



PROSPER
PORTLAND
Building an Equitable Economy

DATE: June 14, 2017
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 17-25
Update on Centennial Mills

BOARD ACTION REQUESTED

No action is requested; information only.

SUMMARY

At the June 14, 2017 Prosper Portland Board of Commissioners (Board) meeting, staff will provide an update on the status of the Centennial Mills redevelopment project (Project), a Prosper Portland-owned property located on NW Naito Parkway in the River District Urban Renewal Area (see Attachment A). Staff will provide the Prosper Portland Board with a summary of the outcome of the March 22, 2017 Portland City Council meeting and of follow-up research and outreach completed to date. Staff will also present next steps for identifying a qualified developer for the Project and a timeline for its disposition.

BACKGROUND AND CONTEXT

In order to obtain clarity regarding the return of the City of Portland (City) Police Bureau's Mounted Patrol Unit (MPU) to the site, staff presented two redevelopment options to Portland City Council on March 22, 2017, along with a recommendation for full site redevelopment concept (see Attachment B). City Council subsequently adopted Resolution No. 37275, directing Prosper Portland to pursue full site redevelopment. In addition, City Council asked staff to work with the Portland Housing Bureau (PHB) to explore the possibility of maximizing affordable housing on the site.

Staff from both agencies investigated the feasibility of increasing the amount of 60 percent median family income (MFI) restricted units on the site from ten percent (the Inclusionary Housing code requirement) to 35 percent of total units. The associated financial model showed that a minimum public subsidy of \$104,000 per unit would be required from PHB in order to enable development of additional affordable units. Currently, PHB has no available funds within the River District URA to commit to this concept and would require City Council approval to reallocate funds from other affordable housing projects in the district. Prosper Portland staff has relayed this information back to City Council, as directed by Resolution No. 37275. PHB staff does not anticipate requesting any reallocation of funds within the River District URA budget to the Project.

Jobs, Prosperity, Partnerships, and Neighborhoods

Programming within the full site redevelopment concept could include up to 20,000 square feet of creative office space, with 17,000 square feet of ground floor retail/commercial, all of which could

support more than 100 family-wage and accessible jobs. Prosper Portland is committed to working with future business tenants in maximizing inclusive opportunities for diverse and underrepresented populations. In accordance with City inclusionary housing requirements, one in ten residential units will be set aside for households making less than 60 percent MFI for the Portland region.

The State Historic Preservation Office will require a future developer to design, construct, and locate no fewer than five interpretive displays on and around the site. These displays will provide the public with information about the history of the Centennial Mills site, artifacts salvaged from the mills, and the wider impact of river-dependent trade throughout the Willamette River valley. Design feedback will be coordinated with Restore Oregon and the Historic Landmarks Commission. Finally, extension of the Willamette River Greenway and provision of a public access easement through the site will further advance the waterfront as a major regional amenity, available and accessible to all Portlanders.

Disposition Process and Stakeholder Engagement

Staff intends to solicit a buyer/developer of the site in early summer, returning to the Prosper Portland Board in fall 2017 for approval of the terms of sale. In order to provide an avenue for stakeholder feedback regarding the selection of a development partner, staff will assemble a Selection Advisory Committee to provide its recommendation to Prosper Portland staff. Committee members will be recruited from community groups, technical experts, and public partners. The selected developer will be expected to address the 2006 Centennial Mills Framework Plan as part of their development proposal.

River District URA Budget

The total Project budget from fiscal year (FY) 2014-15 through FY 2016-17 is \$20,000,000 (see Attachment C). Current hard and soft cost demolition actuals total \$13,728,819. Staff anticipates future expenses of approximately \$880,815 to complete site preparations for final disposition. Future expenses include ongoing maintenance and site security, Tanner Creek remediation, contaminated soils export, and other permit closeout expenses. Any final unspent project funds are anticipated to be reallocated to other RDURA priority projects.

ATTACHMENTS

- A. Property Aerial
- B. Full Site Redevelopment Concept
- C. FY 2016-17 River District URA Adopted Budget

