly and with fewer projects than possible under Concepts A & C.
- Of all the options, it includes the greatest amount of housing, including single-family housing areas.
- Allows for urban renewal projects such as home rehabilitation loans and improvements to neighborhood streets and sidewalks.

Figure 5. Concept B (Housing Creation & Revitalization)



Concept Option C

The third area concept option blends key features of the earlier options. Concept C (see Figure 6) encompasses the Rockwood Town Center, adjacent areas to the west along the MAX line, and employment nodes to the north (along 181st Avenue to Sandy Boulevard, but not including the South Shore industrial area. The Quarry site, which is zone industrial, located southeast of the Town Center, is also included.

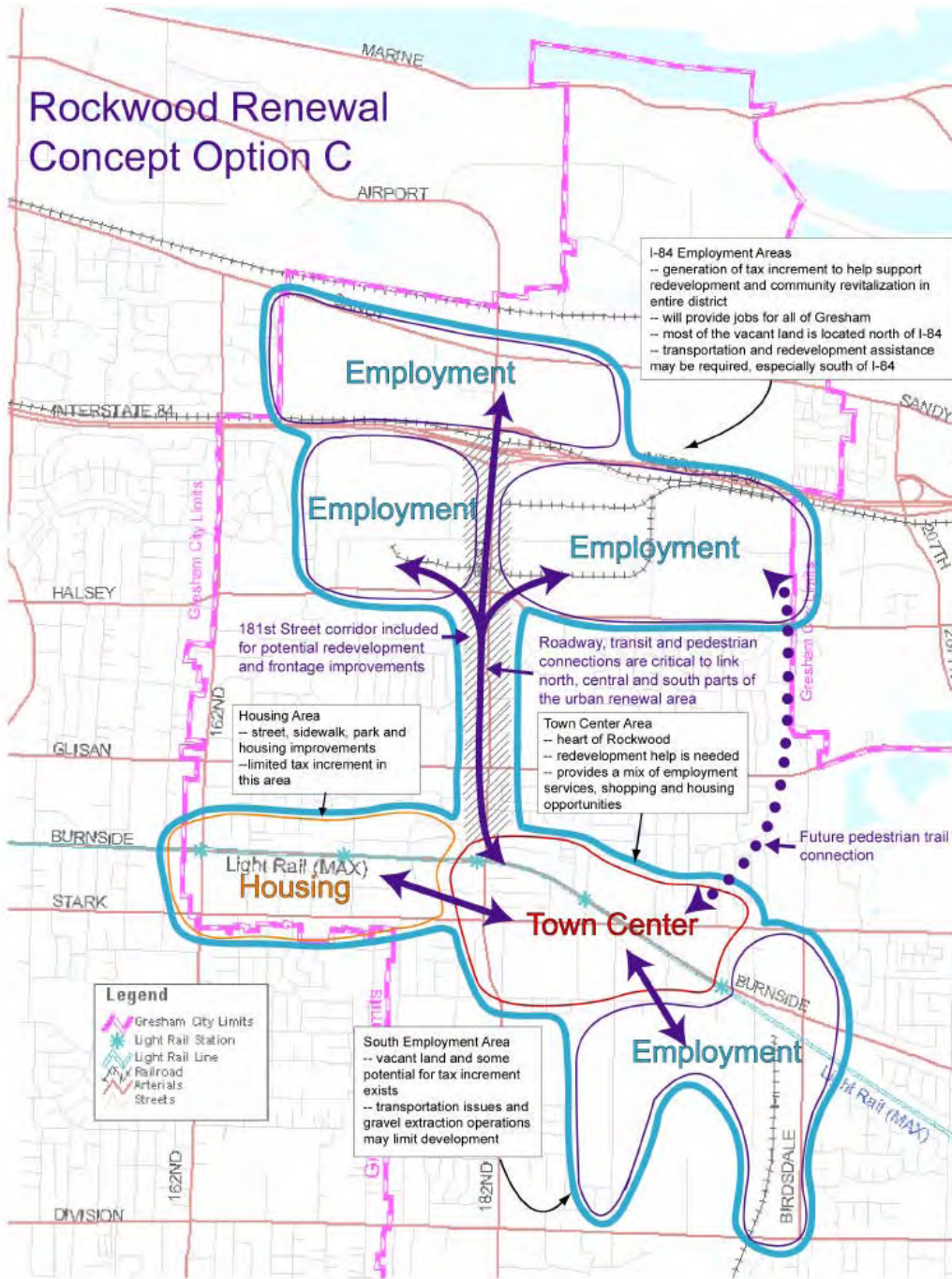
Option C takes a balanced approach. It focuses on job creation, industrial land development, housing creation/revitalization and on Rockwood “core” redevelopment. This option links the housing and Town Center areas to the south with the employment nodes to the north through transportation improvements along 181st. Once again, the Quarry area is seen as developing into an employment center over the long-term, as quarrying activity winds down and resources become available to attract private re-investment.

Option C’s configuration is intended to draw in enough higher investment industrial lands to generate significant urban renewal funding for anticipated program costs. It does not include high value South Shore industrial lands.

Concept C

- Combines the principles and goals of Concepts A and B. Balances job creation, Town Center and industrial land development with housing revitalization.
- Is estimated to generate more tax increment revenues than Concepts A or B.
- Includes single-family and multi-family housing near the major streets (including Stark Street and Burnside) – but does not include as much single-family housing as in Concept B.
- Allows for upgrading 181st Avenue and Gresham / Fairview pedestrian / bicycle trail.

Figure 6. Concept C (Jobs-Housing Mix)



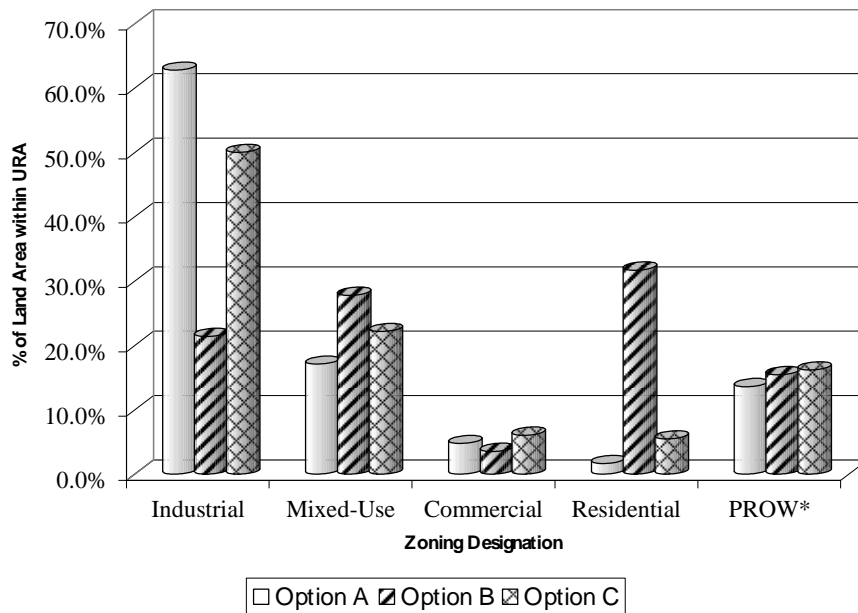
Physical Conditions

This section describes the current physical and socioeconomic conditions that exist within each of the conceptual urban renewal boundaries or Urban Renewal Area (URA) options. Topics covered include zoning, property values, capital investment, demographics, and employment.

Zoning & Parcel Size

The characteristics of each urban renewal area concept differ from one another. This is due in large part to the primary goals that each area concept is set up to achieve. For example, Option A is intended to focus on job creation and, therefore, includes the Rockwood Town Center and otherwise mostly industrial lands. In contrast, Option B encompasses a greater amount of residential area given its focus on residential revitalization. The graph below illustrates the differences in land use designations between each boundary concept.

Figure 7. Land Area by Zoning Designations & URA Option

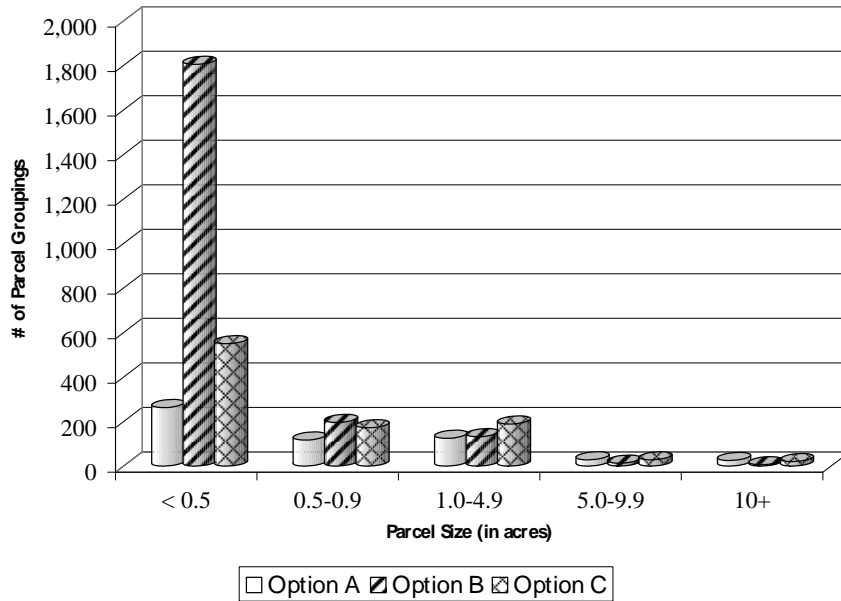


* Note: PROW stands for public right-of-way. Land area within the PROW includes only streets and transit right-of-way areas.

Source: E.D. Hovee & Company using information provided by Metro.

The Rockwood area is characterized by smaller land parcels. Within the general Rockwood area a significant portion of the properties is less than one-half acre in size. Eighty-four percent of all properties within the Concept B area are less than one-half acre in size, compared to 57% in Concept C and 47% in Concept A. Over 90% of all properties within each of the concept areas are less than five acres in size.

