

# RIVER DISTRICT THE YARDS AT UNION STATION

## THE YARDS AT UNION STATION

### AT A GLANCE

#### Project Type:

*Phased, mixed-income  
multifamily development*

#### Location:

*West side of NW Naito Parkway, between  
the Steel and Broadway Bridges*

#### Developer:

*GSL Properties, Inc.*

#### Designer Team:

*OTAK, Architecture and Planning  
Zimmer Gunsul Frasca, Architecture*

#### General Contractor

*Walsh Construction Company*

#### Portl and Development Commission

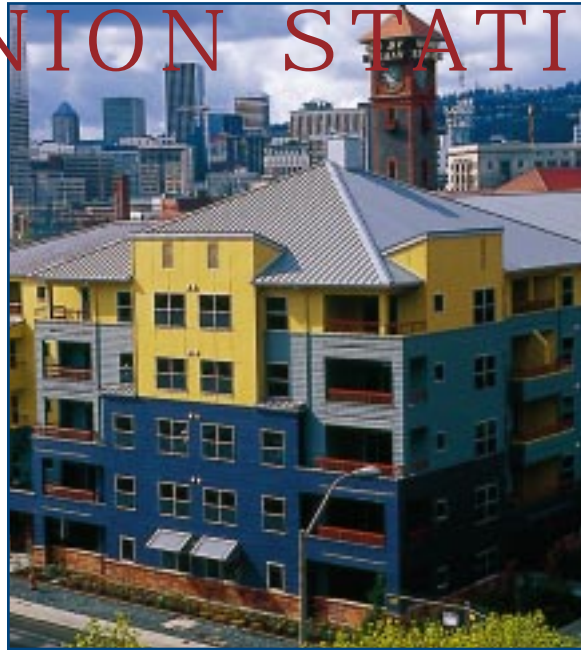
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## Background

*The Yards at Union Station is a three-phase project that will bring more than 650 mixed-income residential units next to Union Station in the heart of the emerging River District neighborhood. The development is located on a 7-acre parcel, part of a 31-acre tract that the Portland Development Commission (PDC) acquired when it purchased Union Station in 1987. Over the next decade, PDC concentrated on renovating the historic station building, making major improvements to the neighborhood, and preparing the site for redevelopment. PDC offered the first land parcel for redevelopment in 1995. PDC's main*

*objective was to attract a high density, quality residential complex containing some 600 housing units.*

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## River District Neighborhood

*The Union Station site is located within the River District – a newly designated district that encompasses about 250 acres in northwest Portland. It includes the established neighborhoods of Chinatown, Old Town and the Pearl District, along with some 100 acres of undeveloped industrial land, most of which is controlled by four major landowners, including PDC. The district is bounded by W. Burnside Street on the south, I-405 freeway on the west, and the Willamette River on the east/north side. Planning for the district started in the early 1980s when a team of national architects was invited to Portland to brainstorm development scenarios for the rail yards area that was in transition. The railroads planned to abandon most of their holdings. Other industries in the area were consolidating and vacating properties.*

*In 1992 a handful of business leaders and property owners started working with the city to forge an overall vision for the River District. They developed a plan and public/private financing strategy for transforming the jumble of surplus rail yards and gritty industrial properties into a densely populated neighborhood that would be oriented to the Willamette riverfront. The resulting River District Plan and River District Special Design Guidelines, that*

*were approved in 1994, envisioned a pedestrian-friendly, mixed-use community with more than 5,000 new housing units for 10,000 residents.*

*The implementation program called for a series of public investments intended to enhance development opportunities and strengthen connections between the district, the river, and downtown. These included creation of a Central City streetcar line as well as new waterfront open spaces, and relocation of a bridge ramp. The River District Development Program anticipated approximately \$150 million in public investment that would leverage more than \$700 million in private investment.*

*Development of the River District is essential to realizing Metro's 2040 Plan and the region's long-term commitment to fit new development into existing urban areas as a way to stem sprawl and preserve outlying farm land and open space. To capture a significant share of the projected population increase for the region – some half a million newcomers are expected to move to greater Portland over the next 20 years – underdeveloped areas of the city, such as the River District, were targeted for compact, dense residential development. The River District "is important not only to the health of the central city," says Portland Mayor Katz, "but to all Portland neighborhoods as well. Without the River District, other neighborhoods around the city will have to share in a larger part of the burden of our expected population growth," she notes.*

## Development & Construction

*Situated in the heart of the River District, Union Station is the most visible and architecturally distinctive building in the area. Thus, any project built next to the station is also highly visible, setting the tone for future development in the area. The Yards housing development at Union Station is, thus far the largest residential development in the district. PDC's development*

program called for a residential project containing approximately 600 units at build-out. The Request for Proposals (RFP) called for a mix of unit sizes, building types and price ranges that would provide a broad selection of housing opportunities. The RFP also set affordability targets and required a lower income component.

