



DATE: October 10, 2018
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 18-40
Update on Broadway Corridor Master Planning, Interim Use, and Site Demolition

BRIEF DESCRIPTION OF INFORMATION ITEM

At the October 10, 2018 Prosper Portland Board of Commissioners (Board) meeting, staff will provide an update on the status of the Broadway Corridor project, including:

- Development planning, including preliminary concepts and financial analysis;
- Steering Committee and community engagement;
- Community Benefits Agreement priorities and process;
- Anchor employer recruitment strategy; and
- Holding costs, demolition planning, and interim use

The 32-acre Broadway Corridor study area (Study Area) is located in the River District Urban Renewal Area (URA) and is generally bounded by NW Glisan Street, NW Lovejoy, NW 9th Avenue, and NW 5th Avenue. The Study Area encompasses several Prosper Portland-owned properties including the 14-acre United States Postal Service (USPS) Property, Union Station, Block Y, and Block R (see Attachment A).

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Redevelopment of the Broadway Corridor represents one of Prosper Portland's most significant opportunities for advancing the goals of the agency's Strategic Plan. The project's vision statement, guiding principles, and goals identified by the Steering Committee reflect the priorities of:

- Creating a healthy, vibrant and complete neighborhood serving a diverse mixed-income population;
- Providing access to high quality employment and career pathways through partnerships with large anchor employers as well as small and mid-size businesses;
- Fostering wealth creation and shared prosperity, particularly for people of color, through affordable commercial space, workforce training, and contracting opportunities during construction and ongoing operations; and
- Leveraging partnerships through collaboration with the Portland Housing Bureau (PHB), engagement of the project's Public Partners Technical Team, coordination with potential philanthropic partners, and robust community engagement.

BACKGROUND AND CONTEXT

The Broadway Corridor, and particularly the USPS Property, has been identified as a key opportunity site for high-density employment, mixed-income housing, and signature city attractions and amenities through multiple Portland City Council adopted land use and development plans. The USPS Property offers the potential to create nearly four million square feet of new economic, business, social, and community development opportunities. On February 10, 2016 through Resolution No 7171, the Prosper Portland Board authorized acquisition of the USPS Property in partnership with PHB; Prosper Portland closed on the transaction in September 2016.

On April 11, 2018, the Prosper Portland Board authorized 1) a professional services contract with Zimmer Gunsul Frasca Architects (ZGF) for the purpose of completing a development plan for the Broadway Corridor (Development Plan), including a Master Plan for the USPS Property; and 2) the selection of Continuum Partners (Continuum) as the developer advisor for the Development Plan and preferred developer partner for the USPS Property.

These two actions by the Prosper Portland Board marked significant milestones in advancing the redevelopment of the Broadway Corridor, and allowed work to begin on the preparation of a Development Plan. At the October 10, 2018 Prosper Portland Board meeting, staff will provide an update on activities underway, including:

- **Development Planning & Master Plan:** Staff, in partnership with ZGF, kicked-off development planning activities in June 2018. A robust engagement strategy has continued with this phase of work, including monthly meetings of the project's Steering Committee and Public Partners Technical Team, two public open houses and online forums, a focus group with low-income residents in the immediate vicinity of the USPS Property, and multiple one-on-one stakeholder interviews. ZGF and their subconsultant, Project for Public Spaces, led an initial visioning phase to inform the placemaking vision for the Broadway Corridor, with an emphasis on uses within the public realm. This work also informed the development of three preliminary concept alternatives, which were presented for feedback in multiple forums in late September and early October. Input provided by the Steering Committee, Public Partners Technical Team, Design Commission, Continuum, and the general public via open houses, online forums, and community pop-ups will inform the refinement of the concepts over the next two months.

The development planning phase is anticipated to conclude in Summer 2019. ZGF's final deliverables will include a Development Plan for Broadway Corridor, as well as a Master Plan for the USPS Property as required by the Central City 2035 Plan. The Master Plan is subject to a Type III Land Use Review approval by Design Commission. The development planning work is also being closely coordinated with PHB to inform the delivery of the affordable housing commitments for the project.

- **Steering Committee and Community Engagement:** The Steering Committee will continue to advise on the Development Plan and the community benefit priorities that will inform Prosper Portland's position going into negotiation of various project related agreements. Community engagement activities related to the development planning process detailed above will continue until a preferred concept is refined in Spring 2019. Additional focus groups will be conducted with target population groups to ensure our work is informed by perspectives of communities of color, displaced residents, and people with disabilities.
- **Community Benefits Agreement:** Community benefit priorities will be surfaced in the Steering Committee and will inform Prosper Portland's negotiating position for community benefits. Negotiations, which will occur after a preferred development concept is selected and after the Steering Committee process ends, will focus on more specific components of the project related

to racial and economic equity. Groups will not be excluded from being a part of negotiations though they will require a different level of commitment from parties at the table.

- **Anchor Employer Recruitment:** Redevelopment of the USPS Property is intended to include a major employment center for 2,000-3,000 traded sector jobs. In order to achieve this outcome, Prosper Portland is in the early stages of formulating an anchor tenant recruitment strategy with input from Greater Portland, Inc., Business Oregon, Jones Lang LaSalle, and Continuum. While redevelopment is still a few years away, early efforts will help lay the groundwork that will ultimately shape the type and size of companies which will form the traded sector employment base of the Broadway Corridor. Important near-term discussions include the impact and synergies with community benefit commitments, availability of recruitment resources, the possibility to include pilot technology projects, and urban design and land use considerations that support employment uses.
- **Holding Costs, Demolition Planning & Interim Use:** USPS has transitioned all processing and distribution functions to their new Colwood site as of June 2018. They are working to remove any remaining equipment and anticipate fully vacating the site by the end of the year, except for the retail component. Prosper Portland is responsible for retaining and replacing the retail function within the nearby vicinity. A site search is underway, including interim temporary locations and relocation within the new development of the USPS site. Demolition of the existing buildings is targeted for mid-2022 in order for construction to commence and to minimize holding costs. Prosper Portland is also refining property management expenses and security needs in anticipation of assuming responsibility for the property at the end of the year. The potential interim use of a portion of the site to support short-term shelter uses is also under consideration.
- **Financial Analysis:** Throughout the development planning work, staff is mindful of the need for an iterative process to reconcile community benefit priorities, the placemaking vision and development concepts, and the financial viability of the project. Staff will provide a high-level overview of financial considerations for the project and associated next steps. The River District URA budget is included as Attachment B for reference.