Figure 8. Number of Properties by Parcel Size

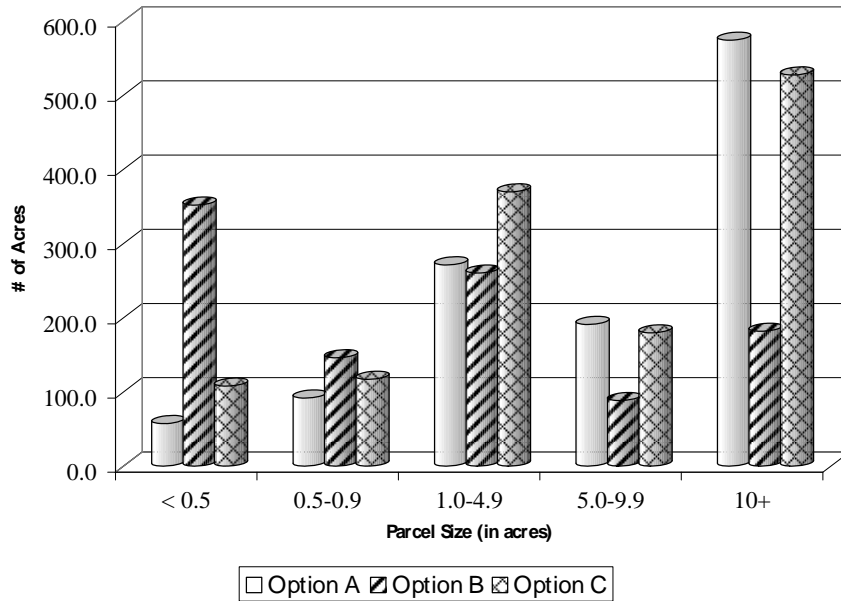


Note: Contiguous parcels with same ownership have been aggregated to illustrate the true parcelization within each urban renewal concept area.

Source: E.D. Hovee & Company using information supplied by Metro.

While the majority of properties are small (under five acres in size), a noteworthy amount of acreage contained in concept areas A and C is within larger (10+ acre) industrial properties – 48% in Concept A and 33% in Concept C. In comparison, 64% Concept B’s land area is in mixed-use and multi-family properties that are less than five acres in size.

Figure 9. Land Area by Property Size



Note: Contiguous parcels with same ownership have been aggregated to illustrate the true property size within each urban renewal concept area.

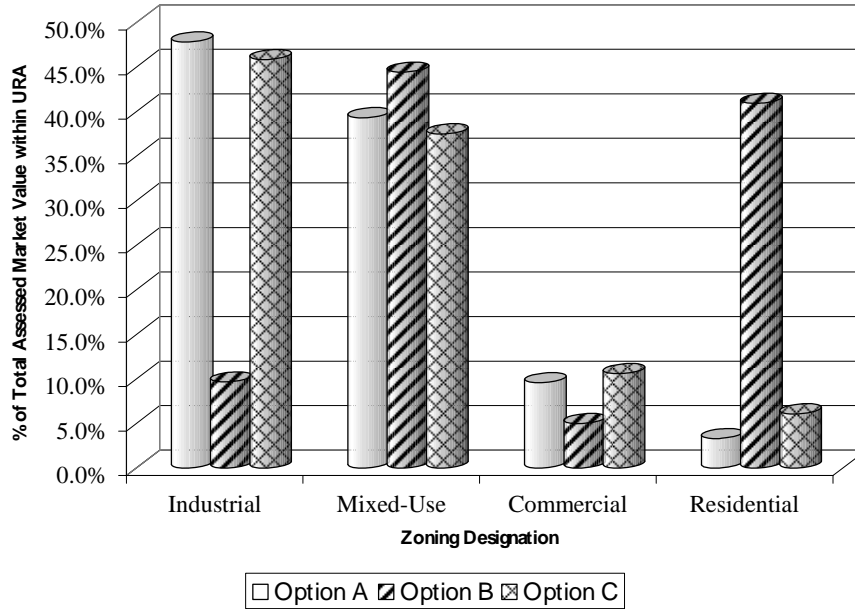
Source: E.D. Hovee & Company using information supplied by Metro.

The fact that the properties within the concept areas are relatively small in size (especially non-industrial sites) means that it will be difficult to attract any significant amount of development without site assembly. Bringing multiple parties together to develop projects in partnership with one another poses a challenge to redevelopment in Rockwood–West Gresham.

Property Values

Option A has a total assessed market value (AMV) of \$450.5 million. The majority of its AMV is located on industrial and mixed-use lands. In contrast, the majority of Option B's AMV is located on residential and mixed-use properties – total AMV is \$584.0 million. Option C has the greatest amount of AMV (at \$704.8) and is similar to Option A, having the majority of its AMV on industrial and mixed-use lands.

Figure 10. Assessed Market Value by Zoning Designation & URA Option (Year 2000)

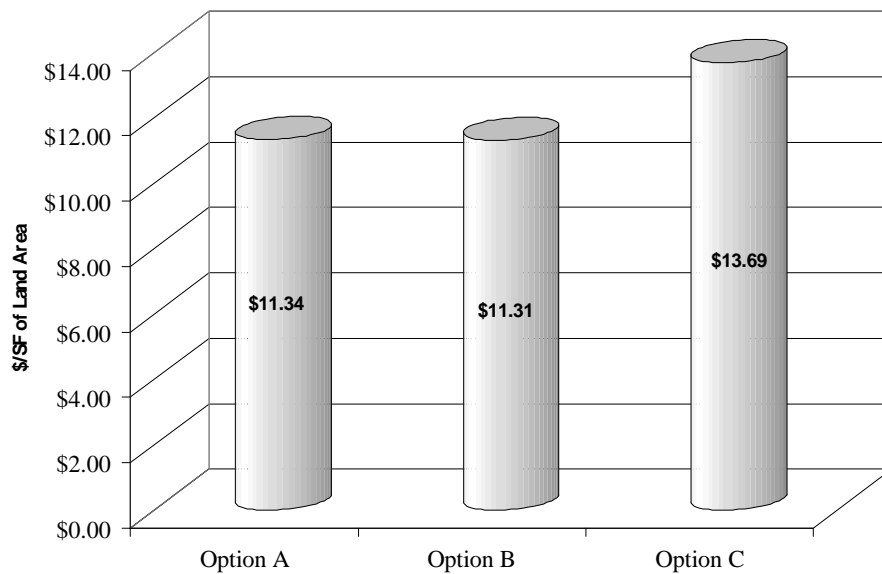


Source: E.D. Hovee & Company using information provided by Metro.

Property values for developed sites within both Options A and B average \$11.30+ per square foot of land area. The reason these have similar property values is that most of Option A's developed properties are located in and around the Town Center area, which comprises a large part of Option B.

Property values within Option C are the highest of the three areas under consideration. In fact, on average, property values are higher within Option C than in the City of Gresham as a whole (\$13.70 vs. \$13.00 per square foot). The main reason for the relatively high property values is the inclusion of U.S. National Bank and Albertson's sites in the northern industrial areas. Removing these two developments alone reduces the average property value in Option C by \$1.54 per square foot of land area – still higher than either Option A or B, but below the city-wide average.

Figure 11. Property Values by URA Option (Year 2000)



Note: Property values are calculated by dividing total improvement value by land area for developed properties only. The city-wide average is \$13.01 per square foot of land area.

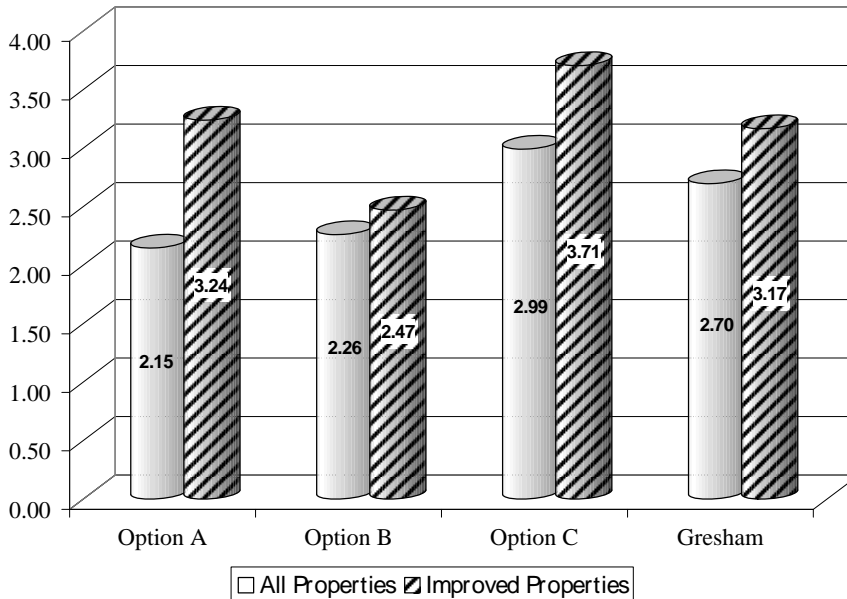
Source: E.D. Hovee & Company using information provided by Metro.

Capital Investment

Another relative measure of property values is the dollar value of improvements made compared to the value of land they sit on. This basically measures the intensity of private investment within an area. Typically, suburban communities would be expected to have an improvement-to-land ratio (I:L ratio) of at least 3.0. “Healthy, blight-free areas of American cities have been found to have an average I:L ratio of 5.0 to 12.0 or higher.”⁶

Developed properties within Option A and C, on average, have more intense private investment than the City of Gresham as a whole. The private investment within Option B is significantly lower than the other options (and the city as a whole) due to the lack of capital-intensive industrial properties.

Figure 12. Intensity of Private Investment by URA Option (I:L Ratio)



Note: I:L denotes improvement-to-land value. An I:L ratio of 1.00 means that the value of improvements on a particular property (or area) are of equal value to land. A ratio less than 1.00 signals that the improvements are worth less than the value of the land; and a ratio over 1.0 means the improvements are worth more than the land they sit on. Data are for year 2000.

Source: E.D. Hovee & Company using information provided by Metro.

Population and Jobs

Of the three urban renewal concept boundaries under consideration, Option B has the largest population base with 14,940 people as the 2000 Census. Option C has slightly fewer residents with a population of 11,420. Option A has the fewest number of people with only 6,950 residents.

Household sizes within each of the three concept areas averages nearly three persons per housing unit – higher than the city wide average of 2.71.

⁶ Portland Development Commission, “Oregon Convention Center Urban Renewal Plan”, page 6, 1989.

Option C has the largest job base, accounting for over one-fourth of all city jobs. Option A, with 5,680 jobs, has only half as many jobs as Option C; and Option B has considerably fewer, at 4,620 jobs.

The jobs-housing balance varies significantly among the various concept areas. Both Options A and C have a relatively healthy balance between jobs and housing, with ratios twice that of the entire city. However, Option B has an imbalance, with less than one job per household. The city-wide average is 1.17 jobs per household, which is considerably less than the regional and national averages of 1.6 to 1.7 jobs per household.

