



DATE: October 11, 2023
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 23-30
Authorizing Acquisition of a Tenant in Common Interest with the Port of Portland at
3556 NW Front Avenue

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7503

This action by the Prosper Portland Board of Commissioners (Board) will approve a Tenant in Common (TIC) interest with the Port of Portland (Port) in the 40- acre lot located at 3556 NW Front Avenue, Portland, Oregon, (Terminal 2, or T2); see a site map in Attachment A. If approved, Prosper Portland will own an undivided one percent TIC interest in T2 that allows the Port to further permitting work on an Innovation Campus that, when complete, will host housing manufacturing facilities, mass timber research and development, and incubator space for small scale companies focused on innovation in housing, mass timber, and other climate initiatives. An Innovation Campus summary can be found in Attachment B.

STRATEGIC ALIGNMENT AND OUTCOMES

This action delivers on several Advance Portland priorities, most notably Outcome 1.2, “Develop Industry-Specific Innovation Strategies to Support Growth and Services of Green Products.” The Port estimates that the Innovation Campus will lead to the creation of 40 quality jobs within the first three years, 30 of which will be new to the Portland market.

BACKGROUND AND CONTEXT

The Oregon Mass Timber Coalition (OMTC) is a partnership between Oregon’s leading research universities and government agencies whose vision is to enhance and expand Oregon’s established mass timber industry ecosystem, growing it into a significant regional cluster. In September 2022, the U.S. Economic Development Administration awarded OMTC a \$41.4 million grant through the Build Back Better Regional Challenge to develop and scale the mass timber industry and accelerate economic development across the state of Oregon. More information on OMTC can be found in Attachment C.

OMTC subsequently awarded \$10,000,000 for mass timber campus infrastructure improvements and \$3,100,000 for a mass timber workforce training cluster to the Port for the Innovation Campus project located at T2 in northwest Portland. The Port, which owns the T2 land and buildings, will serve as master developer, bringing private and public partners together on the Innovation Campus. The Port is partnering with Portland Community College and Worksystems, Inc. to establish training locations

around the state that connect rural and urban communities to job opportunities in forestry, fabrication, construction, and manufacturing.

Innovation Campus tenants, including manufacturing and research partners, will operate independently but share the bigger vision of housing innovation, mass timber industry expansion, and new economic opportunities for Oregon families.

The entire T2 property has a river-related City of Portland (City) zoning code overlay, which only allows for river dependent uses. If the Port were to continue to own both properties outright, it would be required by code to include a river-dependent use on both lots, preventing the Port from developing the Innovation Campus as contemplated. By providing Prosper Portland with the TIC on one of the lots, the Port will be able to reconfigure property lot lines separating river-related functions from other industrial uses and further entitlement work to construct the Innovation Campus.

EQUITY IMPACT

Research, development, and investments at the Innovation Campus will create numerous public benefits, including:

- New, quality jobs throughout the housing ecosystem, in rural and urban areas
- Skills training and professional development opportunities for women, people of color, and people from low-income communities
- More access to affordable, sustainable housing options
- Opportunities for small businesses to be part of an emerging industry

As noted, the Port is partnering with Portland Community College and Worksystems, Inc. to provide workers across the state with the skills needed to fill new, high-quality jobs in forestry, construction, and advanced manufacturing. Workforce investments will support low-income and rural Oregonians, including those who are Black, Indigenous, and people of color.

COMMUNITY PARTICIPATION AND FEEDBACK

While staff did not conduct public participation related to this action, OMTC received more than 100 letters of support from various stakeholders and prominent industry partners in seeking Build Back Better funding, including wood producers, workforce partners, housing advocates, construction firms, and unions. In addition, the Port has engaged with numerous community and industry groups, providing presentations and briefings on the Innovation Campus.

BUDGET AND FINANCIAL INFORMATION

The Port will convey the TIC to Prosper Portland for one dollar and provide a \$5,000 lump sum payment to cover Prosper Portland's administrative costs to enter into the TIC.

RISK ASSESSMENT

Both the Port and Prosper Portland have the right to terminate the TIC and require the Port to repurchase the TIC ownership for the original purchase price of one dollar at any time, but only if the Port determines in its reasonable and sole discretion that such termination would not result in the land uses planned for the Project becoming nonconforming under the City Zoning Code. The Port will be responsible for all costs and entitled to all revenue relating to the Property and the Innovation Center.

Prosper Portland will have no responsibility or liability related to the Property or the Innovation Campus. The Port will indemnify Prosper Portland for any claims on account of any pre-existing environmental

condition of the Property or work performed by Port. If the Port sells or assigns its interest in the TIC, Prosper Portland will have the right to evaluate the financial status of the purchaser or assignee and, at Prosper Portland's sole option, require that the Port's indemnity of Prosper Portland survive the sale or assignment of the Port's TIC interest.

