



SOUTH WATERFRONT DISTRICT



What is happening?

Public and private partners are nearing completion of an agreement to begin developing 31 acres of vacant former industrial land on Portland's waterfront into a new neighborhood with a mix of jobs, housing, retail and recreational opportunities.

Where is the area covered by the agreement and what is the correct name for it?... North Macadam, South Waterfront or Central District?

The North Macadam Urban Renewal Area lies just south of downtown in the Central City and extends 1.2 miles along the west bank of the Willamette River. The area is roughly defined by Boundary Street on the south; by Macadam Avenue, and the western edge of Hood Street, Front Avenue, First Avenue and Fourth Avenue on the west; by Montgomery Street on the North; and by the Willamette River on the east. The area covered by the development agreement is the Central District—a 31-acre parcel in roughly the middle of the URA—south of the Ross Island Bridge and North of Bancroft Street.

The various names refer to different overlays within the same region. The North Macadam Urban Renewal Area is the name for the 409 total acres that was officially designated by the City as an urban renewal area in 1999. The South Waterfront Plan Area covers 130 acres within the North Macadam URA. The Central District is a 31-acre parcel located in the heart of the South Waterfront Plan Area.

Why is this agreement so important?

Two main reasons, job creation and better utilization of scarce land resources within the City.

JOBS: The South Waterfront Central District is the largest economic development project in Portland's history. More than 5,000 quality jobs will be created as a result of Central District development, including 4,500 jobs at OHSU's Marquam Hill and Central District locations. In addition, there will be over 1,000 construction jobs created in the first phase alone.

With the nation's highest unemployment rate, we in Oregon must work to build and further diversify our economy—and we must do it in a manner that maintains and builds upon our strengths.

OHSU is currently the city's largest employer—providing more than 10,000 jobs. The vision for the South Waterfront Central District is a state-of-the-art biotechnology and science center with OHSU as its founding healthcare and science research entity. Like the role high technology played in building Portland's economic strength in the last two decades, biotechnology, health research and biosciences, can be the stimulus for economic growth in the decades to come.

South Waterfront District — FAQs

Simply put, Portland now has a tremendous opportunity to create a center for this industry's growth right near the heart of downtown while helping to retain and expand upon one of the region's largest employers.

BETTER UTILIZATION OF LAND: This area is the last major underdeveloped area within the City's core. The 130-acre South Waterfront Plan Area has a fabulous waterfront location, but the former industrial site has been blighted, largely vacant and underutilized for years. Studies show that in a space that covers less than 1 percent of the area of Portland, this district will assume 4.7 percent of the city's job growth, 2.5 percent of housing and residents and potentially add more than 4.4 acres of open space for the public. These figures demonstrate terrific potential for helping to accommodate the Metro's 2040 Growth Concept of 1995 and the 1996 Urban Growth Management Functional Plan.

Who is involved in this project?

The development of the Central District will be accomplished by public and private partners. The Portland Development Commission (PDC) is coordinating on this project with the participation of City Bureaus through intergovernmental agreements. Key private partners include Oregon Health & Science University (OHSU) which is the city's largest employer and North Macadam Investors, LLC (NMI), a limited liability corporation of investors including Williams & Dames Development Co., the major developer of Portland's River District. River Campus Investors, LLC (RCI), (jointly owned by NMI and OHSU) and Block 39, LLC are also involved.

If private developers are interested, why is the public investing money? What are the public benefits?

The South Waterfront Central District will build upon Portland's urban planning legacy while meeting multiple city and regional goals.

By investing tax increment (see paragraph titled, "Where do the tax dollars come from?" on page 7 for a description) we will be able to leverage up to five times more private investment than we would otherwise be able to achieve. Based on an economic analysis, leveraging public monies will potentially result in total private investment in excess of \$1.6B compared to \$345.7M without this public investment. The analysis also points out the potential under this development program for 7,200 net added jobs as compared to 3,200; 3,700 housing units compared to 1,000, and 2 million net square feet of high and mid-rise office space compared to 625,000. (E.D. Hovee & Company, *North Macadam Urban Renewal Area Return on Investment (ROI) Analysis Update, Executive Summary*, June 25, 2003.)