Figure 13. Demographic Characteristics by URA Option (Year 2000)

Characteristic	Option A (Job Creation)	Option B (Housing)	Option C (Jobs- Housing)	City of Gresham
Population	6,951	14,937	11,417	90,205
Households	2,309	5,057	3,923	33,327
– Household Size	3.01	2.95	2.91	2.71
Jobs	5,682	4,615	10,364	38,945
– Jobs-Housing	2.46	0.91	2.64	1.17

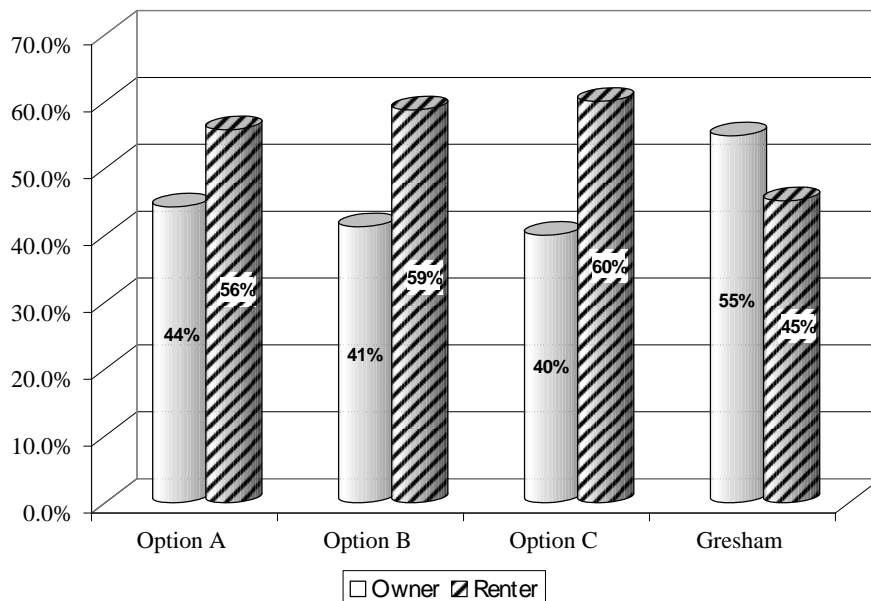
Note: Population and household data are based on Census 2000 data. Job estimates are Metro 2000 estimates, which include self employment.

Source: E.D. Hovee & Company using information provided by Metro.

Socioeconomics

The majority of households living in either of the three concept boundaries are renters. Renters account for 56%-60% of all households. In comparison, only 45% of households city-wide are renters.

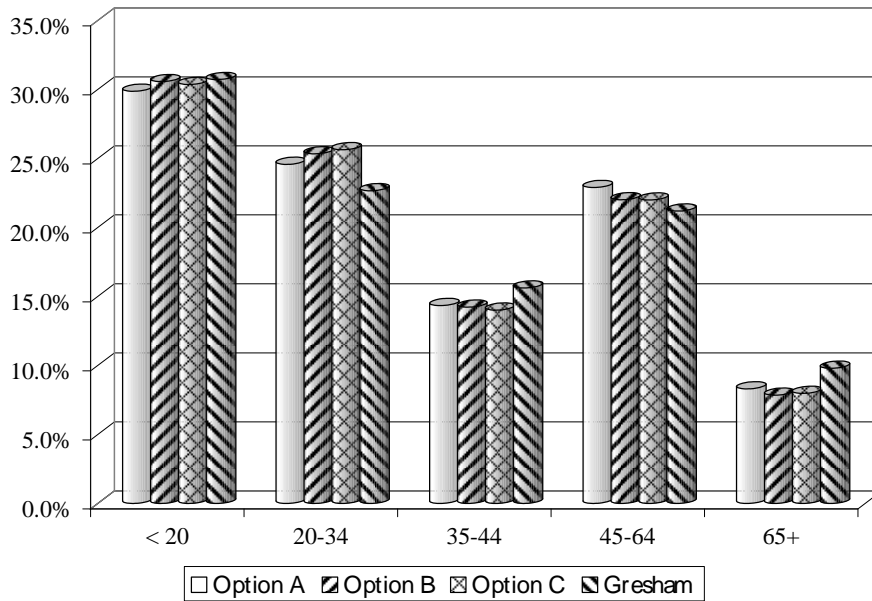
Figure 14. Tenure of Households by URA Option (Year 2000)



Source: U.S. Census and CACI.

The age characteristics of residents living in either of the three Rockwood concept areas are similar to that of the entire city of Gresham. Approximately 55% of the residents are under the age of 35. Another one-fifth are between the age of 45 and 64. Less than 10% are age 65 and older.

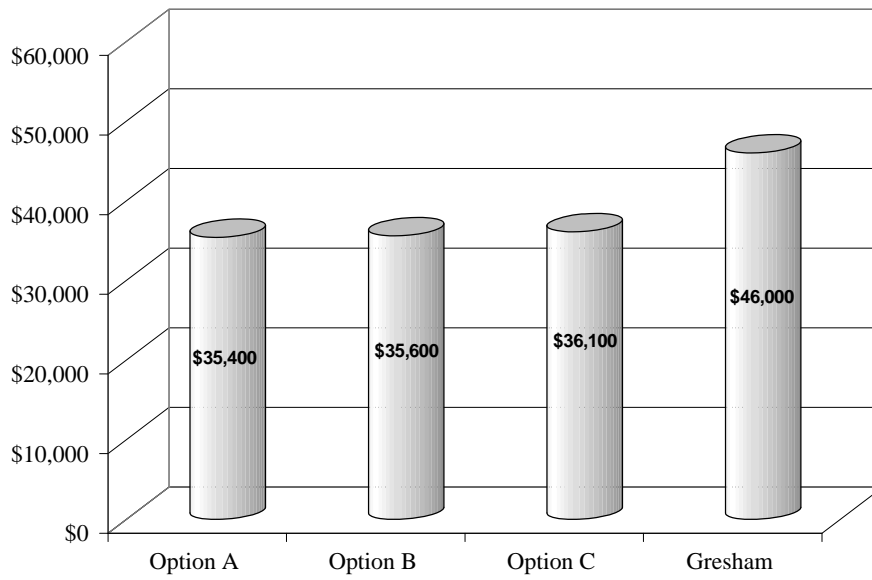
Figure 15. Age Characteristics of Residents Living Within Each URA Option (Year 2000)



Source: U.S. Census and CACI.

Median household income within each of the three urban renewal concept areas ranges from \$35,500 to \$36,100. Incomes are \$9,900 to \$10,600 lower than the median household income for all city residents.

Figure 16. Estimated Median Household Income (Year 2000)

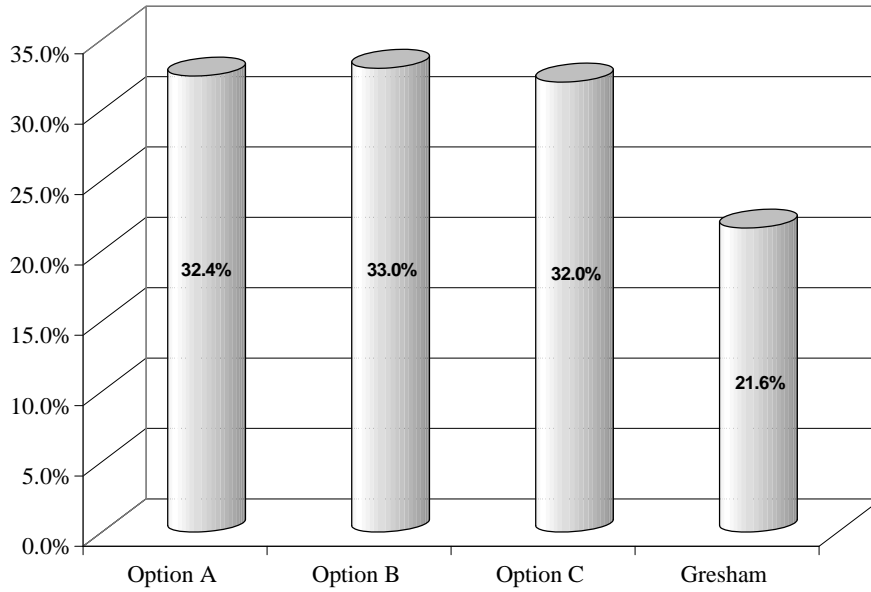


Source: CACI.

According to the U.S. Department of Housing and Urban Development (HUD) median household income for the Portland Metro area is \$53,700 (as of year 2000). HUD considers that households with incomes at 50% of the median or below to be low income. This means that households in the Portland Metro area with annual incomes below about \$25,000 are considered low income.

Approximately one-third of all households living within the urban renewal concept boundaries have incomes below \$25,000. In comparison, citywide only one-fifth have incomes below \$25,000. This means that the Rockwood area has a high proportion of low-income households.

Figure 17. Proportion of Households Considered Low Income (Year 2000)



Source: CACI.

Job Base

The projected employment make-up differs considerably among the three concept scenarios analyzed. The jobs located within Option A are made up of retail at 29% of all jobs, followed by manufacturing (27%) and services (20%). In contrast, Option B has mainly retail (33%) and service (31%) sector jobs. Option C has a more diverse job base than that of the other two area concepts and closely resembles the employment make-up of the entire city.

Figure 18. Employment Distribution by URA Option (Year 2000)

Sector	Option A (Job Creation)	Option B (Housing)	Option C (Jobs-Housing)	City of Gresham % Dist.	# of Jobs
Agriculture	0.4%	1.0%	0.5%	0.7%	266
Mining	1.8%	2.2%	1.0%	0.5%	193
Construction	3.4%	5.0%	3.5%	4.5%	1,744
Manufacturing	26.6%	6.7%	16.5%	16.4%	6,390
TCU	1.8%	1.6%	1.3%	1.4%	559
Wholesale	4.0%	1.7%	3.6%	2.9%	1,121
Retail	29.4%	33.0%	20.7%	24.2%	9,429
FIRE	5.1%	7.3%	19.4%	8.8%	3,438
Services	19.5%	31.0%	28.0%	27.8%	10,823
Government	8.2%	10.6%	5.5%	12.8%	4,982
All Sectors	100.0%	100.0%	100.0%	100.0%	
Total Jobs	5,682	4,615	10,364		38,945

Notes: Job estimates are Metro 2000 estimates, which include self-employment. TCU denotes transportation, communication, and utilities. FIRE stands for finance, insurance, and real estate.