Property Aerial



Full Site Redevelopment Concept



River District URA Fiscal Year 2016/17 Budget

**Financial Summary
Five-Year Forecast**

<u>River District URA Fund</u>	<u>Revised FY 2016-17</u>	<u>Approved FY 2017-18</u>	<u>Forecast FY 2018-19</u>	<u>Forecast FY 2019-20</u>	<u>Forecast FY 2020-21</u>	<u>Forecast FY 2021-22</u>
Resources						
Beginning Fund Balance	72,512,435	11,930,517	15,808,531	21,867,808	20,324,817	14,281,899
Revenue						
Fees and Charges	7,579	7,812	6,002	3,380	3,578	3,616
Grants - Federal except HCD	1,280,000	640,000	-	-	-	-
Interest on Investments	693,293	493,293	493,293	225,963	225,963	225,963
Loan Collections	560,476	976,573	750,288	422,454	447,308	451,938
TIF - Short Term Debt	24,975,000	24,975,000	24,975,000	14,298,103	-	-
TIF - Long Term Debt	17,000,000	3,500,000	-	8,000,000	3,832,216	-
Other Debt	17,981,785	-	9,500,000	-	-	-
Property Sales	7,400,028	4,500,000	-	-	-	-
Rent and Property Income	2,197,899	2,233,524	2,222,124	2,187,924	2,187,924	2,187,924
Reimbursements	100,000	138,000	138,000	100,000	100,000	100,000
Transfers In	493,293	-	-	39,900,000	-	-
Total Revenue	72,669,153	37,462,202	38,082,707	65,137,824	6,796,989	2,969,441
Total Resources	145,181,588	49,392,719	53,691,238	87,005,432	27,121,806	17,251,340
Requirements						
Administration						
A00025-Debt Management-RVD	437,808	686,014	1,266,919	35,178,202	65,000	-
Administration Total	437,808	686,014	1,266,919	35,178,202	65,000	-
Economic Development						
Traded Sector						
A00056-Cluster Development-RVD	35,000	50,000	50,000	-	-	-
Community Economic Development						
A00084-OT/CT Action Plan-RVD	65,000	65,000	65,000	-	-	-
Business Lending						
A00204-BL -General-RVD	15,000	-	-	-	-	-
Economic Development Total	115,000	115,000	115,000	-	-	-
Housing						
A00166-Affordable Housing-RVD	15,999,306	11,234,987	6,805,180	-	5,500,000	-
Housing Total	15,999,306	11,234,987	6,805,180	-	5,500,000	-
Infrastructure						
Public Facilities						
A00233-Union Station Grant-RVD	1,600,000	800,000	-	3,500,000	-	-
Infrastructure Total	1,600,000	800,000	-	3,500,000	-	-
Property Redevelopment						
Real Estate						
A00278-4th and Burnside-RVD	47,000	11,000	-	-	-	-
A00285-Block Y-RVD	45,100	25,249	25,249	25,249	25,249	25,249
A00288-Union Station-RVD	892,971	922,707	922,707	922,707	922,707	922,707
A00288-Centennial Mills-RVD	10,246,753	33,024	33,024	33,024	33,024	33,024
A00289-Station Place Lot 5-RVD	904,000	-	-	-	-	-
A00290-Station Place Prkng-RVD	263,356	253,444	253,444	253,444	253,444	253,444
A00291-Block R-RVD	9,800	9,800	9,800	9,800	9,800	9,800
A00292-One Waterfront North-RVD	7,400	8,200	-	-	-	-
A00293-Old Fire Station Mgmt-RVD	218,000	418,000	18,000	18,000	18,000	18,000
A00295-Real Estate Mgmt-RVD	13,250	-	-	-	-	-
Redevelopment Strategy						
A00276-Post Office-RVD	20,000	-	-	20,795,580	-	-
A00277-Dtwn Retail Strat-RVD	30,000	-	-	-	-	-
A00279-Broadway Corridor-RVD	590,000	400,000	-	-	-	-
A00280-10th & Yamhill Redev-RVD	5,000,000	22,500	45,000	45,000	45,000	45,000
A00284-Multnomah County-RVD	16,948,480	-	9,500,000	-	-	-
A00517-OT/CT Investment & Parking-RVD	3,002,000	13,002,000	7,062,604	-	-	-
Redevelopment Grants						
A00390-CLG-General-RVD	311,219	100,000	100,000	100,000	100,000	-
A00134-DOS-General-RVD	24,000	-	-	-	-	-
A00141-SIP-General-RVD	106,266	-	-	-	-	-
A00148-GFGP-General-RVD	45,201	-	-	-	-	-
A00497-Prosperity Investment Program (PIP) Grant-RVD	450,000	450,000	450,000	450,000	450,000	450,000
Property Redevelopment Total	39,174,776	15,656,924	18,419,828	22,652,804	1,857,224	1,757,224
Total Program Expenditures	57,326,690	28,491,925	26,606,927	61,331,006	7,422,224	1,757,224

**Financial Summary
 Five-Year Forecast**

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Personnel Services	630,035	703,112	598,032	617,888	627,079	636,056
Total Fund Expenditures	57,956,725	29,195,037	27,204,959	61,948,894	8,049,303	2,393,280
Interfund Transfers - Indirect Charges	4,694,346	4,589,152	4,618,670	4,731,721	4,790,604	4,875,672
Interfund Transfers - Cash Transfers	70,600,000	-	-	-	-	-
Contingency	11,930,517	15,608,531	21,867,608	20,324,817	14,281,899	9,982,387
Total Fund Requirements	145,181,588	49,392,719	53,691,238	87,005,432	27,121,806	17,251,340