There is tremendous opportunity to create something with a significance unsurpassed by anything this City has done for the past 30 years. Just as when the citizens of Portland came together to take out Harbor Drive putting in Waterfront Park, or took out a parking lot to make way for Pioneer Courthouse Square, the vision of the South Waterfront Central District has the potential to bolster Portland's national and international reputation for innovative thinking in urban redevelopment, bioscience job creation, environmental reclamation, and sustainable development.

South Waterfront District — FAQs

The project meets multiple public goals including:

- ✓ Affordable housing
- ✓ Job Growth
- ✓ New Greenways and Parks
- ✓ New Transportation Options
- ✓ Sustainability and Smart Growth Practices
- ✓ Enhancement of the city's research universities

It will build upon the City's success of bringing people back downtown and to the banks of the Willamette River and will serve as proof that our Central City can expand while maintaining the values that Portlanders share.

The 1996 Urban Growth Management Function Plan cites the North Macadam District's share of the city's growth objectives through 2015 as 8,500 to 10,000 new jobs and 1,500 to 3,000 new housing units. A market and development capacity analysis showed that without public investment, the expected growth of this neighborhood would be 3,200 new jobs and approximately 1,000 housing units—or only one-third of the area's potential.

In addition, this former industrial site is a brownfield which requires public assistance and infrastructure to help reduce the overall cost of development and spur private investment.

The first phase of the Central District's completion will mark \$440 million in private development and \$103 million in public projects. Public improvements slated for the Central District will also serve future development in other areas of the South Waterfront Plan Area and begin implementation of access improvements for adjacent City neighborhoods. The public to private investment is leveraged at a ratio of more than 6:1. By reclaiming this brownfield, the City also captures a previously inaccessible area of waterfront for public recreational use.

What will the Central District development look like?

The vision for this area is to create an active and attractive urban neighborhood that meets a variety of the City's objectives: affordable housing, job growth, greenways and parks, transportation opportunities and sustainability and smart growth practice. The neighborhood will be a 21st Century, sustainable, vibrant, development that balances commercial projects, affordable and market-rate housing and public amenities. Phase I development (2003-2008) includes:

- Housing units:
 - 250 student
 - 230 affordable
 - 500 – 630 market-rate condos and apartments
- 150-200 room hotel/conference facility
- OHSU research/clinical building (250–400,000 sf)
- OHSU parking garage with active ground floor uses and capped with housing
- A four-acre Greenway (with initial improvements)

South Waterfront District — FAQs

- A new two-acre park (acquisition and initial improvements)
- New transportation options—streetcar, tram, bus, new streets

At build-out, affordable housing units increase to 430, market-rate condos and apartments total 2,050, and the OHSU research/clinical building will total ~1.5M sf.

What kind of housing will be built there?

This new neighborhood will reflect a diversity of well-designed housing types to accommodate households of a variety of income levels including low, moderate and market-rate rental and owner-occupied housing. A mix of condominiums, apartments, student and senior housing is planned.

In the South Waterfront Central District 2,700 total housing units are projected at build-out. A minimum of 430 of those units will be affordable to families from 0 to 120 percent of median income.

Within only a quarter of the total acreage in the South Waterfront Plan area, the 31-acre Central District achieves 55 percent of the plan area's affordable housing goal (788 units) as set by City Council.

What kind of businesses and job growth will take place here?

The overall goal is to encourage a mix of occupations and wage levels that provide a range of employment opportunities consistent with the goals for the central city. The City's Economic Development Strategy specifically identified bioscience is an industry with great growth and economic potential for this region. Bioscience is a key industry sector because it capitalizes on an existing industry base within the region and state, and utilizes the strengths of organizations such as OHSU, OGI and other research and academic institutions. OHSU will expand its operations and create a university related research center, working in partnership with other potential institutions such as OGI, OSU and PSU. This will develop into a new Science & Technology Research Quarter which will hold 1.5 million square feet of OHSU space at build-out, including 750,000 square feet allocated for research and clinical space. Many of the research programs will be poised to generate commercial applications. OHSU research and clinical programs are expected to catalyze bioscience industry growth in the South Waterfront Plan area.