Source: E.D. Hovee & Company using information provided by Metro.

A significant portion of the City's job base is located within the *broader* Rockwood- West Gresham area. While the three concept boundaries account for 9%-11% of Gresham's geographic area, they have 12%-27% of Gresham's jobs. Option C in particular contains a significant portion of the City's job base within each major employment sector.

Figure 19. Percent of Citywide Jobs by URA Option & Sector

Sector	Option A (Job Creation)	Option B (Housing)	Option C (Jobs- Housing)	Citywide Avg. Wage
Agriculture	8.0%	17.3%	20.9%	\$25,000
Mining	51.7%	51.7%	51.7%	\$49,500
Construction	10.9%	13.2%	21.0%	\$34,800
Manufacturing	23.7%	4.8%	26.7%	\$52,400
TCU	17.9%	12.9%	24.3%	\$32,400
Wholesale	20.0%	7.0%	33.7%	\$35,100
Retail	17.7%	16.2%	22.8%	\$18,300
FIRE	8.4%	9.8%	58.5%	\$30,900
Services	10.2%	13.2%	26.8%	\$26,400
Government	9.4%	9.8%	11.4%	\$39,000
All Sectors	14.6%	11.9%	26.6%	\$34,800

Notes: Job estimates are Metro 2000 estimates, which include self-employment. Avg. means average. TCU denotes transportation, communication, and utilities. FIRE stands for finance, insurance, and real estate.

Source: E.D. Hovee & Company using information provided by Metro.

Development Potential

For the purpose of estimating development potential, it is assumed the Urban Renewal District would be in place for 20 years. Under state law, an urban renewal district can be in place anywhere from 10 to 20 years. The actual duration for the urban renewal program will be determined through the development of an Urban Renewal Plan for Rockwood–West Gresham.

The type of development that will occur is dependent on the type of land available (e.g. industrial, commercial, etc.), City’s land use regulations, incentives (including those offered through urban renewal), and market demand.

Two alternative development scenarios are utilized to illustrate the amount of development that could occur under existing (or *base case*) conditions versus conditions with an *urban renewal* program in place. A series of market assumptions can be used to estimate Rockwood’s future development potential. While the assumptions are intended to represent likely market conditions, there is no guarantee that actual realized conditions will resemble forecasts in this analysis. Each key assumption is discussed in turn.

Assumptions on Developable/Redevelopable Properties. The first step is to identify which properties are likely to develop or redevelop over the 20-year planning horizon. Designating properties as potentially available for future development/redevelopment occurs through the use of two screening criteria:

- **Improvements-to-Land Ratio** – Properties that are listed as vacant by the Multnomah County Assessor, along with those properties in private ownership with low capital improvements (improvement-to-land ratio of 2.0 or less) are considered most likely to experience development/redevelopment within the 20-year planning horizon. However, not all these properties will develop/redevelop, as a site will need to meet certain size thresholds to attract development interest.
- **Minimum Parcel Size** – Properties will have to meet minimum size thresholds in order to capture a reasonable amount of development to amortize development/redevelopment costs (e.g. site acquisition, planning, site development, etc.). Of the properties identified as vacant or potentially redevelopable, only those meeting the minimum size requirements (i.e. 2.5 acres for industrial and 20,000 square feet for commercial, mixed-use, and multi-family) are considered as likely candidates.

Figure 20. Requirements for Property Development/Redevelopment

Assumption	Value	Comments
Development Threshold:		
Maximum Improvements-to-Land ratio	2.0	The average ratio for all concept areas is greater than 2.0. Properties with no or low level of capital investments have the greatest probability to develop/redevelop.
Minimum Parcel Size:		
Industrial (acres)	2.5	Typical minimum parcel size to meet site development requirements such as landscaping, parking, and infrastructure and still produce enough building space/units to justify anticipated capital investments.
Commercial (square feet)	20,000	
Mixed-Use (square feet)	20,000	
Multi-Family (square feet)	20,000	

Note: Assumptions may or may not represent realized conditions. All estimates are preliminary and subject to change.

Development and Density Assumptions. Even though a property is designated as potentially developable/redevelopable does not mean the site will experience new development. The market will

only support so much development. Therefore, a series of development and density assumptions are used to estimate the likely development that will occur under both *base case* and *urban renewal* conditions:

- **Development Expectations** – Not every potentially developable/redevelopable site will capture new development, as the market can only support so much demand. Therefore a *market factor* is used to further denote the amount of land that could conceivably experience new development. Under base case conditions, only 50% of the properties identified as potentially available for development, that meet the above improvement to land ratio and parcel size criteria, are assumed to develop within the 20-year horizon. Under the urban renewal scenario, 75% is assumed to be available for development. This higher percentage counts on properties being assembled through partnership arrangements, incentives, or other tools/resources available under urban renewal. These assumptions take into account both the number of large industrial sites contained within the concept areas, and the significant parcelization that occurs in Rockwood–West Gresham.

In addition to the market factor, a deduction is taken to account for needed infrastructure, such as streets, water, sewer, etc. Potentially developable land is reduced by 20% to provide for infrastructure needs.

- **Density** – The density of development that occurs is also dictated by factors of market demand, regulatory framework, and incentives. Existing development densities within the Rockwood area were calculated and used for the base case development scenario. The urban renewal scenario assumes there will be incentives and land use standards to promote 1.5 – 2.0 times the level of development that would occur under existing (base case) conditions.

Figure 21. Density & Development Deduction Assumptions

Assumption	Base Case	Urban Renewal	Comments
Deductions:			
Infrastructure	20%	20%	Deducted for circulation, water, sewer, storm drainage, etc.
Market Factor	50%	25%	Greater land absorption due to property assemblage an urban renewal incentives.
Density:			
Industrial FAR	0.30	0.45	Urban renewal assumes 1.5 times current conditions.
Commercial FAR	0.50	1.00	Urban renewal assumes twice current densities.
Mixed Use ¹			
– Commercial FAR	0.60	1.20	Urban renewal assumes twice current densities.
– Housing Units per Acre	15	30	Assumes townhomes or stacked flats.
Multi-Family	15	30	Assumes townhomes or stacked flats.

Note: 1) It is assumed that mixed-use properties develop with a mix of 75% commercial and 25% residential. Assumptions may or may not represent realized conditions. All estimates are preliminary and subject to change. FAR denotes floor area ratio, which is calculated by dividing total gross building square footage by total land area.

Base Case Development Assumptions - Depending on the concept area in question, between 82 acres (Option B) and 263 acres (Option A) of land could develop over the next 20 years – assuming base case conditions. This equates to 8%-22% of the total land area within those respective concept areas. The majority of development is projected to occur on industrial lands.

Under base case, all net new development is expected to be either industrial or residential related. Concept A could experience the development of 2.7 million square feet of new industrial space and 135 new housing units. Eight hundred thousand square feet of new industrial space and 390 added housing

units are projected for Concept B. Concept C is forecast to capture 1.7 million square feet of new industrial space and 585 new housing units.

Figure 22. Projected Added Development Under Base Case Conditions

Land Use	Gross Vacant/Redev. Land (acres)	Available Land After Market Factor	Employment Related Building Square Footage ²				Housing	
			Land ¹	Total	Existing	New	Land ¹	Units
Concept A:								
Industrial	560	224	224	3,000	300	2,700	0	0
Commercial	30	12	12	300	300	0	0	0
Mixed-Use	90	36	27	1,000	1,000	0	9	135
Multi-Family	0	0	0	0	0	0	0	0
All Land Uses	680	272	263	4,300	1,600	2,700	9	135
Concept B:								
Industrial	120	48	48	1,000	200	800	0	0
Commercial	10	4	4	100	100	0	0	0
Mixed-Use	100	40	30	1,000	1,000	0	10	150
Multi-Family	40	16	0	0	0	0	16	240
All Land Uses	270	108	82	2,100	1,300	800	26	390
Concept C:								
Industrial	290	116	116	2,000	300	1,700	0	0
Commercial	30	12	12	300	300	0	0	0
Mixed-Use	150	60	45	1,000	1,000	0	15	225
Multi-Family	60	24	0	0	0	0	24	360
All Land Uses	530	212	173	3,300	1,600	1,700	39	585

Note: 1) Land is expressed in acres. 2) Building square footages in per 1,000 square feet. Assumptions may or may not represent realized conditions. M&I denotes market and infrastructure. All estimates are preliminary and subject to change.

Source: E.D. Hovee & Company, November 2001.

Urban Renewal Development Assumptions: A higher level of development is anticipated to occur under the urban renewal scenario. Urban renewal can contribute to the assembly of small properties, increase the number of large developable sites, and hence, promote a more significant level of development interest through its various tools. Under urban renewal, the amount of land that could develop over the next 20 years varies from 162 acres (Concept B) to 408 acres (Concept A). This accounts for between 16%-34% of the total land area within the concept areas. Once again, the majority of development is projected to occur on industrial lands. However, new commercial and mixed-use development is assumed especially in the Rockwood Core.

Under the urban renewal scenario, Concept A could experience the development of 6.6 million square feet of new industrial space, 1.3 million square feet of commercial and mixed-use space, and 390 new housing units. Concept B is projected to attain 1.1 million square feet of commercial and mixed-use space, 800,000 square feet of new industrial space, and 1,170 added housing units. Concept C is forecast to capture 3.4 million square feet of commercial and mixed-use space 2.6 million square feet of new industrial space, and 1,740 new housing units. The projected amount of new housing is based on projections that extensive housing development and redevelopment will occur along the light rail corridor (Burnside and Stark) and within the Rockwood core – the Town Center and “Triangle.”

