



PROSPER
PORTLAND
Building an Equitable Economy

DATE: August 28, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-34
Approving a Grant Agreement with Business Oregon and Accepting Funds for Broadway Corridor and OMSI Infrastructure Improvements

BRIEF DESCRIPTION OF INFORMATION ITEM

Adopt Resolution No. 7549

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to enter into a grant agreement (Grant Agreement) with Business Oregon to accept \$6,000,000 in grant funds for the construction of infrastructure tied to housing production in the Broadway Corridor and \$6,000,000 in grant funds for the construction of infrastructure tied to housing production in the OMSI Master Plan area.

STRATEGIC ALIGNMENT AND OUTCOMES

This action aligns with the following Advance Portland objectives:

- Increase Mixed Income Housing in Subdistricts with a Lack of Residential Use and Imbalanced Mix of Uses
- Retain and Increase Commercial Activity and Support Small Businesses in the Central City
- Catalyze Public-Private Partnerships to Unlock Infill Development of Large Scale Mixed-Use, Mixed-Income Sites with High Transit Accessibility
- Activate Vacant Properties and Storefronts with Community-Serving Businesses; Attract New Commercial Development
- Address Housing Production Across a Continuum of Affordability

BACKGROUND AND CONTEXT

Broadway Corridor. The Grant Agreement will provide \$6,000,000 in funding for water and sewer infrastructure construction in NW Johnson Street (NW 9th Avenue to NW Station Way) within larger street improvements the Portland Bureau of Transportation (PBOT) is implementing in alignment with Broadway Corridor Master Plan. This scope of work is necessary to unlock development within the Broadway Corridor, including more than 200 new affordable housing units (from zero to 60 percent area median income) on Parcel 4A, led by the Portland Housing Bureau, as well as future market-rate residential development.

The Business Oregon Housing Infrastructure Grant was awarded to construct water and sewer infrastructure necessary to support housing production. Grant Agreement funds will be used to reimburse PBOT through Prosper Portland for the utility infrastructure necessary for development. Prosper Portland and PBOT have entered an Intergovernmental Agreement (Broadway Corridor IGA)

outlining the roles, responsibilities, and funding for the construction and provision of easements for the right-of-way. The total project cost is estimated to be \$23,300,000, with funding sources as follows:

- Business Oregon Grant: \$6,000,000
- Local System Development Charges: \$3,680,000
- Local Improvement District (LID): \$13,620,000

PBOT is in the process of soliciting bids and selecting a contractor for the project. Once construction costs are refined, PBOT will work with Prosper Portland to refine the funding strategy, including an amendment of the LID. At this time, the grant funds are anticipated to largely off-set cost increases but could potentially result in decreased LID financing.

Prosper Portland currently owns the 14-acre former post office site in Portland's Central City and is working to implement the Broadway Corridor Master Plan to redevelop the site with the potential to create nearly four million square feet of new economic, business, social, and community development opportunities.

In alignment with the Master Plan and Inter-governmental Agreement, PBOT will lead the construction of the street and utility infrastructure and Prosper Portland will be providing right-of-way easements to PBOT for the construction and on-going operation and maintenance of the street and utility infrastructure.

The project includes the construction of the following streets and intersections:

- NW Johnson Street from NW 9th Avenue to NW Broadway / Station Way; a new street
- NW Kearny Street from NW 9th Avenue to NW Broadway / Station Way; a new street
- The western half of NW Park Avenue from NW Irving Street to NW Johnson Street (temporary asphalt sidewalk); a new street.

In alignment with the goals of the grant funding, constructing new streets and public utilities is necessary to unlock the first phases of development, which is anticipated to include a mix of affordable and market rate development:

1. The Portland Housing Bureau (PHB) owns Parcel 4 and has issued a Request for Proposals to seek a developer for the northern half block. The project is anticipated to include 200-230 units of affordable to residents earning up to 60 percent area median income.
2. Prosper Portland is working with Related Inc/Melvin Mark under an Exclusive Negotiation Agreement for the remaining parcels. Portland's Inclusionary Housing Policy requires that 10% of these units are affordable at 60 percent AMI.