ATTACHMENTS

- A. Site Map
- B. Transforming T2 Summary
- C. Oregon Mass Timber Coalition Project Summary

SITE MAP



3556 NW Front Avenue, Portland Oregon



Transforming T2



By focusing on innovation in Oregon industry and on new ways to activate Marine Terminal 2, we can pull down barriers, create new jobs, and connect families around the state with more economic opportunities.



Innovation Campus at T2



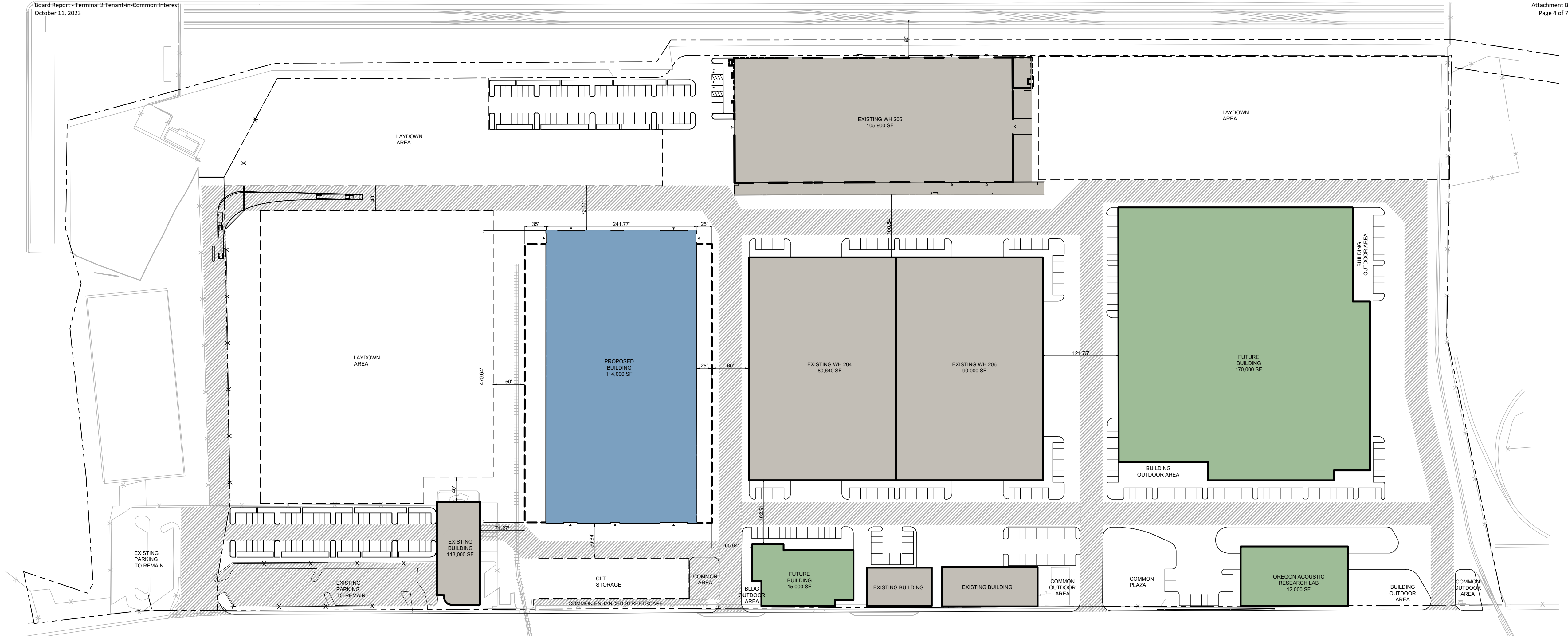
The Port has developed a long-term plan to transform Terminal 2 into an Innovation Campus focused on housing and mass timber.

Shared Prosperity



Investing in housing innovation will create new economic opportunities for more Oregonians.

- New, quality jobs throughout the housing ecosystem, in rural and urban areas
- Skills training and professional development opportunities for women, people of color, and people from low-income communities
- More access to affordable, sustainable housing options
- Opportunities for small businesses to be part of an emerging industry



Master Plan Elements

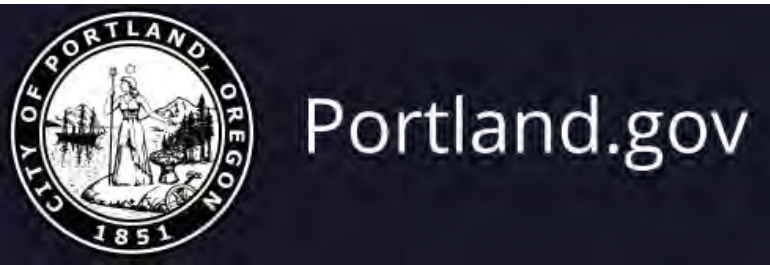
When complete, the 39-acre Innovation Campus will host

- Housing manufacturing facilities
- Mass timber research and development
- Incubator space for small-scale companies focused on innovation in housing, mass timber, and other climate initiatives.

