



## Memorandum

Date: February 11, 2014  
To: Alliance Board of Directors  
From: Bernie Bottomly  
Re: Central City Recommendations regarding Skidmore – Old Town

At its January meeting, the Central City Committee heard presentations from Greg Goodman and historic preservation advocate Rick Michaelson, regarding a proposal to tax or force the closure of surface parking lots in the Skidmore – Old Town area as a strategy to incentivize redevelopment in the area. Along with other strategies, the tax and closure proposal is being forwarded as part of the city's periodic update to its Central City Plan.

At the conclusion of the discussion, the Central City Committee recommended to the Board that it adopt a policy opposing the proposed tax or closure requirement. At the same time the committee recommended supporting a broad set of supportive redevelopment policies developed by a task force of property owners and historic preservation advocates.

Specifically, the Central City Committee recommended communicating the following to the city's central city planning process:

- The Alliance does not support imposition of a tax on surface parking lot operations or imposition of regulations that cause the closure of surface parking lots and does not believe the strategies will be successful in spurring redevelopment and in fact believe that it would be harmful to the economic viability of businesses in the area.
- There are agreed upon strategies that can increase the opportunity for investment and improvements in the area through incentives and financial assistance to overcome the unique challenges of developing or redeveloping in a historic district.
- With the addition of opposing the parking tax or closure proposals, support the recommendations of the task force on which strategies to pursue.

### Central City Committee Discussion

Rick Michaelson, of Inner City Properties, presented the arguments for a surface parking tax on behalf of a group of historic preservation advocates and property owners. (Although he did not present the issue of forcing closure of the lots, that idea is also being discussed). Their belief is that the revenue produced by surface parking lots in the Skidmore – Old Town Historic District makes the property unattractive to redevelopment. They believe that by placing a tax on the activity and using the revenue from the tax to invest in the area, property owners will be induced to invest in new construction.

Greg Goodman presented the counter argument. His belief is that the rents needed to support new construction in the district are approximately double what space in the district is currently commanding. On the other hand, surface parking generates very low returns. Given that, even a very aggressive tax on parking wouldn't be sufficient to make financing attractive. Instead, property owners would be more likely to simply close parking lots and leave the property vacant. Greg points out that the PDC currently owns a number of parcels in the area and would be willing to gift the property to a developer willing to invest in the sites but has so far been unsuccessful attracting a viable project.

The Central City Committee largely agreed with Greg's arguments and also noted the Alliance's general position opposing the use of punitive taxes by the city as a development incentive tool.

### Task Force Recommendations

A small task force of property owners and historic preservation advocates has been meeting with assistance from the Alliance to see if there are strategies for the area that both could agree on. The task force consisted of property owners Greg Goodman, David Gold and Patrick Gortmaker and historic preservation advocates Bing Sheldon, Chet Orloff and Patty Moretti. The group was able to reach consensus on a number of measures to improve the area, while agreeing to disagree on others such as the parking tax and increasing building height limitations. The group communicated these strategies for consideration as part of the central city planning process. The agreed upon strategies include:

- Increasing the financial value of the historic preservation designation but at the same time requiring those incentives to be reinvested in the district within a set time period. If property owners fail to reinvest, the incentives would go into a city-administered fund to support district redevelopment.
- Improve connections to the waterfront across Naito Parkway and Tom McCall Park.
- Develop strategies to replace surface parking capacity lost through redevelopment and PDC assistance around underground parking or other strategies.
- Continue or expand PDC programs or other assistance to meet the unique costs of redevelopment in a historic district, including seismic retrofits, ADA compliance and fire, life & safety improvements.
- Improve sidewalk management and security in the area and improve marketing and image of buildings to address the area's reputation as being unsafe.
- Work with social service providers to address sidewalk conflicts.
- Develop a specific plan for the area similar to the Downtown Marketing Initiative that incorporates design elements, retail advocacy and sidewalk management.