

**REPORT**  
**ON**  
**URBAN RENEWAL IN PORTLAND**

To the Board of Governors,  
The City Club of Portland:

**I. INTRODUCTION**

On June 30, 1969, the Board of Governors authorized a long-range study of urban renewal in Portland with particular emphasis on the past and proposed programs of Portland's urban renewal agency, the Portland Development Commission (PDC). Because of expressions of concern by local citizens, the Board believed a detailed examination was essential. The Urban Renewal Study Committee, appointed October 27, 1969, was directed to examine:

- (1) The relationship of urban renewal to Portland's comprehensive planning and objectives;
- (2) The effect that urban renewal has on low income housing;
- (3) The role of citizen participation in urban renewal; and
- (4) The advantages and disadvantages of an autonomous urban renewal agency.

The detailed charge of the Board is included as Appendix A. Your Committee also concluded that it could not produce a comprehensive study of urban renewal in Portland without discussing the relocation of those displaced by urban renewal activities.

Your Committee, singly, in groups, or as a committee of the whole, interviewed or obtained information from many individuals and organizations representing a wide variety of expertise and opinion (Appendix B). We also examined numerous books, pamphlets, treatises, articles, judicial opinions, government reports and other materials regarding urban renewal and urban affairs (Appendix C). A list of Committee members and their occupations (Appendix D), a map showing various PDC activities (Appendix E), and a list of abbreviations associated with urban renewal activities (Appendix G) are also included.

Your Committee wishes to acknowledge the cooperation of the Portland Development Commission, and particularly its staff, in making available the large amounts of time and materials we requested. We are also grateful for the assistance of Frederick B. Meyers, who served on the Committee during its initial phase; our three research interns, Everett B. Coulter, E. Kimbark MacColl, Jr., and Donna J. Mashia; Karin Meyers and Ann Grand of the City Club staff, two former research advisors, Thomas P. Deering and Lyndon R. Musolf, and our current research advisor, Leigh D. Stephenson.

## II. WHAT IS URBAN RENEWAL?

### A. Origin and Objectives

The federal legislation now commonly known as "urban renewal" was designed as a long-range effort to achieve a better urban environment through rehabilitation or redevelopment of deteriorated or deteriorating areas. To revitalize the cities of America, Congress passed the Housing Act of 1949, declaring that "the general welfare and security of the nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family."<sup>(1)</sup> Each city's program was to be conceived, planned and carried out by the community and, by its very nature, required cooperation among local, state and federal governments, private enterprise and citizen groups.

#### Urban renewal

"... was designed to clear the slums of the central city by giving public agencies federal subsidies and the power of eminent domain to condemn sites, to demolish buildings and to resell the cleared tracts to those who would build on them in accordance with a general plan that would improve the city."<sup>(2)</sup>

A community can use urban renewal to achieve various results and objectives which might include:

- Increasing the supply of low-cost housing and eliminating dilapidated, overcrowded, or unsanitary structures,
- Increasing tax revenues by adding developments with higher property values,
- Upgrading or expanding urban university and hospital properties,
- Preventing the exodus of commercial establishments and industries by rebuilding and reviving central city areas,
- Retaining, or enticing back, upper and middle income residents by providing higher priced housing and improved cultural and civic facilities,
- Correcting undesirable land use patterns, and
- Attracting federal dollars to benefit the local economy.

Urban renewal can accomplish these objectives by replanning city neighborhoods in a coordinated, reasonable manner, installing new public facilities, assembling, clearing and selling land to be used for redevelopment and conserving or rehabilitating certain structures.

### B. Types of Urban Renewal Programs

The major urban renewal programs now available are:

1. *Conventional Urban Renewal*. Authorizes federal loans, grants and technical assistance to local governments for activities specified in plans for particular projects. These activities may consist of (a) acquisition and clearance of blighted areas by the local public agency and disposition of the land for redevelopment, (b) rehabilitation of structures by private owners or the local public agency, (c) improvement of community facilities by local government or (d) any combination of the three.

2. *Code Enforcement or "Conservation"*. Provides funds to cover part of the costs of a concentrated housing code enforcement program for designated neighborhoods. Loans and grants are available for rehabilitating structures to meet local code requirements and for improving streets and other public facilities.