The Port's Role

We own the land and buildings and are the master developer of the campus.

We will convene public and private partners who share our vision for housing innovation, mass timber industry expansion, and for creating more economic opportunity for Oregon families.



EDA Grant

The Oregon Mass Timber Coalition received a \$41.4 million Build Back Better Regional Challenge grant for demonstrating public/private partnerships and commitment to statewide impact.

- Port: \$10 million to kickstart campus transformation and infrastructure improvements
- Port: \$3 million to prepare a diverse workforce to fill new, high-quality jobs in forestry, construction and advanced manufacturing
- U of O: \$15 million to build an acoustics research laboratory at T2





Regional Training Cluster

New technologies require employees with new skills. In partnership with industry and workforce partners, we'll help workers in different sectors across the state get the skills needed to fill new, high-quality jobs in sustainable forestry, construction and advanced manufacturing.

To ensure a diverse workforce, the OMTC Equity Oversight Committee will guide outreach to workers in underrepresented communities.



ADDRESSING OREGON'S HOUSING CRISIS WITH MASS TIMBER

an Initiative of the Oregon Mass Timber Coalition

The Oregon Mass Timber Coalition is investing approximately \$41.4 million from the US Economic Development Administration to become a national leader in using mass timber to accelerate affordable housing production, provide good jobs, and restore forest health.

Oregon faces formidable threats from climate change and economic inequity. A worsening housing shortage hampers efforts in retain workers and employers. EDA funding supports a series of targeted investments along the full value chain, starting with working with forest-dependent rural communities to grow access to wood fiber.

Research and development projects by the University of Oregon and Oregon State University will lead the design and prototyping of new construction materials and products. Public testing facilities will certify that developed products meet fire and acoustic codes, paving the way for production and sale.

Infrastructure improvements at the Port of Portland will create a site suitable for private investment in a regional mass timber manufacturing facility to build housing at scale. The Oregon Dept. of Land Conservation and Development will ensure planning and development codes are primed to accommodate modular mass timber homes in rural and wildlife-impacted communities. EDA funds will also support workforce development investments with industry, workforce boards, and labor organizations to provide training in industries related to these new wood-based products.



**Oregon
Mass Timber
Coalition**



Contact Information

Marcus Kauffman
marcus.kauffman@odf.oregon.gov
541-580-7480



PROJECT DETAILS

The Oregon Mass Timber Coalition received funding for a suite of nine related investments to advance the mass timber economy.

Oregon Acoustic Research Lab (UO)

- \$14.6M to build a state of the art acoustic testing facility in Portland, OR.
- Lack of acoustic testing is a known barrier to affordable mass timber housing.

Oregon Fire Testing Facility (OSU)

- \$2.5M to build a mass timber fire testing facility in Corvallis, OR.
- Fire testing data will give practitioners confidence using mass timber.

Mass Timber Panel Prototyping (UO)

- \$2M to build prototypes of mass plywood panels for affordable housing.
- Prototypes will be "proof of concept" for builders and developers.

Prototyping & Testing Mass Timber Housing (OSU)

- \$1.2M to test and evaluate mass timber housing systems. Test data will be open source for the benefit of industry at large.

Advancing a Forest Restoration Supply Chain (ODF)

- \$3.2M to thin federal forests and provide small-diameter fiber to mass timber manufacturers.
- Develop robust track and trace program.

Mass Timber Regional

Training Cluster (Port of Portland)

- \$3.1M to support building a skilled and diverse workforce in forestry, construction and advance manufacturing.
- Partner with Worksystems Inc. and Portland Community College on delivery.

Smart Forestry: From Forest Restoration to Mass Timber (OSU)

- \$4.4M to advance technology and science-based solutions to source wood from forest restoration activities.
- Test new mass timber designs and manufacturing technologies.

Mass Timber Campus Infrastructure (Port of Portland)

- \$10M to develop Port of Portland's Terminal 2 into a regional mass timber manufacturing facility.
- Recruit a mass timber housing developer.

Mass Timber Development Code Update (DLCD)

- \$.5M to update development codes to accommodate modular mass timber housing.
- Provide technical assistance to 30 cities.



**Oregon
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Contact Information

Marcus Kauffman
marcus.kauffman@odf.oregon.gov
541-580-7480