Figure 23. Projected Added Development Under Urban Renewal Conditions

Land Use	Gross Vacant/Redev. Land (acres)	Available Land After Market Factor	Employment Related Building Square Footage ²				Housing	
			Land ¹	Total	Existing	New	Land ¹	Units
Concept A:								
Industrial	560	336	336	7,000	400	6,600	0	0
Commercial	30	18	18	800	500	300	0	0
Mixed-Use	90	54	41	2,000	1,000	1,000	13	390
Multi-Family	0	0	0	0	0	0	0	0
All Land Uses	680	408	395	9,800	1,900	7,900	13	390
Concept B:								
Industrial	120	72	72	1,000	200	800	0	0
Commercial	10	6	6	300	200	100	0	0
Mixed-Use	100	60	45	2,000	1,000	1,000	15	450
Multi-Family	40	24	0	0	0	0	24	720
All Land Uses	270	162	123	3,300	1,400	1,900	39	1,170
Concept C:								
Industrial	290	174	174	3,000	400	2,600	0	0
Commercial	30	18	18	800	400	400	0	0
Mixed-Use	150	90	68	4,000	1,000	3,000	22	660
Multi-Family	60	36	0	0	0	0	36	1,080
All Land Uses	530	318	260	7,800	1,800	6,000	58	1,740

Note: 1) Land is expressed in acres. 2) Building square footages in per 1,000 square feet. Assumptions may or may not represent realized conditions. M&I denotes market and infrastructure. All estimates are preliminary and subject to change.

Source: E.D. Hovee & Company, November 2001.

Generation of Tax Increment Funds

The primary funding mechanism for urban renewal is *tax increment financing* (TIF). TIF funds are generated by increased property values due to new development and redevelopment, as well as the maximum 3% increase in existing assessed value allowed under state statutes.

This section briefly explains how urban renewal programs are financed, then estimates the amount of urban renewal funds which could be generated in Rockwood–West Gresham.

How Urban Renewal Funding Works

Urban renewal projects and activities are financed by tax increment revenues, which are the property taxes generated over time by the increase in total assessed value within the urban renewal area.

When a city defines an urban renewal boundary, the county assessor “freezes” the assessed value of real property within the urban renewal district. The portion of property tax revenues going to established taxing districts are also “frozen” for the life of the district. As the city and others invest in the urban renewal area, property values go up. The property taxes above those, going to the taxing districts, when the values were “frozen” are used to pay for the improvements in the urban renewal area.

Urban renewal districts raise money by borrowing against future growth in property taxes. The borrowed money is used to pay for capital improvements, which spur more development. The municipality then

uses the incremental increase in property taxes (TIF funds) from the district to repay the loan. When the urban renewal district expires a much higher property tax base returns to the tax rolls.

Estimates of Urban Renewal Funds Generated in Rockwood–West Gresham

To estimate potential TIF funds for Rockwood, the urban renewal development projections are used to estimate the increase in property values. Typical per square foot (or unit) values are applied to the development estimates to calculate added market value. It is important to note that if a major semi-conductor plant were to locate within the urban renewal area, market values would increase substantially above those used in this feasibility report, as these developments have a high level of capital improvements. Typically, with semi-conductor manufacturing plants, the building represents only one-fourth to one-third of the total investment.

Figure 24. Market Value Assumptions

Assumption	Added Market Value	Comments
Industrial	\$80	Assumes development cost at \$60 per square foot + 30% soft costs.
Commercial	\$100	Assumes development cost at \$75 per square foot + 30% soft costs.
Mixed-Use		
Commercial	\$100	Assumes development cost at \$75 per square foot +30% soft costs.
Residential	\$150,000	Assumes development cost at \$150,000 (includes soft costs).
Multi-Family	\$135,000	Assumes development cost at \$135,000 (includes soft costs).

Note: Estimates are based upon experience with other projects in the Portland Metro area. However, assumptions may or may not bear realized conditions.

Source: E.D. Hovee & Company, November 2001.

Even though TIF funds will only be captured under an urban renewal scenario, it is useful to illustrate the amount of property taxes that could be generated without urban renewal in order to weigh the fiscal benefit of doing urban renewal. Therefore, property values and taxes are estimated for both *base case* and *urban renewal* scenarios.

Base Case Tax Generation Scenario: Under the base case scenario, property values are forecast to increase between \$118.9 to \$236.3 million (in constant 2000 dollars) within the three area concept options analyzed, due to new development/redevelopment in Rockwood. The majority of increased value will come from industrial development. However, mixed-use and multi-family development will also add some additional value – up to 46% of the increased value for Concept B.

Figure 25. Estimated Market Values Attributable to New Development (Base Case)

Land Use	Commercial and Industrial			Housing			Total Added Mkt. Value ²
	New Bldg. SqFt ¹	Added Value/ SqFt	Added Market Value ²	Added Housing Units	Added Value/ Unit	Added Market Value ²	
Concept A:							
Industrial	2,700	\$80	\$216,000	0	\$0	\$0	\$216,000
Commercial	0	\$100	\$0	0	\$0	\$0	\$0
Mixed-Use	0	\$100	\$0	135	\$150,000	\$20,250	\$20,250
Multi-Family	0	\$0	\$0	0	\$135,000	\$0	\$0
All Land Uses	2,700	\$80	\$216,000	135	\$150,000	\$20,250	\$236,250
Concept B:							
Industrial	800	\$80	\$64,000	0	\$0	\$0	\$64,000
Commercial	0	\$100	\$0	0	\$0	\$0	\$0
Mixed-Use	0	\$100	\$0	150	\$150,000	\$22,500	\$22,500
Multi-Family	0	\$0	\$0	240	\$135,000	\$32,400	\$32,400
All Land Uses	800	\$80	\$64,000	390	\$140,769	\$54,900	\$118,900
Concept C:							
Industrial	1,700	\$80	\$136,000	0	\$0	\$0	\$136,000
Commercial	0	\$100	\$0	0	\$0	\$0	\$0
Mixed-Use	0	\$100	\$0	225	\$150,000	\$33,750	\$33,750
Multi-Family	0	\$0	\$0	360	\$135,000	\$48,600	\$48,600
All Land Uses	1,700	\$80	\$136,000	585	\$140,769	\$82,350	\$218,350

Note: Assumptions may or may not represent realized conditions. All estimates are preliminary and subject to change. 1) Square foot estimates are interns of 1,000. 2) Market value calculations are in \$1,000. 3) New Bldg. Sq Ft. is net new area including redeveloped footage and new, not previously existing sq footage.

Source: E.D. Hovee & Company, November 2001.

Urban Renewal Tax Generation Scenario: With urban renewal, the projected new development/redevelopment for Rockwood could result in an additional \$338.7-\$798.2 million (in 2000 dollars) of market value – \$219.8 million to \$574.5 million greater than *base case*. The majority of increased value within Concept A will be created from industrial development. By comparison, mixed-use development would drive increased market values in Concepts B and C.

Figure 26. Estimated Market Values Attributable to New Development (Urban Renewal)

Land Use	New Bldg. SqFt¹	Added Value/ SqFt	Added Market Value²	Added Housing Units	Added Value/ Unit	Added Market Value²	Total Added Mkt. Value²
Concept A:							
Industrial	6,600	\$80	\$528,000	0	\$0	\$0	\$528,000
Commercial	300	\$100	\$30,000	0	\$0	\$0	\$30,000
Mixed-Use	1,000	\$100	\$100,000	390	\$150,000	\$58,500	\$158,500
Multi-Family	0	\$0	\$0	0	\$135,000	\$0	\$0
All Land Uses	7,900	\$83	\$658,000	390	\$150,000	\$58,500	\$716,500
Concept B:							
Industrial	800	\$80	\$64,000	0	\$0	\$0	\$64,000
Commercial	100	\$100	\$10,000	0	\$0	\$0	\$10,000
Mixed-Use	1,000	\$100	\$100,000	450	\$150,000	\$67,500	\$167,500
Multi-Family	0	\$0	\$0	720	\$135,000	\$97,200	\$97,200
All Land Uses	1,900	\$92	\$174,000	1,170	\$140,769	\$164,700	\$338,700
Concept C:							
Industrial	2,600	\$80	\$208,000	0	\$0	\$0	\$208,000
Commercial	400	\$100	\$40,000	0	\$0	\$0	\$40,000
Mixed-Use	3,000	\$100	\$300,000	660	\$150,000	\$99,000	\$399,000
Multi-Family	0	\$0	\$0	1,080	\$135,000	\$145,800	\$145,800
All Land Uses	6,000	\$91	\$548,000	1,740	\$140,690	\$244,800	\$792,800

Note: Assumptions may or may not represent realized conditions. All estimates are preliminary and subject to change. 1) Square foot estimates are interns of 1,000. 2) Market value calculations are in \$1,000.

Source: E.D. Hovee & Company, November 2001.

The urban renewal concept areas could experience a total increase in assessed value of \$416.1 million to \$568.6 million by year 20. Increases in values of existing properties will account for the majority of increase. Total property taxes (denoted as TIF funds in the table below) that will be generated over the next 20 years equates to \$62.2-\$109.8 million (in net present value terms).

Figure 27. Estimated Property Taxes by URA Option (Base Case – Year 20)

Estimated Market Value and Assessed Value is expressed in \$1000's

Estimated Property Tax Values are expressed in actual numbers

TIF Funds	Option A	Option B	Option C	Comments
Existing Market Value	\$450,489	\$583,957	\$704,823	Metro's RLIS database.
Increase in Existing Base:				
Increase in Existing Base	\$363,144	\$470,734	\$568,166	Statutory increase limited to 3% per year. Life of urban renewal district is assumed to be 20 years.
Assessed Value Adjustment	66%	66%	66%	Based upon sample of representative properties identified in Assessor's 2001 tax records.
Estimated Assessed Value	\$239,675	\$310,685	\$374,989	
TIF Tax Rate	\$13.4848	\$13.4848	\$13.4848	Includes City, County, Metro, Port of Portland, ESD, Mt. Hood CC, and Reynolds School taxing jurisdictions. Based upon per \$1,000 of assessed value.
TIF Funds from Existing Base	\$3,231,969	\$4,189,525	\$5,056,652	
Increase from New Development:				
Added Development	\$317,406	\$159,744	\$293,357	Estimated in previous table. Development divided equally over al 20 years. Inflated 3% per year.
Assessed Value Adjustment	66%	66%	66%	Based upon sample of representative properties identified in Assessor's 2001 tax records.
Estimated Assessed Value	\$209,488	\$105,431	\$193,616	
TIF Tax Rate	\$13.4848	\$13.4848	\$13.4848	Includes City, County, Metro, and school taxing jurisdictions. Based upon per \$1,000 of assessed value.
TIF Funds from New Development	\$2,824,904	\$1,421,716	\$2,610,873	
Cumulative TIF Funds (Year 1-20)				
– Cumulative (Nominal \$)				Amount generated over 20 year life span.
	\$57,678,793	\$53,435,056	\$73,016,793	
– Net Present Value (2000 \$)	\$38,489,104	\$35,657,257	\$48,724,166	Funds are discount by 3% per year.
– NPV (Borrowing Capacity)	\$26,511,760	\$24,561,153	\$33,561,798	Funds are discount by 6% per year.