3. *Neighborhood Development Program (NDP)*. Offers a more flexible alternative to the conventional urban renewal program outlined above. In NDP, federal assistance is provided to conserve and improve existing neighborhoods on

<sup>(1)</sup>Housing Act of 1949, ch. 338, § 2, 63 Stat. 413, 42 U.S.C. § 1441 (1964). This goal was reaffirmed in the Housing and Urban Development Act of 1968, 82 Stat. 476, 601, 42 U.S.C. § 1441a (Supp. IV, 1965-68).

<sup>(2)</sup>Nathan Glazer, quoted in R. Weaver, *Dilemmas of Urban America*, 43 (1967).

the basis of annual funding increments. A key factor in NDP is avoidance of the long time lag between the designation of an area as seriously blighted and the beginning of actual improvement activities.

4. *Community Renewal Program (CRP)*. Allocates grants to communities for long-range planning of redevelopment activities. A CRP identifies areas in need of treatment, determines required resources and suggests long-range programs and priorities.

The federal law also permits expenditure of urban renewal funds for long range "general neighborhood renewal" planning and feasibility studies, demolishing unsound structures, developing neighborhood service facilities and acquiring urban land for open spaces, parks and preservation of historic sites.

### C. Federal Urban Renewal Legislation

The first major federal legislation in the field of low-income housing and slum clearance was the Housing Act of 1937, which provided federal funds for the development, acquisition, construction and management of low-rent public housing projects by locally-created housing authorities. The Act also promoted slum clearance and established "decent, safe and sanitary" dwellings as a goal of the Federal Government.<sup>(3)</sup> Modern urban renewal originated with the Housing Act of 1949, providing federal loans and grants to local authorities to clear slums and plan their redevelopment, which was to be undertaken by private enterprise.

Opponents of urban renewal raised numerous legal questions about the program, the most significant being whether the condemnation of private property for private development under an urban renewal program is a constitutionally permissible government action. This objection was laid to rest by the Supreme Court in *Berman v. Parker*, 348 U. S. 26 (1954).

Amendments in 1954 added provisions for rehabilitation of structures, conservation of neighborhoods, comprehensive planning and renewal for commercial and industrial areas. Another addition prohibited any federal funds for urban renewal until the local community developed a "Workable Program for Community Improvement", an over-all plan of action designed to overcome the problem of slums and urban blight.<sup>(4)</sup>

Later, renewal legislation established relocation payments for families and businesses, (1956)<sup>(5)</sup>; made special provision for university and hospital urban renewal projects and created the Community Renewal Program (CRP) (1959)<sup>(6)</sup>; established the Open Space Program (1961)<sup>(7)</sup>; authorized code enforcement projects to protect basically sound areas and low-interest loans to property owners to rehabilitate structures in urban renewal areas (1964)<sup>(8)</sup>; expanded the Open Space Program (1965)<sup>(9)</sup>; provided a cabinet-level Department of Housing and Urban Development (HUD)<sup>(10)</sup>; created the Neighborhood Development Program (NDP) (1968)<sup>(11)</sup>, and added a requirement of one-for-one replacement of housing eliminated by urban renewal which had been occupied by low and moderate income families prior to demolition or renewal (1969).<sup>(12)</sup>

The Demonstration Cities and Metropolitan Development Act of 1966<sup>(13)</sup>

(3) Housing Act of 1937, ch. 896, § 1, 50 Stat. 888, 42 U.S.C. § 1401 (1964).

(4) Housing Act of 1954, § 101, 68 Stat. 590, 623, 42 U.S.C. § 1451(c) (Supp. IV, 1965-68). See pp. 63-64 of this report.)

(5) Housing Act of 1956, § 305, 70 Stat. 1091, 1100-01, replaced by Housing Act of 1964, § 310(a), 78 Stat. 788-90, 42 U.S.C. § 1465 (1964).

(6) Housing Act of 1959, §§ 405, 418, 73 Stat. 654, 672, 677, 42 U.S.C. §§ 1453(d), 1463 (1964).

(7) Housing Act of 1961, §§ 301, 701, 75 Stat. 149, 165-66, 183, 42 U.S.C. §§ 1454, 1500 (1964).

(8) Housing Act of 1964, §§ 301, 312, 78 Stat. 769, 785, 790, 42 U.S.C. § 1460(c)(5) (Supp. IV, 1965-68).