One reason PDC selected GSL Properties to develop the site was their proposal exceeded the density threshold and affordability mix called for in the RFP. GSL was also a strong developer with a proven track record in developing both affordable and market-rate housing. The phased development will contain 650-680 units at buildout.

## Brownfield Challenge

As a former location for rail operations, the site naturally had some contamination. However, the severity of contamination was not fully understood until additional testing was done in 1997 and it was discovered that soil contamination of the site and surrounding rail properties was pervasive. The brownfield issue posed the greatest redevelopment challenge, particularly in the situation of residential development. PDC and GSL worked with the Oregon Department of Environmental Quality on a remediation program that involved capping the site with the development. If the Yards development had occurred a decade earlier, DEQ would probably have required that the contaminated soil be dug up and hauled away, which ultimately would have made it too costly to develop the site. As the science has evolved over the years with the development of more sophisticated remediation methods, the focus has shifted from removing the contaminated soil to containing it. The DEQ has grown more willing to approve less costly solutions and allow responsible brownfield development to proceed. In the case of The Yards project, the buildings, pavement, and clean landscaping materials were used to cap and contain the contaminated soil. The brownfield cleanup added significant time delays and additional expense, most of which will be recovered from the prior rail property owners.

Another construction challenge was securing an adjustment to the building code that would allow five-story wood frame construction – instead of four-story – over a masonry base. This change was needed to achieve the aggressive density and affordability targets that had been set for the project. Construction costs for wood frame, instead of concrete or steel, is

roughly 20% less per unit. Taking their cue from Seattle building regulation that permits 5/1 construction, PDC worked with state building officials to make a similar change to Oregon's building code. Portland's building ordinance was subsequently adjusted to allow 5/1 construction.

Potential noise from nearby trains was an additional concern. However, because of the very low speed restrictions on trains through the area, noise studies showed that the sound levels were comparable to other downtown locations close to freeways.

## Planning & Design Creating a Diverse Community

Most of the new housing in the adjacent Pearl neighborhood, a former warehouse district – that became a magnet for art galleries, boutiques, and tony restaurants – were luxury condominiums that sold out almost immediately, reflecting the strong market for housing close to downtown. The River District Plan addressed the need to create more affordable and moderately-priced housing in the neighborhood so the district would not become an exclusive enclave for the wealthy. The River District was envisioned as a neighborhood that encouraged and supported economic, social and cultural diversity and a broad range of multi-family housing, both in terms of style and economics. Specifically, the Council adopted the River District Housing Implementation Strategy which calls for the income mix in the district to match that of the city as a whole.

The Yards at Union Station promotes these diversity objectives. The first development phase – 158 affordable rental units – opened March 1998 and leased up within six months. Half the units are reserved for persons earning less than 50% of median income and half to persons earning less than 60% median income. The target markets for these units are downtown workers at entry level jobs and seniors with limited, fixed incomes. Phase two consists of 321 apartments and 56 for-sale condominiums in three smaller buildings, that will open spring, 2000. Forty percent of the apartments are reserved for persons earning less than 60% median income, and the balance are market rate. More than a third of the condominiums will be affordable; the remaining units will be market rate. A future third phase, with some 130-150 units, is planned to be built within the next three years. Mainly catering to singles and couples, The Yards offers studios and one- and two-bedroom units.

PDC will sell most of the 7-acre parcel to GSL Properties. The general partner for the first phase was The Housing Authority of Portland (HAP), who subsequently acquired the 158-unit apartment development from GSL as part of a limited partnership agreement. Whereas GSL was a fee developer for the first project phase, it is the general partner and owner of the remaining development.

To create a new residential identity for this formerly vacant industrial area, designers used lushly planted courtyards with large, sculptural rocks, landscaped open spaces, and private gardens to establish a more intimate urban scale and residential character. The centerpiece of the second development phase is a central public open space – an elevated plaza – with new connections across Naito Parkway and access to the river. A new pedestrian bridge will provide a safe and convenient connection from the central plaza over the railroad tracks to the transit mall at Union Station. The residential buildings were painted in bold colors – yellow's, blue's, red's, and gray's to stand out against the strong silhouettes of the river bridges. Pitched roofs and metal trim were also used to emulate Union Station.

A parking ratio of .75 spaces per unit is one of the lowest in the city. It is anticipated that residents will take advantage of the nearby light rail and transit mall (with two-minute headways to downtown), resulting in less demand for parking. Parking for the 158 apartments is provided in an adjacent surface lot. An underground parking garage with more than 200 spaces, now under construction.

## Financing Sources

- Low Income Housing Tax Credits (LIHTC) – primary source of equity
- Developer equity
- City funds for related public improvements
- PDC loan
- Tax abatement
- Tax exempt bond financing from Oregon Housing Authority

Costs for the first two development phases are approximately \$50 million.

## Schedule

Planning started	1994
Developer selected	1995
Phase I construction:	May, 1997
Phase I completion:	March, 1998
Phase II construction:	September, 1998
Phase II completion:	spring, 2000