OMSI. The Oregon Museum of Science and Industry is a leading educational institution dedicated to inspiring curiosity and fostering learning through interactive science, technology, engineering, and math exhibits and programs, serving the Portland region since 1949.

The City of Portland's (City's) Central City 2035 Plan identified the OMSI Station Area (OMSI District) within the Central Eastside district as a large potential redevelopment site subject to a Central City Master Plan review process to identify future development requirements, locations of uses, plans for meeting infrastructure capacity and the location of open spaces and right-of-way to connect to the larger surrounding area.

On February 16, 2023, in Case Number LU-21-115214, the City's Design Commission approved the OMSI Central City Master Plan to guide future development within the OMSI District. The City, Prosper Portland, and OMSI recognize the potential for significant community and economic benefits through collaboration on projects that align with their shared mission of enhancing the cultural and educational landscape of Portland.

The Prosper Portland Board will be asked to approve an IGA between Prosper Portland and PBOT (OMSI IGA) describing the roles, responsibilities, and funding sources for the construction of necessary street infrastructure improvements and associated water and sewer infrastructure.

The total project cost is estimated at \$30,000,000 from the following funding sources:

- Business Oregon Grant: \$6,000,000
- State Lottery Funds: \$5,000,000
- Tax Increment Financing: \$10,900,000
- Transportation System Development Charges: \$500,000
- Additional sources are still being pursued for the project.

EQUITY IMPACT

The Grant Agreement will offset construction costs, as well as financing costs, which would otherwise ultimately be borne by future residents. Additionally, the unlocked development opportunities will be able to accommodate significant population growth in a high-density, energy efficient, mixed-income development with improved access to transportation and green spaces, thereby reducing greenhouse gas emissions and displacement pressures on adjacent neighborhoods. The grant funds and their associated IGAs will be subject to the City of Portland’s Construction Diversity Inclusion Policy and the Regional Workforce Equity Agreement.

COMMUNITY PARTICIPATION AND FEEDBACK

Staff did not conduct public outreach related to this action. That said, the Broadway Corridor Master Plan was informed by robust community outreach throughout the plan development process, which engaged more than 1,000 people through a steering committee, public forums, in-person open houses, online open houses, focus groups, and round table discussions. While the Broadway Corridor Community Benefits Agreement has not been executed, Prosper Portland is honoring the spirit of the negotiated term sheet. As such, the construction project will be overseen by the Broadway Corridor Labor Management Community Oversight Committee (LMCOC) to help ensure business and workforce equity performance goals are met.

Staff also did not conduct public outreach for Grant Agreement related to the OMSI project. OMSI has managed the overall engagement for the development of the OMSI CCMP with key stakeholders including those in the broader Central Eastside District and within its own organizational community. Prosper Portland has shared project information with the Central Eastside Industrial Council and its Land Use Committee and noted that it would be working with OMSI and other partners to secure funding for the project.

BUDGET AND FINANCIAL INFORMATION

The Grant Agreement are not currently included in the FY 2024-25 Adopted Budget. It has been determined based on the flow of funds that the Grants should be included in Prosper Portland’s budget to account for the receipt of Grant proceeds in the Other Federal and State Grants Fund Budget with a corresponding expenditure representing reimbursement to PBOT for eligible expenditures. The budget adjustment to include this change is being recommended in the FY 2024-25 Revised 1 Budget (Item 24-40) on the August 28, 2024, agenda.

Staff are still determining how to receive the Grant Agreement funds. If disbursement to PBOT is required before the grant funds are received, staff will seek future Prosper Portland Board action to amend the FY 2024-35 Short-Term Interfund Loan authorization to provide adequate cash flow to facilitate the disbursement until reimbursement is received.

RISK ASSESSMENT

There are few risks to this action, as Business Oregon has committed to allocating the Grant funds to Prosper Portland, which in turn is partnering with the City of Portland to administer the Grant funding.

ATTACHMENTS

None.