Note: Property and assessed values are in \$1,000. TIF estimates are in year 2000 dollars. Assumptions may or may not represent realized conditions. All estimates are subject to change.

Source: E.D. Hovee & Company, November 2001.

Under urban renewal, the concept areas could see a total increase in assessed valuation of between \$611.0 million and \$1.1 billion by year 20 of program implementation. Added development is the primary driver of increased property values within Options A and C. For Option B, increases in existing property values still account for the majority of added valuation. Total TIF funds that could be generated over the life of the urban renewal district range between \$52.4 million (Option B) and \$92.4 million (Option C). These estimates are similar to the maximum indebtedness of Portland's Central Eastside, Airport Way, and Lents Town Center urban renewal areas.

Figure 28. Estimated TIF Funds by URA Option (Urban Renewal – Year 20)

Estimated Market Value and Assessed Value is expressed in \$1000's
 Estimated Property Tax Values are expressed in actual numbers

TIF Funds	Option A	Option B	Option C	Comments
Existing Market Value	\$450,489	\$583,957	\$704,823	Metro's RLIS database.
Increase in Existing Base:				
Increase in Existing Base	\$363,144	\$470,734	\$568,166	Statutory increase limited to 3% per year. Life of urban renewal district is assumed to be 20 years.
Assessed Value Adjustment	66%	66%	66%	Based upon sample of representative properties identified in Assessor's 2001 tax records.
Estimated Assessed Value	\$239,675	\$310,685	\$374,989	
TIF Tax Rate	\$13.4848	\$13.4848	\$13.4848	Includes City, County, Metro, Port of Portland, ESD, Mt. Hood CC, and Reynolds School taxing jurisdictions. Based upon per \$1,000 of assessed value.
TIF Funds from Existing Base	\$3,231,969	\$4,189,525	\$5,056,652	
Increase from New Development:				
Added Development	\$962,631	\$455,050	\$1,065,142	Estimated in previous table. Development divided equally over al 20 years. Inflated 3% per year.
Assessed Value Adjustment	66%	66%	66%	Based upon sample of representative properties identified in Assessor's 2001 tax records.
Estimated Assessed Value	\$635,337	\$300,333	\$702,993	
TIF Tax Rate	\$13.4848	\$13.4848	\$13.4848	Includes City, County, Metro, Port of Portland, ESD, Mt. Hood CC, and Reynolds School taxing jurisdictions. Based upon per \$1,000 of assessed value.
TIF Funds from New Development	\$8,567,392	\$4,049,930	\$9,479,720	
Cumulative TIF Funds (Year 1-20)				
– Cumulative (Nominal \$)	\$112,363,648	\$78,463,103	\$138,427,957	Amount generated over 20 year life span.
– Net Present Value (2000 \$)	\$74,980,353	\$52,358,487	\$92,373,084	Funds are discount by 3% per year.
– NPV (Borrowing Capacity)	\$51,647,376	\$36,065,157	\$63,627,698	Funds are discount by 6% per year.

Note: Property and assessed values are in \$1,000. TIF estimates are in year 2000 dollars. Estimates are based upon assumptions that may or may not represent realized conditions. All estimates are subject to change.

Source: E.D. Hovee & Company, November 2001.

The TIF funds will be generated over the 20-year life of the urban renewal district and used to pay for debt acquired early in the urban renewal program. The borrowing capacity of the TIF funds is estimated to yield between \$36.1 million (for Option B) and \$63.6 million (for Option C).*

Fiscal Implications

The creation of an urban renewal district is a policy decision made by a jurisdiction to focus property tax proceeds generated from the district to improve conditions within the district. Once the urban renewal district is created, tax revenues associated with any increase in assessed value – whether it would have occurred with or without urban renewal is dedicated specifically to the area.

The primary taxing districts that could be affected are Multnomah County, City of Gresham, Multnomah ESD, Mt. Hood Community College, and to a lesser extent Metro and the Port of Portland. Public schools are not affected. The State of Oregon ensures that K-12 schools are funded according to a funding formula that allocates monies to districts on a uniform per pupil level.

Figures 29 and 30 estimate the amount of property taxes that each taxing jurisdiction would contribute to Rockwood Renewal under each urban renewal option, over the twenty-year life of an urban renewal district.

Figure 29. Fiscal Effects of Urban Renewal Financing

	Taxes Contributed (20 year total)	Net Present Value
Multnomah County	\$17 million - \$24 million	\$11 million - \$16 million
City of Gresham	\$14 million - \$20 million	\$10 million - \$13 million
Multnomah ESD	\$1.8 million - \$2.5 million	\$1.2 million - \$1.7 million
Mt. Hood Community College	\$1.7 million - \$2.4 million	\$1.2 million - \$1.6 million
Metro	\$400,000 - \$525,000	\$275,000 - \$350,000
Port of Portland	\$275,000 - \$375,000	\$175,000 - \$250,000

The analysis estimates that Multnomah County's and the City of Gresham's general funds would be most affected. Multnomah County is projected to contribute an estimated \$17 million to \$24 million to urban renewal over twenty years (with a net present value of \$11 to \$16 million). The City of Gresham over this period would commit \$14 million to \$20 million (NPV of \$10 - \$13 million).

Other taxing jurisdictions affected include: Multnomah ESD, which would see an estimated \$1.8 - \$2.5 million (NPV \$1.2 - \$1.7 million) committed to redevelopment; and Mt. Hood Community College, which would contribute a similar amount. Metro and the Port of Portland would also be participants, but at lower levels.

* It should be noted that this section's analysis does consider the effects of legislation passed in 2001 by the Oregon Legislature which changed how tax increment revenues are calculated. Prior to this change, the property taxes collected in connection with all property tax levies – permanent rate levies, local option levies and bond levies – were divided so that the urban renewal agency collected the amounts raised by these levies when applied to the incremental assessed value within the urban renewal area. The new law allows the taxes collected in connection with those local option and bond levies that were in existence as of October 2001 to continue to be divided for urban renewal. However, taxes collected in connection with any local option or bond levy passed after October, 2001 will not be divided for urban renewal. For a new urban renewal plan (i.e., any plan adopted after October, 2001), the tax rate used to calculate tax increment revenues will drop as existing local option and bond levies expire. Ultimately the tax rate used will consist solely of permanent rate levies for the affected taxing jurisdictions.

Figure 30. Property Tax Implications of Urban Renewal Financing

Jurisdiction	Option A	Option B	Option C	Comments
Multnomah County:				
Property Taxes Contributed	\$18,578,107	\$17,211,217	\$23,518,417	Amount generated over 20 year life span.
– Net Present Value (2000 \$)	\$12,397,185	\$11,485,059	\$15,693,859	Funds are discount by 3% per year.
– NPV (Borrowing Capacity)	\$8,539,331	\$7,911,049	\$10,810,121	Funds are discount by 6% per year.
NPV of Property Tax Gains (first five years)	\$5,440,619	\$3,799,163	\$6,702,646	Present value of added property taxes in year 21-25 as a result of urban renewal. Discounted at 6% per year.
City of Gresham:				
Property Taxes Contributed	\$15,453,524	\$14,316,528	\$19,562,943	Amount generated over 20-year life span.
– Net Present Value (2000 \$)	\$10,312,149	\$9,553,431	\$13,054,368	Funds are discount by 3% per year.
– NPV (Borrowing Capacity)	\$7,103,133	\$6,580,519	\$8,992,007	Funds are discount by 6% per year.
NPV of Property Tax Gains (first five years)	\$4,525,582	\$3,160,196	\$5,575,353	Present value of added property taxes in year 21-25 as a result of urban renewal. Discounted at 6% per year.
Multnomah ESD:				
Property Taxes Contributed	\$1,957,300	\$1,813,292	\$2,477,788	Amount generated over 20 year life span.
– Net Present Value (2000 \$)	\$1,306,108	\$1,210,011	\$1,653,430	Funds are discount by 3% per year.
– NPV (Borrowing Capacity)	\$899,663	\$833,470	\$1,138,902	Funds are discount by 6% per year.
NPV of Property Tax Gains (first five years)	\$573,198	\$400,262	\$706,159	Present value of added property taxes in year 21-25 as a result of urban renewal. Discounted at 6% per year.
Mt. Hood Community College:				
Property Taxes Contributed	\$1,888,864	\$1,749,889	\$2,391,153	Amount generated over 20-year life span.
– Net Present Value (2000 \$)	\$1,260,440	\$1,167,702	\$1,595,619	Funds are discount by 3% per year.
– NPV (Borrowing Capacity)	\$868,206	\$804,328	\$1,099,082	Funds are discount by 6% per year.
NPV of Property Tax Gains (first five years)	\$553,156	\$386,266	\$681,468	Present value of added property taxes in year 21-25 as a result of urban renewal. Discounted at 6% per year.
Metro:				
Property Taxes Contributed	\$413,191	\$382,788	\$523,064	Amount generated over 20 year life span.
– Net Present Value (2000 \$)	\$275,723	\$255,435	\$349,041	Funds are discount by 3% per year.
– NPV (Borrowing Capacity)	\$189,921	\$175,947	\$240,424	Funds are discount by 6% per year.
NPV of Property Tax Gains (first five years)	\$121,003	\$84,496	\$149,071	Present value of added property taxes in year 21-25 as a result of urban renewal. Discounted at 6% per year.
Port of Portland:				
Property Taxes Contributed	\$299,842	\$277,778	\$379,573	Amount generated over 20 year life span.
– Net Present Value (2000 \$)	\$200,085	\$185,361	\$253,289	Funds are discount by 3% per year.
– NPV (Borrowing Capacity)	\$137,821	\$127,679	\$174,468	Funds are discount by 6% per year.
NPV of Property Tax Gains (first five years)	\$87,808	\$61,316	\$108,177	Present value of added property taxes in year 21-25 as a result of urban renewal. Discounted at 6% per year.

Note: Estimates are based upon assumptions that may or may not bear realized conditions. All estimates one preliminary and subject to change.

Source: E.D. Hovee & Company, November 2001.

The level of property tax contributions over the life of the urban renewal district is directly related to the urban renewal district's overall increase in property value. For example, the City of Gresham's general fund would initially contribute an estimated \$76,000 in year one, growing to \$2 million for year twenty. Mt. Hood Community College is estimated to forego \$9,000 in year one, growing to \$250,000 in year twenty.