In order to fulfill the City's vision for the growth of science and technology in the region, OHSU and PDC will develop strategies and a business plan for a Bioscience Accelerator and create a Bioscience Business Manager Position at OHSU. PDC will also invest in bioscience research space—OHSU's first Central District building—with the goal of spin-off commercial applications.

OHSU's continued growth in Portland and collective plans with the City for an activated bioscience industry will help create a world-class research and business environment in this area.

South Waterfront District — FAQs

How will transportation be accommodated to meet the increased activity in the Central District?

The South Waterfront Central District plan calls for new street grids and other opportunities to make the District accessible by multiple forms of mass transportation such as a streetcar line extension, aerial tram to Marquam Hill, new pedestrian and bikeways, and improved bus service. By developing alternative modes of transportation early in the process - such as the tram, streetcar extension, and pedestrian and bicycle pathways - the City hopes to encourage the practice of using various alternative means for commuting to and from the area. This infrastructure improvements will position the larger 130 acre South Waterfront area for redevelopment.

Who owns the tram and how will it operate?

The City of Portland Office of Transportation will own and operate the Aerial Tramway (or contract for its operations). OHSU will share operating costs on a pro-rata basis tied to OHSU ridership. The tram is a unique transportation solution that will run between the South Waterfront Station at SW Gibbs Street and the Marquam Hill Station at the ninth floor level of the new Patient Care Facility of OHSU's Marquam Hill campus. Portland Department of Transportation, with the Portland Aerial Tram Inc. (PATI), is coordinating the design with the participation of a tram citizen advisory committee.

The tramway will be open to the public and operate as part of a seamless fare system and transportation network including Tri-Met and Portland Streetcar, providing connectivity between Marquam Hill, the Central District and downtown. Tri-Met and Streetcar fare passes, tickets and transfers will be valid for use of the tramway. Ticket machines will be placed in each station.

Will the Central District development harm the River?

No, this development will actually restore an important part of the Willamette River to the city. The Central District developers will provide an average 125-foot greenway setback, 25 feet more than the South Waterfront zoning code requires. In addition, the Central District developers will dedicate this entire greenway to the City. The fish and wildlife habitat as well as the river bank will be improved. The goal will be to provide public access to the river with views to Ross Island, and blend the natural and built environment.

The greenway will provide public access for recreational uses in an area that was previously inaccessible to allow all Portlanders to share in the recaptured riverfront space. Portland Parks & Recreation is conducting the greenway planning process with the participation of a citizen's advisory group.

What about other sustainable practices?

Both OHSU and the developers will aggressively pursue LEED (Leadership in Energy and Environmental Design) standards for their buildings. In addition, innovative stormwater management techniques will be incorporated for both public and private development.

South Waterfront District — FAQs

Creating jobs in close proximity to new housing and existing neighborhoods provides opportunities for workers of all family sizes, ages, cultural backgrounds and income levels to reside near their employment and reduces traffic congestion.

The redevelopment of South Waterfront Central District will help manage regional growth. Without this development and others like it, the Metro urban growth boundary will be harder and harder to keep in place.

What about parks and greenspaces?

The redevelopment of South Waterfront Central District will provide new parks and greenspaces and will help bring Portlanders back to the river. Most importantly, the planned redevelopment will provide public access for recreational uses in an area that was previously inaccessible. Property owners will dedicate a 125 foot average width Willamette River greenway (exceeding code requirements by 25 ft.) to the City. The donation is equivalent in size to the city's South Park Blocks.

A new two-acre park neighborhood park will be created in the heart of the district and new "green" pedestrian accessways will link the greenway to the neighborhood.