(9) Housing and Urban Development Act of 1965, § 901, 79 Stat. 451, 494-97, 42 U.S.C. § 1500 (Supp. IV, 1965-68).

(10) Department of Housing and Urban Development Act, § 5, 79 Stat. 667, 669 (1965), 42 U.S.C. § 3534(a) (Supp. IV, 1965-68).

(11) Housing and Urban Development Act of 1968, § 501, 82 Stat. 476, 518-20, 42 U.S.C. §§ 1469-1469c (Supp. IV, 1965-68).

(12) Housing and Urban Development Act of 1969, § 210, P.L. 91-152, 83 Stat. 379, 388.

(13) 80 Stat. 1255, 42 U.S.C. §§ 5301-74 (Supp. IV, 1965-68).

authorized the "Model Cities" program to rebuild or restore blighted and slum areas through coordinated physical and social development programs using resources from federal, state and local governments, the private sector and non-government agencies.

#### **D. The Conventional Urban Renewal Process**

The procedure for planning and implementing a conventional urban renewal project, originated in the 1949 federal law, includes the following steps:

1. The local public agency (Portland Development Commission) decides to submit to the Federal Department of Housing and Urban Development (HUD) an application for a survey and planning grant, to obtain more information about and plan for a particular proposed urban renewal project. In Portland, all applications must be reviewed by the City Planning Commission and approved by the City Council prior to submission to HUD.

2. After HUD approves the Survey and Planning Grant, PDC undertakes or contracts for the necessary surveys to provide information essential to define, plan, develop and execute the particular urban renewal project.

3. After surveying the area and preparing project plans, PDC submits to HUD a preliminary ("Part I") application for the loans and grants necessary to carry out the project. After receiving HUD's comments and approval, a revised ("Part II") application is approved by the City Council and submitted to HUD.

4. Upon HUD's approval, PDC acquires by negotiation or condemnation the land designated for redevelopment within the approved project area.

5. PDC relocates families, businesses and individuals displaced by the project who request such assistance.

6. PDC supervises the demolition of all structures not being retained in the project.

7. Federal loans and grants are then made available to property owners where rehabilitation of structures is deemed economically feasible. Structures acquired by PDC may also be rehabilitated.

8. Public "site improvements" such as roads, sidewalks, fountains, parking lots, utilities and parks are developed by the responsible local authorities, in some cases with the aid of federal grants.

9. PDC sells, leases or otherwise disposes of the cleared land to private developers or public agencies that have agreed to build in accordance with the urban renewal plan.

The Federal Government assists in the original Survey and Planning stages, provides temporary working capital for PDC and gives grants and loans for rehabilitation and grants for relocating and rehousing businesses and people. In addition, the Federal Government provides up to two-thirds of the difference between the cost of acquiring the property and its eventual sales price.

#### **E. The Neighborhood Development Program**

A conventional urban renewal project is funded by a single commitment made at the outset, tied to a re-use plan adopted at that time. The length of time that may be taken by planning and execution of the plan causes severe problems due to inflation of costs and changes in the facts, circumstances and ideas that produced the plan. The Neighborhood Development Program (NDP), created by the Housing and Urban Development Act of 1968<sup>(14)</sup>, is intended to provide a "program funding" alternative to the conventional "project funding" approach.

An NDP application requests funds only for activities to be undertaken in its first year, including planning for the next year. This is intended to eliminate some of the problems created by conventional project procedures, by accelerating the appearance of visible results and permitting more flexible and realistic budgeting and planning. Such an approach should be particularly adaptable to areas chiefly in need of rehabilitation or conservation, but all types of urban renewal activities may be included.

NDP also permits the combination in a single coordinated program of a number of types of renewal treatment in several neighborhoods, which need not be contiguous.

<sup>(14)</sup> § 501, 82 Stat. 476, 518-20, 42 U.S.C. § 1469-1469c (Supp. IV, 1965-68).

