

A work session of the Astoria Common Council was held at the above place at the hour of 10:00 am.

Councilors Present: Brownson, Herman, Rocka, Hilton, and Mayor Jones.

Councilors Excused: None

Staff Present: City Manager Estes. The meeting is recorded and will be transcribed by ABC Transcription Services, LLC.

REGULAR AGENDA ITEMS

Item 3(a): Discussion of Options to Purchase for Heritage Square Redevelopment

Mayor Jones said everyone who was in attendance cared about the character of Astoria, the housing crisis, and how much the community would change if the current housing trends continued. He was worried that if the City did nothing, had no affordable housing projects, and did not implement the recommendations in the County's housing study, the character of the town would change through inaction. In five years, the working-class town that everyone loved could be gentrified with upscale shops and restaurants, but there would be no place for service industry workers, artists, or people on fixed incomes. Astorians have different ideas about how to address that threat, but everyone cares about the community and wants what is best for the community.

City Manager Estes stated this discussion was a follow-up to an Executive Session on the potential sale of the Heritage Square property to Edlen & Company. At the Executive Session, some Councilors expressed concerns with some of the financial figures.

John Southgate, City Contractor, gave a Power Point presentation on the estimated project costs, gap funding options, and financial package necessary to develop Heritage Square as proposed by Edlen.

City Manager Estes said the Councilors were concerned about the proposed \$0.00 sale price for the land and the \$2,235,000.00 in gap funding from the Astor East Urban Renewal District and property tax write down for the life of the project.

Jill Sherman, Edlen & Company, stated this project had significant potential for additional funding sources specific to the Clatsop Behavioral Health (CBH) component. This could result in up to half of the City's contribution coming back to the City. However, those funding sources could not be included until they had been secured. The amount being asked of the City was not atypical, but the controversial nature of this project has increased the significance of that investment. If the CBH component became a stumbling block, Edlen would be willing to consider removing that piece of the development from the project.

Mayor Jones said he appreciated how responsive Edlen had been to the City and the community's concerns throughout this process. He reiterated the Council's concerns about the City's contribution to the project and explained that exhausting all of the urban renewal funding would prevent the City from investing in other important projects. Additionally, without broad community support for this project, he had a hard time supporting the financial outlay. Moving forward on such a divisive project would impact the City's ability to focus on housing, the upcoming elections, and Staff's ability to work on other priority projects. He preferred that the City support the affordable housing initiatives being developed by the County and other entities, and work on implementing the recommendations in the County's housing study.

Councilor Brownson stated that while he generally supported workforce housing at Heritage Square, he had concerns about the CBH component, the loss of parking, the City's contribution, the property tax component, and the environmental remediation. He believed the community needed to take time to let the dust settle. Now that the County was working on an affordable housing initiative, he wanted to see what proposals they came up with.

Councilor Rocka said he believed the project that Edlen had proposed would solve several of the city's problems at once, and it was exactly what the City had requested with additional benefits. He believed the CBH component was a big plus, but there was a lot of opposition to CBH being part of the project. Others were concerned about the loss of parking and the lack of a plaza. The parking could be address and the City already had the Riverwalk, which had open space and opportunities for development. He wanted to move forward with the project, but he also agreed that wiping out the urban renewal funds on one project and giving up property taxes for 60 years would not be appropriate. He was also concerned about the impact this project could have on the next election. Three of the current Councilors would not be running for re-election. He feared that if the City moved forward on this project now, candidates would run solely on the idea of stopping the project. An anti-project Council could be elected, and the City would have to spend the next few years getting out of the project. If that was the only thing the candidates cared about, the city would not end up with a very good Council after the election and the city would be torn apart.

Councilor Herman stated she hoped the City could work with Edlen and Mr. Southgate to develop housing somewhere else in the future. She believed the state and federal governments needed to provide more funding for affordable housing projects because they were so expensive to build and housing was desperately needed. The Heritage Square project is not affordable for the City and emptying the urban renewal fund would prevent the City from funding other worthy projects. The cost was too much for the community to bear, even without the significant opposition to the project. She still believed Heritage Square was an appropriate site for affordable

housing, but she no longer supported this project. Before the fire of 1922, Astoria had 2,500 more housing units downtown. Most of those housing units were not restored after the fire. In the last five years, Astoria had become unaffordable to those who worked in the community. She wanted the community to support households of all income levels. She supported the County's efforts and hoped to find a more acceptable location in Astoria.

Councilor Hilton said this project had brought the community out in a way that showed passion. This housing crisis started in 2008 and now, many of the buildings in Astoria had been converted into single-family homes and short-term rentals. The community had grown and become more popular. Citizens with mental health concerns needed a place to feel safe. This project had brought the community together and he hoped the citizens would rally together to create opportunities for the redevelopment of Heritage Square. If people really cared about their fellow man and the future development of the community, they needed to show it. The people who had worked hard their entire lives to build the community and the families who had helped create the community deserve respect, deserve for the City to move forward and deserve for the City to create opportunities for all citizens. It was up to the Council to define the City's future and define the community.

Mayor Jones thanked everyone who opposed the project in a civil manner and whose opposition was based on facts. There was unanimous consent among the Council to refrain from moving forward on the proposed project, which would be a let down to many people. People have left Astoria in the last year because they could no longer afford to live in the area and others had turned down jobs in Astoria because they could not find any place to live. Additionally, the number of women fleeing domestic violence had increased dramatically in the last two years and there is no housing for the victims. This project would have provided housing for people in those categories. Therefore, it was essential for the City to move forward on other projects. He requested that everyone who supported affordable housing anywhere except Heritage Square continue to support projects in other locations in Astoria and support the Code changes necessary to help add housing in the community. This Council tried hard to listen to all Astorians, even those who did not attend Council meetings. Cancelling this project would do nothing for the affordable housing crisis, but the Council had learned a lot and raised awareness in the community. Despite the differences expressed about this project, everyone cares about the community and wants what is best for the community.

Ms. Sherman said her team, the Council, Staff, and citizens had invested a lot of time. She hoped to continue working with the City to find a different location for the project.

Mayor Jones responded that he hoped Edlen could work with the City again and that Edlen would compete for other projects in the community.

City Manager Estes confirmed with Ms. Sherman that Edlen would prepare a formal voluntary withdrawal from the exclusive negotiating agreement with the City.

ADJOURNMENT

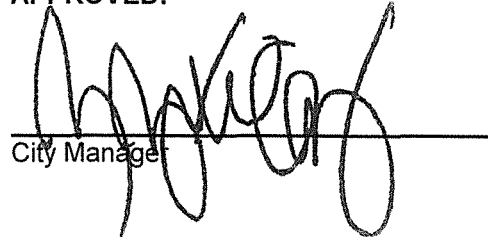
There being no further business, the meeting was adjourned at 10:58 am.

ATTEST:



Finance Director

APPROVED:



City Manager