How is this first development being funded?

The Central District will be a mix of public and private investments. Phase I Investments include:

- \$440M private investment in direct new building development
- \$103M in public investment projects
 - \$71M Public Sources
 - \$32M Private Sources (including potential district-wide local improvement district funds)

Of the \$71 million in public funds, \$25 million will come from Tax Increment Financing investment. Previously, Tax Increment Financing has helped fund city treasures like Pioneer Place, Museum Place, Pioneer Square, Tom McCall Waterfront Park, the Eastbank Esplanade, RiverPlace and the Classical Chinese Garden.

What are the safeguards for the public if development in the Central District doesn't occur as planned?

If Phase I development does not proceed on schedule, the developers of taxable properties are required by the proposed Development Agreement to make gap payments equivalent to the tax increment that would have been generated by the proposal.

OHSU is a non-taxable entity, but the organization will be required to make payments to compensate for lost economic opportunity if OHSU fails to meet the obligations set forth under the Development Agreement.

South Waterfront District — FAQs

Where do the tax dollars come from?

When a municipality adopts an urban renewal plan, the assessed value of real property within the urban renewal area is fixed at current levels. The municipality then issues long-term bonds to pay for urban renewal improvements within the urban renewal area. As property values increase due to normal appreciation or as the result of new investment in the area, the corresponding increase in property tax revenues above the fixed-base (called tax increment financing, or TIF) is used to pay the urban renewal bonds. Formation of an urban renewal area does not result in a “new” tax. The City agrees to target the TIF generated for reinvestment in the area to stimulate redevelopment and meet a broad range of public objectives. TIF will be used in this manner to fund improvements in the Central District.

The Central District is only a portion of the South Waterfront Plan Area. Will there be other public funds to use in the district?

Yes. The PDC has developed a 20-year funding strategy for the entire North Macadam Urban Renewal Area. From fiscal year 2008–2009 through 2020, PDC envisions investing an additional \$150 million district-wide, with \$103 million coming from TIF.

How have citizens been brought into this process?

This development agreement reflects and is the culmination of years of planning and public process. The realization of this opportunity is the result of hard work by community leaders, property owners, business owners, neighborhood residents, environmental and housing special interest groups and city representatives. Beginning in 1997, when eight committees with a total of approximately 75 members attended more than 200 meetings and two years later created the North Macadam Framework Plan and the North Macadam Urban Renewal Plan, public process has been extensive.

Public involvement has included steering committees, sub-committees and open houses involving hundreds of individuals. In addition, formal action has taken place in public meetings of the Portland Development Commission, the Planning Commission and City Council. And, this work has been covered extensively in the local media.

The redevelopment of this area has long been a part of the vision for Portland. More than ten years ago Portland’s Central City Plan identified the River District and North Macadam as two areas for development to meet city and regional goals. These riverfront areas were chosen for a very good reason—Portland has a proud history of physical development aimed at reclaiming one of our city’s greatest treasures—our waterfront. This history began with the creation of Waterfront Park in the 70s, RiverPlace in the 80s and continues today with the Eastbank Esplanade, River District, with its residential focus, and North Macadam with its focus on mixed-uses and job creation.

What opportunities do I have to provide input?

The Portland Development Commission website (www.pdc.us) provides an opportunity to provide comment on the development agreement summary. On June 27, the full development agreement will be posted and comment will be taken via the web site or regular mail through July 7. On July 9, the

South Waterfront District — FAQs

Portland Development Commission will take action on the agreement at their regular monthly meeting. Public testimony will be taken in writing or orally at that meeting.

The meeting begins at 3 p.m. and will be held in the PDC Commission Conference Room, 1900 S.W. Fourth Avenue, Suite 7000. On July 10th the Portland City Council is scheduled to hear and potentially take action on the agreement. Public testimony will be taken at their meeting as well. The hearing for this item begins at 2 p.m. at Portland City Hall, 1120 SW Fifth Avenue.