### III. THE PORTLAND DEVELOPMENT COMMISSION

On May 16, 1958, the voters of Portland approved a charter amendment creating the Department of Development and Civic Promotion to be administered by the Portland Development Commission (PDC). PDC was authorized to perform all functions prescribed under Title 42 of the U. S. Code relating to slum clearance, urban renewal and urban development and redevelopment.<sup>(15)</sup> In addition to its renewal powers, PDC was given authority to ". . . promote industrial expansion and location" and "acquire such property, real or personal . . . inside or outside the city, as the Commission and the Council may find appropriate or convenient in accordance with comprehensive zoning and development plans. . . ."<sup>(16)</sup>

The Commission was granted administrative powers to make orders, rules and regulations, hire and fire and perform other necessary activities. In order to provide operating funds for PDC, the City Council may issue revenue bonds, certificates or debentures to be repaid from revenues resulting from an urban renewal project, from the sales of urban renewal land and from tax revenues attributable to urban renewal improvements.

The five Commission members are appointed for three-year terms by the Mayor with the approval of the City Council, and serve without compensation. A chairman and secretary are elected by the commissioners, and the chairman has customarily assigned particular duties to each commissioner. Nine men have served on the PDC since its organization, with the present Commission composed of the following five men:

**Ira C. Keller (Age 72) Chairman**

Chairman of the Board, Western Kraft Corporation, and Vice-Chairman, Willamette Industries, Inc. Prior to creation of PDC, Mr. Keller was a member of the City Planning Commission. Mr. Keller's PDC duties include finance and general monitoring of the agency's activities. He has been re-elected the Commission's Chairman every year since its creation in 1958. Mr. Keller devotes a great deal of time and energy to the activities of PDC. He is widely regarded as one of the most influential private citizens in Portland.

**Vincent Raschio (Age 71)**

A self-employed contractor and builder. Mr. Raschio was president of the Home Builders Association at the time of his appointment upon PDC's creation in 1958. Mr. Raschio's PDC duties include examining, reviewing and reporting on site preparation, physical improvements and construction activity.

**Edward H. (Ned) Look (Age 54)**

Vice President and Trust Officer, First National Bank of Oregon; formerly Vice President of PORTCO Corporation in Vancouver, Washington. Mr. Look recently accepted membership on the Board of Trustees of Good Samaritan Hospital. He was appointed to the Commission in 1965 and is responsible for budgeting, certain financial matters and the Portland State and South Auditorium renewal projects.

**John S. Griffith (Age 64)**

Senior Vice President, University of Portland; formerly President of Multnomah College and Principal of Jefferson and Roosevelt High Schools. Mr. Griffith joined the Commission in 1969, and is responsible for Model Cities and ANIP activities and certain administrative duties including interviewing new employees and examining housing.

**Harold Halvorsen (Age 67)**

Formerly business manager of Local 16 of the Sheet Metal Workers Union (retired, 1970). Mr. Halvorsen was appointed to the Commission in 1962. He is the Commission secretary and is responsible for relocation, property management, real estate and activities in the Southeast Uplift program.

<sup>(15)</sup>City of Portland Resolution No. 27526, Feb. 6, 1958.

<sup>(16)</sup>*Id.*

The four former members of the Development Commission and their terms of service were:

Albert V. Fonder, 1958-1964

Former Chairman of the Mayor's Advisory Committee on Urban Renewal (MACOUR) and President of Northern School Supply. Currently he is a member emeritus of the Commission.

Jack R. Caulfield, 1959-1962

Former U. S. Marshal

Roy C. Hill, 1958-1962

Business representative of Local 10, Painters, Decorators and Paper Hangers of America.

Russell M. Colwell, 1962-1965

Former Senior Vice President, First National Bank of Oregon.

The Commission meets regularly twice each month, with special meetings on occasion. Formal action is taken by resolution. Status reports, informational data and administrative decisions are memorialized in the Commission Documents and Reports. Informal meetings are held prior to the formal public sessions to discuss the agenda, examine in detail the ideas to be presented, prepare for the formal meeting and agree on decisions to be made. All decisions in the formal meetings have been unanimous, pursuant to a policy established at the first meeting in July, 1958.

In 1971, PDC was assigned to City Commissioner Francis J. Ivancie's Department of Public Affairs. Until that time, PDC was always within Mayor Schrunk's jurisdiction. As the Mayor's administrative assistant from 1957 through 1966, Mr. Ivancie has had close ties with PDC since its creation. PDC Chairman Keller was an outspoken proponent of Mr. Ivancie's re-election in 1970.

