

## IN CHINATOWN, PROMISE UNKEPT

### Chinatown

#### FOUR YEARS LATER

**Gordon R. Friedman**

*The Oregonian/OregonLive*

It was supposed to be a new beginning for one of the grittiest neighborhoods in Portland.

The City Council, led by then-Mayor Charlie Hales, adopted an ambitious plan in 2014 to reinvent Old Town Chinatown. The “action plan” called for repairing the neighborhood’s tumbledown buildings and crumbling façades. It promised hundreds of new jobs and affordable apartments.

The plan, backed with a \$57 million budget, said crime would be tamped down in the neighborhood, known mostly for its soup kitchens and raucous nightclubs.

Hales promised to deliver. “We will, I believe, look back on this and say, ‘That paid off,’” he said at the time.

But four years later, almost none of that has happened.



**Not much has changed for the better in the four years since the city’s plan to reinvent Chinatown.**

*Beth Nakamura, staff*

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### Chinatown

Anyone who strolls Old Town Chinatown can witness the results. Many buildings have sunk further into disrepair or are boarded up. The streets remain crime-ridden. Housing is hard to come by, even as a construction upsurge has erupted in nearby neighborhoods.

City officials knew their 21-page action plan was a gamble, given previous failed attempts to revitalize the historic neighborhood with its distinctive red Chinese entry gate. They rolled the dice anyway.

To determine the impact of the action plan, The Oregonian/OregonLive reviewed council documents, budgets and reports from Prosper Portland, the city economic development agency. A reporter interviewed the mayor and city officials, real estate developers and neighborhood leaders and spent time in the Old Town Chinatown neighborhood.

to renovate its exhibit space.

And a loan of \$690,000, the largest made under the action plan, helped the owners of the Society Hotel renovate their once-rundown and vacant building on Northwest Third Avenue into a boutique hostel-style hotel with a chic ground-floor coffee shop. But the rest of the block where the hotel sits is pure blight. And the city’s bigger, bolder dream of a revitalized neighborhood rivaling the Pearl District remains far out of reach.

Sarah Harpole, a Prosper Portland project manager, said the 500-jobs benchmark will be met when the Multnomah County Health Department opens its new headquarters in the neighborhood, bringing along 350 employees.

But those are not new jobs; they have merely been relocated from downtown. And the Health Department move has been in the works since at least 2008, well before the action plan was conceived.

The newsroom's findings show every major goal under the action plan has gone unfulfilled as the five-year project enters its final year. Subsidies that city commissioners agonized over, fearing they were too generous, went ignored by developers. A promised \$5.5 million initiative for seismic retrofits was never started. Prosper Portland has delivered on neither its promise of 500 jobs nor that of 500 affordable apartments. More than \$50 million budgeted for the revitalization project remains unspent.

Inaction was exactly what Hales wanted to avoid. "I don't want to walk around this district two years from now in the real estate boom that we're in and see the conditions that I see there now," he said in 2014.

Hales went on: "I don't want Howard Weiner and the other leaders of this neighborhood to come back in front of us and say, 'Why didn't you implement our plan?'"

### **'UNREALIZED ... ASPIRATIONS'**

Weiner, who has owned a skate shop in Old Town Chinatown for 30 years and received accolades for community service, said in an interview he was hopeful the action plan would mark a watershed for the neighborhood. But not anymore. "What we have is unrealized dreams and aspirations," he said.

When contacted and told this story would not paint a flattering picture of action plan results, Hales said in an email, "I think you might have just cemented my conviction that talking to The Oregonian is still a waste of time! Are you even partially aware of what was accomplished in my 10 years as commissioner and four years as mayor?"

As Hales predicted might happen, neighborhood leaders did return to City Hall, asking why the action plan was not carried out. Only this time, it was the new mayor's problem.

Helen Ying, the neighborhood association president, said she has met twice about the action plan with the current mayor, Ted Wheeler, asking him to extend it another five years. Wheeler seemed open to the idea, Ying said.

Wheeler in a recent interview lamented that he "inherited" the action plan and others like it "where people made big promises and delivered next to nothing." The mayor said he intends to identify "where we can go in new and interesting ways" instead of

To subsidize apartment construction, Prosper Portland made a special offer to developers: Building fees would be waived if they agreed to construct housing and rent some units at prices affordable for the average family. The city was prepared to lose \$7 million by forgoing the fees.

But only one builder applied for the incentive. Just 18 affordable units have opened because of it. Twenty-seven more are under construction.

Interviews suggest developers did not clamor for the fee waiver because it was not a big enough incentive and because building in Old Town Chinatown is more complicated than in other neighborhoods. Another vexing factor, developers said, is the homelessness, open drug use and crime in the neighborhood and the perception of danger and dirtiness that accompanies it.

The fee waiver is significant, but on its own not enough to make a project feasible in a neighborhood with an image problem and low rents, said Jill Sherman, partner at developer Gerding Edlen. Her firm was the only one to snap up waivers under the neighborhood plan, records show.

Though the waiver program was not a smashing success, at least some units were built where there previously were none, Sherman said. "It's something," she said.