It is estimated that under Options A and C, 60%-65% of the revenue that taxing districts put into the district during urban renewal would be paid back (through increased assessed values) within the first five years after the district expires. Under Option B, 48% would be paid back within the first five years.

It is important to note that the above analysis regarding the reallocation of property tax revenues does not tell the whole story. Affected taxing districts will not completely give up fiscal benefits if an urban renewal district is established. As the Rockwood-West Gresham area improves and development activity increases, other revenues will also increase. These other revenue sources include business taxes, payroll taxes, utility revenues (water/sewer), and other similar fees. Also, as the area redevelops, the per unit expense to provide services should decline as existing investments (such as infrastructure) are better utilized and a smaller portion of social and safety services are needed. The accompanying table summarizes additional fiscal considerations.

There are also potential community and region-wide social and economic development benefits associated with quality of life improvements such as the creation of jobs, housing and business opportunities and needed public infrastructure. Furthermore, the economic equation should be considered in context of the potential of urban renewal to prevent or resolve significant social and economic problems. If left unattended these problems could become intractable. The result could be a stagnant or declining urban area that demands costly and continuous social and public safety services.

Fiscal Implications of Urban Renewal

During Urban Renewal (10-20 years)

- Increase in business tax revenue (County only)
- Annual 3% increase in property tax revenue not captured by taxing entity (contributed to urban renewal district)
- Property tax revenue from new development not captured (contributed to urban renewal district)
- Decrease in demand for some services
- Increase in utility revenues and fees
- Increase in payroll taxes (Tri-Met only)
- Expenses for some facilities paid by urban renewal rather than general funds
- Increased buying power of the community due to creation of job opportunities through urban renewal

After Urban Renewal

- All property tax revenue increases captured by taxing entities
- Increase in property tax revenue that would not have occurred without urban renewal
- Increase in business tax revenue resulting from business development that would not have occurred without urban renewal (County only)
- Decrease in need for services
- Increase in utility revenues and fees
- Increase in payroll taxes (Tri-Met only)
- Increase in expenses for facilities formerly paid for by urban renewal
- Increase in community wealth and buying power due to creation of job creation

Urban Renewal Activities

This section considers the question of what activities could or should be undertaken as part of a Rockwood–West Gresham urban renewal program. To be considered for the program, activities should:

- Be eligible for urban renewal under Oregon Law
- Address the specific conditions of “blight” that warrant the use of urban renewal
- Have been identified as priorities in Rockwood planning
- Be widely supported by citizens and businesses in the target area, as well as by Gresham’s policymakers

First, what do the statutes allow? Oregon law delegates to urban renewal agencies authority to conduct a wide range of activities within a designated urban renewal area (ORS 457.170 and .180). These activities must be conducted in accordance with an approved urban renewal plan.

The following box highlights typical urban renewal activities:

Urban Renewal Activities – ORS 457

- | | |
|---|--|
| ✓ | Rehabilitation or conservation work |
| ✓ | Acquire real property |
| ✓ | Clear any areas acquired – through demolition, removal or rehabilitation of buildings and improvements |
| ✓ | Install, construct or reconstruct streets, utilities and site improvements |
| ✓ | Voluntary repair and rehabilitation of buildings or other improvements |
| ✓ | Relocation assistance for residents and businesses |
| ✓ | Disposal of real property, by sale or lease |
| ✓ | Undertake neighborhood development programs |
| ✓ | Plan for urban renewal programs and projects |
| ✓ | Conduct feasibility surveys and studies |
| ✓ | Carry out demonstration projects |

As a rule of thumb, activities may be eligible for urban renewal funding if they are related to the *built environment* – land, buildings, infrastructure, etc. Other activities which may be beneficial within an urban renewal area – social service programs for low-income residents, for example – are generally not eligible for urban renewal funding.

The Rockwood Action Plan (1998) outlines a comprehensive view of needs and priorities for the Rockwood area, and a program of activities to be implemented in future years. A number of these activities spelled out in the Action Plan are suitable for urban renewal program attention and funding:

construction of a plaza in the Rockwood Town Center; parkland acquisition; transportation system improvements.

Some other worthy priorities in the Plan could not be carried out through urban renewal: improved county social and health services, for example.

The accompanying table displays selected projects of the Rockwood Action Plan, and identifies those potentially eligible for urban renewal with an asterisk*.

Several other adopted plans and planning documents are also relevant to urban renewal in the Rockwood–West Gresham, identifying possible activities.

Rockwood Action Plan (December 1998)
Selected Projects

Housing

- 1. B Rent-to-own program
- 1. D Transit-oriented development tax exemption for affordable, owner-occupied units
- 2. D Systems development charge financing for affordable housing and other projects
- 3. A Housing maintenance program
- 3. D Development design handbook

Social Services

- 2. A County social services / health clinic

Business and Economic Development

- 1. E Economic Improvement District
- 2. C Financial incentives to assist non-conforming businesses with relocation*
- 4. A Business directory maps to be placed in MAX stations
- 4. C High quality weekend marketplace*
- 4. E Transit-oriented tax exemption for businesses

Transportation, Traffic and Parking

- 1. A Synchronized traffic signals*
- 1. C Obtain right-of-way and construct street segments*
- 1. E Local improvement districts to upgrade substandard streets
- 1. F Street improvements*
- 1. G Upgrade substandard streets*
- 1. H Traffic calming*
- 2. A Reconstruct 188th Ave. Transit Center*
- 2. C Upgrade / retrofit Stark St. as a boulevard*
- 2. D Upgrade / retrofit MAX stations to Westside standards*
- 2. E Upgrade light rail tracks from 178th Ave. to Ruby Junction*
- 3. B Safe pedestrian crossings at key locations*
- 3. C Uniform bicycle lanes*

Rockwood Town Center Triangle

- 1. D Central gathering place / plaza*
- 1. F Redevelopment of park-and-ride lot at 181st*

Parks, Public Spaces and Public Facilities

- 1. A Park land acquisitions*
- 1. D Open spaces / community gathering places*
- 1. E New parks / open space*
- 1. F Pedestrian / bicycle trails*
- 2. B Developer incentives for dedication of park land and development
- 3. A Multi-purpose public safety and community center*
- 3. C Satellite recreation sites at multi-family housing projects

Notes: project numbers follow the Rockwood Action Plan

* Projects potentially eligible for urban renewal funding

Which potential urban renewal activities are widely supported by citizens and policymakers?

The City of Gresham has conducted extensive, ongoing public outreach in recent years to help identify issues and priorities in the Rockwood area. Citizens have consistently identified four critical issues to be addressed:

Housing: a need to increase home ownership, providing a range of high quality housing options for various income levels.

Employment: creation of new family wage jobs, closer to home.

Pedestrian Environment: a need for more pedestrian-friendly streets, business districts and neighborhoods.

Public Safety: enhancing a sense of security, through community policing and other measures.

Many of the priorities listed in the Rockwood Action Plan are targeted to address these community needs. These activities were chosen through a broad-based citizen process, and officially adopted by the Gresham City Council.

Public outreach conducted for the feasibility study, through public workshops and surveys, continues to demonstrate strong public support for these same priorities, activities and projects. The citizen-backed priorities expressed most recently for Rockwood Renewal include:

- Streetscape enhancement to support a more pedestrian-friendly environment: beautification projects, street trees, storefront improvements, sign and lighting improvements.
- Creation of more jobs and business opportunities in Rockwood–West Gresham.
- Housing: providing diverse, affordable housing choices; upgrading the existing housing stock using rehabilitation loans; and taking steps to increase home ownership.
- Revitalization of the Rockwood business district to provide: new stores, places to shop; more professional services: dentist / doctor offices, banks, insurance companies; and a place for youth and family activities and/or a multi-service center.
- Improved traffic, transit and pedestrian access to/from Rockwood.

All of these citizen-backed priorities and projects represent activities which are potentially eligible for urban renewal.

The precise selection of activities and projects will await development of an urban renewal plan. However, it is clear that the tools provided under urban renewal are well suited to address community needs and priorities which have been identified in Rockwood–West Gresham.

IV. Organizing and Staffing a Renewal Program

What would be the organizational implications for a newly created Rockwood–West Gresham urban renewal program for the City of Gresham?

This section evaluates governance and staffing options for Gresham urban renewal. It contains a general evaluation of the pros and cons of different governance options, a review of how other urban renewal agencies in Oregon are governed, and some observations on staffing requirements and options.

Urban Renewal Governance Options

The following describes the various governance options available to the City of Gresham, and their respective advantages or drawbacks.

Current Governance: Council Members Acting as the Gresham Redevelopment Commission

The City of Gresham has already activated an urban renewal agency – the Gresham Redevelopment Commission – by declaring that blight exists in the city and that an urban renewal is needed, and by appointing the city council itself as the agency board. The Commission has authority under ORS 457.180 (“Powers of urban renewal agencies in general”) but this authority is limited to planning, testing and demonstrating redevelopment techniques. The powers of the Commission to undertake urban renewal projects are available only after the adoption of an urban renewal plan.

The role of the Commission as the urban renewal agency board was recently reaffirmed in an ordinance addressing citizen advisory committees. However the Council can, at any time, decide to appoint not less than three members to a separate agency board.

There are several advantages to Gresham’s current governance structure for urban renewal:

- Direct control over urban renewal decisions is retained by the council members, acting as the Commission. Given the scope and importance of decisions regarding urban renewal in most communities, this degree of control is sometimes critical.
- Decisions of the Commission will tend to be considered final, as opposed to the decisions of a separate board which might be carried to the governing body.
- The agency board meetings may be better attended if they are held concurrently with council meetings.
- Commission members (City councilors) would remain directly accountable to voters.

However, there are also disadvantages:

- There is no opportunity for interested citizens other than Council members (e.g., residents or business people within the urban renewal area) to directly participate in agency decision making.
- The membership of the Commission is subject to change with each election, potentially resulting in a lack of continuity in agency policy.
- Commission decisions might tend to be based more on political grounds than sound development considerations.

- Urban renewal issues may not receive sufficient attention from agency board members, who often have heavy demands placed on them in their roles as city council members.
- In issues where the interests of the agency and the interests of the city differ, it may be more difficult for these interests to be kept separate. The Commission may not be as willing to advocate agency interests where these conflict with municipal interests. In some cases, there may be simple confusion as to which legal body has the authority to make a particular decision.