The PDC staff is headed by Executive Director John B. Kenward, who has been with the Commission since its inception in 1958. He previously directed the Urban Renewal Division of the City Planning Commission staff, after eight years as Planning Director for the City of Santa Barbara.

Recently, the PDC staff was reorganized into three basic divisions: (1) Operations, (2) Administration and (3) Plans and Programs. The Operations Division concerns itself with rehabilitation and development, engineering, community services, real estate, relocation and specific projects. The Administration Division deals with fiscal management, personnel and office management, legislation and regulations. The Plans and Programs Division is concerned with project planning, research, analysis and coordination of PDC activities with other agencies.

The PDC staff does some planning itself, and the Commission has contracted for planning services with private firms, individuals and the City Planning Department. The Commission retains Walter Gordon, a local architect, as its "Resident Design Consultant," and also a committee of local and national architects and landscape architects. One or more of these consultants reviews every development proposal for an urban renewal project in Portland. PDC occasionally retains other professionals and has used the consulting services of Lawrence E. Cox, former Assistant Director of HUD, in preparing applications for urban renewal funds.

There are approximately 65 employees on the current payroll of over \$500,000 per year, all subject to the Civil Service provisions of the City Charter except the director, his secretary and the assistant director. Since its creation in 1958, PDC has retained a private attorney, Oliver I. Norville, formerly a Deputy City Attorney. Mr. Norville devotes a very substantial portion of his time to PDC matters and is present and participates in most meetings and policy discussions.

#### IV. FINANCING URBAN RENEWAL

The costs of urban renewal include the expenses of surveying, planning, administration, appraisals, land acquisition, clearing and development, community organization services, site improvements, land marketing activities, relocation benefits and rehabilitation of structures. These costs are financed in three basic ways:

1. Costs of development, including erection of new buildings, must be met from resources of the developer, whether it is public or private. Long-term financing of urban renewal, including both equity and mortgage funds, is provided primarily by private investors and far exceeds public funds permanently committed to a project. Mortgage funds may be guaranteed or supplemented through various federal programs.

2. Costs of grants and loans for residential rehabilitation and relocation assistance grants have been paid entirely from federal funds. Grants up to \$3,500 and 3 percent loans are available for property owners to rehabilitate residential properties in urban renewal areas. On January 2, 1971, Congress enacted significant changes relating to persons and businesses displaced as a result of federally assisted programs, providing that they should not suffer "disproportionate injuries as a result of programs designed for the benefit of the public as a whole."<sup>(17)</sup> The law now provides: (a) for displaced individuals, families, businesses (including apartment owners) and farms, reimbursement of actual reasonable moving expenses or small moving and dislocation allowances; (b) for homeowners, a replacement housing payment up to \$15,000, including closing and increased interest costs for a comparable replacement dwelling; (c) for tenants, up to \$4,000 for rental assistance payments during a four-year period or up to \$2,000 to purchase a suitable dwelling; and (d) for businesses, reimbursement of direct losses of personal property as a result of moving or discontinuing the business, and reasonable expenses in searching for a replacement business, or a flat payment in lieu thereof.<sup>(18)</sup>

3. All other costs of a project, including, after July 1, 1972, relocation assistance grants, are divided between federal and local government sources.

Costs in the third category are included in what is called the "gross project cost." "Gross project cost" less receipts from the resale of acquired property equals "net project cost," two-thirds of which is paid by the Federal Government. The other one-third must be met by "local grants-in-aid." This local share may be paid in cash or may be met by the use of credits (referred to in the law as "non-cash grants-in-aid") obtained by expenditures of non-federal funds from public or private sources for the purposes that, under HUD guidelines, may be considered as part of the gross project cost. A local example is the fire station located on S. W. Fifth Avenue serving the South Auditorium Urban Renewal Area. The effect of the availability of credits can be illustrated by the accompanying tables. Table 1 shows the project costs and source of funds in a hypothetical project where the local share is met entirely by cash grants-in-aid.

<sup>(17)</sup>Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, § 201, P.L. 91-646, 84 Stat. 1894, 1895, U.S. Code Cong. & Admin. News, 91st Cong., 2d Sess., v. 2, at 2223

<sup>(18)</sup>*Id.* §§ 202-204, 84 Stat. at 1895-97, U.S. Code Cong. & Admin. News at 2224-26.