### **TOUGH PLACE TO BUILD**

The two historic districts overlaying Old Town Chinatown make area building permits complex, said Peter Englander, a neighborhood association board member and former Prosper Portland manager. The neighborhood also sits atop an earthquake hazard zone that increases the cost of construction, he said. Developer Tom Brenneke said "transient activity" is perhaps the foremost deterrent for developers eying Old Town Chinatown. Andrews, the former development board chairman, said a homeless camp that for years abutted the Chinatown gate discouraged builders from doing business in the neighborhood.

For Brenneke, who owns key development-ready land in Chinatown, another stumbling block for the action plan may be Prosper Portland's inadequate outreach to developers. Brenneke said he had not heard of the plan until being contacted for this story, adding, "That says something to me."

"I'm a little caught off guard that we've had a formal action plan," Brenneke said. "As a developer, you can

trying to “resuscitate agreements that have effectively not worked out.”

At the time the plan passed, Patrick Quinton directed Prosper Portland and Scott Andrews chaired its board. Quinton, who left the job in mid-2016 and eventually started a housing company, did not return voicemails seeking comment. Andrews said he still has hope for Old Town Chinatown. Spending right is more important than spending fast, he said. “I just don’t think the right opportunities have come,” he said. “I think they will.”

Underspensing is normally not a problem for Portland’s government, which sometimes faces criticism for perceptions of wasteful spending and largesse. Yet instead of spending the \$57 million budgeted for the Old Town Chinatown plan, it spent just \$3.6 million, city accounting records show. The largest single beneficiary: the Lan Su Chinese Garden, which received \$710,000 in grants, mostly to repair its leaky manmade lake.

Prosper Portland officials said the low spending is not a sign of failure.

The agency is more concerned with its “measures of success” than spending, said Lisa Abauf, the agency development manager since 2009. “There’s no measure of success in the action plan that says if you spend \$57 million you’re successful,” she said.

Yet the agency’s own measures of success do list specific outcomes. “500 new middle- income housing units constructed or under construction,” reads one. “500 new living wage jobs in district,” reads another.

Abauf said her agency has delivered “tremendous success” on parts of the five-year plan, such as its requirement to support the neighborhood association and local museums. She questioned if building apartments and creating jobs is a more pressing objective for Old Town Chinatown leaders than unofficial benchmarks like “working together” and “the neighborhood coming together.”

It’s unclear Prosper Portland even deserves credit for bringing about the biggest single expenditure made under the plan. Its \$710,000 grant to the Chinese Garden paid for a new liner for Lake Zither, the garden’s 9,000-square-foot pond, which had been leaking 10 million gallons of water a year.

Portland’s parks department originally requested money to fund the repairs. But then-Mayor Hales

bet I’m all-in on incentives.”

A major tenet of the program was \$5.5 million designated to pay for earthquake retrofits to Old Town Chinatown buildings. Abauf, the Prosper Portland manager, said the agency did not create the program because an existing incentive helps fund seismic upgrades in development projects.

Abauf said the \$5.5 million was a “reservation of funds” rather than a program. Yet the action plan said Prosper Portland was to “invest \$5.5M in the development and implementation of a seismic program” in the neighborhood.

Prosper Portland has put most of the remaining project budget, more than \$50 million, in a fund it labeled “Investment & Parking.” Abauf said she cannot say exactly what the money may pay for, since it is to be allocated as Prosper Portland becomes aware of development opportunities. She said some of the money could pay for construction of parking spaces if neighborhood leaders identify that as a priority.

Brenneke, the developer, said Prosper Portland has attempted to negotiate a deal with him that would give it ownership of the parking spaces at a future development on a full block he owns in Chinatown. The property now serves as a surface parking lot, but it recently was approved for redevelopment into a mixed-use tower.

Brenneke said he is open to the idea of the city owning parking on the site. But he said he and city negotiators are “a mile away on price.”

Although it is unclear what precisely the Investment & Parking fund will pay for, Prosper Portland has indicated it will continue spending the fund long after the action plan expires next year. A resolution passed in July by the development commission sets aside \$23 million for the Old Town Chinatown project in 2027.

Ying, the neighborhood association president, is trying to stay positive. Gripping about city failings won’t help future efforts, she said. But she also recalled her testimony to the council four years ago, when she noted it would take “leadership, vision and funding” plus “political will” from City Hall to get the action plan accomplished.

“Everything I said then is true now,” Ying said. She leaned in, arms outstretched, as if to suggest annoyance. “Am I frustrated? Yeah. I’m frustrated.”

changed it to a Prosper Portland expense, records show. That change happened in 2015, the year after the Old Town Chinatown initiative passed, allowing city officials to attribute at least one big project to their action plan.

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### A DREAM OUT OF REACH

Dozens of businesses did accept and use small grants and special loans from the menu of subsidies offered by Prosper Portland under the action plan. Grants of \$45,000 helped open the popular Pine Street Market. Grants of \$239,000 allowed the Portland Chinatown Museum



**The city put aside \$57 million to improve Chinatown. More than \$50 million of that remains.**

*Photos by Beth Nakamura, staff*



**Neighborhood association president Helen Ying: “Yeah. I’m frustrated.”**