Separate Agency Board

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The pros and cons of a separate agency board are more or less opposite to those for the current governance structure. Advantages of designating a separate agency board include:

- The board is more likely to devote its full attention to urban renewal matters.
- The board is more likely to represent urban renewal interests where there may be conflicts with the interests of the city as a whole.
- Agency decisions may be freer of immediate political issues.
- The board membership may represent particular interests that are critical to the success of an urban renewal plan.
- There may be greater continuity in agency leadership, as members of the board wouldn't be subject to change with each election of council positions.

The disadvantages of this form of governance include:

- The City Council may be unwilling to truly delegate authority to a separate board and this may result in second guessing of board decisions.
- The board would be less directly accountable to the voters of the city.
- Board decisions may not be considered final by the public. They may be appealed to the governing body, causing delays or reversals of board decisions.

Advisory Committees

Either form of agency board can appoint an advisory committee, although advisory committees are more consistently appointed by boards which consist of the municipal governing body. In fact, appointing such a committee can help mitigate some of the disadvantages of having the city council serve as the agency board.

Advisory committees can devote their full attention to urban renewal issues, and the agency board can choose to rely to a great extent in many cases on their advice. Advisory committees can also broaden participation in urban renewal decisions and can represent varying particular interests in the community.

If an advisory committee is appointed it is important to clearly define its role and to give consistent weight to its recommendations. In selecting members of an advisory committee, the membership should reflect a balance of business interests and those of the general public.

Governance of Other Oregon Urban Renewal Agencies

Complete information on the current governance structure of urban renewal agencies in Oregon is not available. There were 41 Oregon urban renewal agencies that collected tax increment revenues in FY 2000/2001. Since then new agencies have been activated in Columbia County, Troutdale, and Woodburn. The City of Albany's urban renewal agency was functioning again under a new plan after having been inactive for several years. Some cities (e.g. Beaverton and Gresham) have urban renewal agencies, but do not collect tax increment revenues.

All but a few of Oregon's urban renewal agencies are governed by the governing body of the municipality itself (city council or county commission). Agencies governed by separate appointed boards include:

Bend Development Board
Medford Urban Renewal Agency
Rainier Economic Development Council (REDCO)
Portland Development Commission
Talent Urban Renewal Agency

Some communities have changed their original mode of governance. The City of Eugene's urban renewal agency used to be governed by an appointed board but the City Council later appointed themselves as the governing body. The City of Bend started with a separate board, changed to having the city council act as the agency board and then changed again back to a separate board.

Staffing Requirements

With only one exception (the Portland Development Commission) staffing for urban renewal agencies in Oregon is provided by the staff of the municipality. The costs of staff services is reimbursed by the urban renewal agency.

In terms of the staff requirements, the main services required by an urban renewal agency are administrative, planning, project management, financial and legal.

- Typically the administrator of the agency is the city manager, who is designated the Executive Director of the Agency by the Agency board.
- Planning services are usually provided by the municipality's planning or community development staff.
- The ongoing financial services are typically provided by the municipal finance department, although if there has not been an urban renewal plan in effect in the past, some education and training may be required.
- Legal services can either be provided by the municipal attorney or special counsel. Unless the municipal attorney has prior experience with urban renewal, it might be wise to use special counsel.
- Issuance of long term urban renewal debt typically involves several participants, including an independent Financial Advisor, an Underwriter or lender and bond counsel.

The greatest challenge may be project management. Straightforward infrastructure projects can certainly be managed by the municipal engineering department, but projects involving complex design issues (e.g. a public square) and/or land acquisition, land disposition and redevelopment require specialized project management experience. Though project management can be done by consultants, a Rockwood urban renewal plan would probably be best served by in-house project managers. Special consultant expertise

will still usually be required on issues of design, negotiation of development agreements, financial planning and other activities.

The scale of city staffing services and use of consultants will depend on the number, size, complexity and timing of the urban renewal projects that are undertaken. As the Rockwood urban renewal plan is developed, the City can also consider the staffing services that will be required in the early years of the plan.

V. Public Input

Purpose

Citizen participation has been an essential ingredient in the feasibility study. Oregon statutes also require public involvement at all stages in development of an urban renewal plan (ORS 457.085).

The City of Gresham's goal is to *ensure that residents, property owners, businesses and other interested parties are given convenient opportunities to become fully informed about Rockwood Renewal and to provide their input throughout the process.*

Public Involvement Plan

Citizen participation for Rockwood Renewal is guided by a Public Involvement Plan. The Plan includes fourteen guiding principles (see below), which were developed with the assistance of community advisors.

Rockwood Renewal Public Outreach Operating Principles

1. Language and English literacy should not be a barrier to the opportunity to access information and participate meaningfully.
 2. The City of Gresham will be completely open to public input and ideas.
 3. Respect community volunteers' time and ensure that when these resources are employed they are done so effectively and efficiently.
 4. Communicate effectively what urban renewal can (and cannot) accomplish for Rockwood and all of Gresham.
 5. Make sure that the public participation opportunities are equitably provided across the spectrum of all interest groups.
 6. Recognize that there are benefits associated with differences of opinion and ideals.
 7. All of Gresham will have to approve a Rockwood Urban Renewal Plan at the ballot box.
 8. Participation methods and participants will have compassion and justice.
 9. Work to build lasting community leadership.
 10. Value the past and consider the future when making decisions.
 11. Communication must be a two-way process between the community and the City of Gresham.
 12. Provide a hospitable and welcoming environment: holding meetings at varying times, days, and locations; providing childcare and transportation opportunities and refreshments.
 13. Create opportunities to bridge communities, building upon common values.
 14. Strive to build trust.
-
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Specific outreach activities for Rockwood Renewal conducted for the feasibility study have included:

- Three newsletters distributed widely in the community
- Targeted outreach to interested organizations: neighborhood associations, businesses, service organizations, ethnic community groups
- Cable access television programming
- Web page
- Phone-in information line
- Briefings for the media: *Gresham Outlook*, *Oregonian*, other
- Two public workshops
- Community survey

The Rockwood Renewal feasibility study also offered extensive multi-cultural outreach, to reflect Rockwood’s substantial non-English speaking population. Key publications, fact sheets, meeting announcements, and other project materials were translated and published in Spanish and Russian-language versions. Language translation services were also made available for public workshops.

These recent outreach activities have extended the City of Gresham’s ongoing and productive dialogue with citizens in the Rockwood area – a dialogue which has continued and grown over the past decade.

The focus for public outreach during the feasibility study has been the Rockwood Action Plan Implementation Committee (RAPIC). This citizen body was appointed by Gresham City Council to oversee implementation of the Action Plan. The Committee adopted the Public Involvement Plan, co-hosted the public meetings, and acted as the “sounding board” to hear citizens’ views. (A list of RAPIC members appears below).

Rockwood Action Plan Implementation Committee

Theresa Kuminski, Chair
Dennis Anderson
Dick Anderson
Bill Haney
Kathie Minden
Drake Snodgrass
Stan Warnock
Charles Becker, Mayor
Vicki Thompson, Councilor

Citizen Feedback

Citizens' opinions and ideas were solicited at several points during the feasibility study. The "listening" process included two public workshops and a community survey.

At the first public workshop held on October 8, 2001, participants were given an overview of prior Rockwood planning, and provided with a primer on urban renewal. Then, citizens were invited to contribute their thoughts on issues and needs to be addressed.

Key themes and concepts which emerged from the first workshop include:

Traffic and Access: Traffic volumes constrain Rockwood's potential to become "pedestrian friendly." Residents say it is risky to cross Stark Street (and Burnside) to / from their homes to reach commercial centers, public library and other destinations. Access is also a problem. Relocating the truck route from 181st to some point further east would help ease congestion.

Identity: Rockwood–West Gresham is viewed by many as the City's "front door". It should be a showcase for the community, where people feel a sense of place.

Code Enforcement: Participants want to see codes enforced, especially with regard to outdoor storage and other "eyesores." Also, citizens hope that urban renewal funds may enable local businesses to expand and bring their buildings up to current code.

New Development: A top priority is developing vacant and underdeveloped parcels. Participants say Rockwood needs a more "urban feel", and suggest that new construction begin with the area surrounding the 188th Avenue transit station.

Transit Center: Rockwood's transit center doesn't look, feel or work like it should. Pedestrian-friendly access is needed to and from the MAX station. Additional shops and infill housing here could provide momentum for renewal.

City Liaison: In addition to providing financial and technical assistance, the City should establish a proactive partnership with the Rockwood community. Creation of a City "ombudsman" or community liaison position could help reduce barriers to development, and facilitate the ease of doing business in the Rockwood area.

Community Partnerships: The City should involve churches, schools and other community groups in determining the most appropriate improvements for Rockwood, and implementing Rockwood Renewal.

The second open house / public workshop, held on November 7, 2001, offered an opportunity for citizens to review three concept options for configuring an urban renewal district in Rockwood–West Gresham (see below). These options were generally consistent with the boundary concepts studied in the technical feasibility analysis. Workshop participants were also asked to complete a written survey and contribute their views.

At the workshop, Concepts A and C appealed to greater numbers of participants. Factors which contributed to support of these options include:

- These options balance housing and job opportunities – represent "best mix"
- Connect Rockwood to jobs
- Could link to workforce training

- Focus on key transportation corridor: 181st Avenue
- May extend Gresham / Fairview pedestrian / bike trail
- Give urban renewal program best opportunity to “pay for itself”

Those citizens who favored Option B expressed a desire to concentrate the City’s efforts on improvements in the Rockwood Town Center area – especially to improve housing conditions and housing choices.

About 100 Rockwood residents, business operators and other interested persons responded to the community survey, conducted in October / November 2001. Responses included a significant number of non-English language surveys – about 20% of total responses.

Survey results were generally consistent with citizen feedback gathered through public workshops and other methods.

Survey respondents say the three top priorities for Rockwood revitalization are:

- Beautification projects: street trees, storefront improvements, sign and lighting improvements;
- More jobs and business opportunities in Rockwood–West Gresham; and
- Housing rehabilitation loans.

Also mentioned as priorities by some survey respondents are: new parks, trails, open space; improved traffic and pedestrian safety on major streets; and new / improved sidewalks and neighborhood streets.

Survey participants express interest in a wide range of possible development opportunities for Rockwood. The most desired types of development for central Rockwood, in the view of most survey participants, would be:

- New stores, places to shop;
- More professional services: dentist / doctor offices, banks, insurance companies; and
- A place for youth and family activities.

Other desired development mentioned in the surveys: more food-related businesses; a place that brings social services together; an open air marketplace with local vendors; adult education and job training center; and an “incubator” to help launch small businesses.

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