EQUITY IMPACT

Prosper Portland is pursuing planning and redevelopment of the Broadway Corridor with an intentional focus on ensuring all communities have an opportunity to engage in and benefit from its redevelopment. This project approach has been informed by a Racial Equity Impact Assessment, which included an internal audit of past projects and identified ways to interrupt the status quo to lead to more equitable outcomes.

The Steering Committee is comprised of 41 community members who are demographically diverse and represent a broad range of geographic and subject matter expertise and interests. The Steering Committee has met monthly since May 2017, informing the project goals and priorities included in the developer solicitation, the preliminary placemaking vision and concepts, and priorities for a future Community Benefits Agreement.

Lara Media has prepared and is helping to implement a strategic communication strategy with the goal of 1) creating project awareness, particularly by those who are traditionally disengaged; and 2) authentically engaging this target audience to empower them to share their opinions and actively participate, thereby maximizing the project's community benefit potential.

The Broadway Corridor project team, including staff, consultants, the Steering Committee and Continuum, are committed to promoting social equity by reducing disparities, extending community

benefits, building affordable housing and improving socio-economic opportunities for underserved and underrepresented people. The project team is also committed to true and authentic community engagement, intentionally involving underserved and underrepresented communities in the decision-making process, design and build-out of the project.

ATTACHMENTS

- A. Broadway Corridor Study Area
- B. River District URA Financial Summary

Broadway Corridor Study Area



River District URA Financial Summary

**Financial Summary
 Five-Year Forecast**

<u>River District URA Fund</u>	<u>Revised 2 FY 2017-18</u>	<u>Adopted FY 2018-19</u>	<u>Forecast FY 2019-20</u>	<u>Forecast FY 2020-21</u>	<u>Forecast FY 2021-22</u>	<u>Forecast FY 2022-23</u>
Resources						
Beginning Fund Balance	32,879,165	49,186,022	43,626,945	18,609,719	9,623,556	2,483,863
Revenue						
Fees and Charges	89,812	6,002	3,380	3,578	3,616	2,110
Grants - Federal except HCD	1,458,266	-	-	-	-	-
Interest on Investments	862,006	562,174	427,014	327,014	227,014	227,014
Loan Collections	623,137	436,981	452,629	479,258	484,220	505,802
TIF - Short Term Debt	31,968,000	27,972,000	12,987,000	11,140,985	-	-
Other Debt	0	11,700,000	-	-	-	-
Rent and Property Income	2,290,790	2,285,190	2,245,190	2,245,190	2,245,190	2,466,015
Reimbursements	226,000	136,000	100,000	100,000	100,000	-
Transfers In	0	-	39,900,000	-	-	-
Total Revenue	37,518,011	43,098,347	56,115,213	14,296,026	3,060,040	3,200,942
Total Resources	70,397,176	92,284,369	99,742,158	32,905,745	12,683,596	5,684,804
Requirements						
Administration						
A00025-Debt Management-RVD	639,372	1,033,098	36,523,319	33,098	33,098	33,098
Administration Total	639,372	1,033,098	36,523,319	33,098	33,098	33,098
Traded Sector						
A00110-Business Development-RVD	50,000	50,000	-	-	-	-
Community Economic Development						
A00084-OT/CT Action Plan-RVD	65,000	65,000	-	-	-	-
Economic Development Total	115,000	115,000	-	-	-	-
Housing						
A00166-Affordable Housing-RVD	4,908,956	7,949,097	6,333,710	5,642,199	2,101,855	-
Housing Total	4,908,956	7,949,097	6,333,710	5,642,199	2,101,855	-
Infrastructure						
Public Facilities						
A00483-Union Station Grant-RVD	2,122,833	200,000	-	-	-	-
Infrastructure Total	2,122,833	200,000	-	-	-	-
Property Redevelopment						
Real Estate						
A00278-4th and Burnside-RVD	18,800	10,000	10,000	10,000	10,000	10,000
A00285-Block Y-RVD	49,045	59,049	59,049	59,049	59,049	69,390
A00286-Union Station-RVD	1,232,334	1,187,792	1,179,930	1,172,854	1,166,486	1,268,268
A00288-Centennial Mills-RVD	104,834	308,657	48,239	48,239	48,239	48,239
A00289-Station Place Lot 5-RVD	655,000	-	-	-	-	-
A00290-Station Place Prkng-RVD	563,527	410,694	405,818	401,430	397,480	337,752
A00291-Block R-RVD	164,800	86,510	11,510	11,510	11,510	1,710
A00292-One Waterfront North-RVD	10,200	8,200	8,200	8,200	8,200	8,200
A00293-Old Fire Station Mgmt-RVD	772,466	367,771	89,594	97,771	97,771	81,771
A00295-Real Estate Mgmt-RVD	0	-	-	-	-	10,250
A00558-RD Small Lots - 9th & Naito-RVD	0	3,000	3,000	3,000	3,000	3,000
Redevelopment Strategy						
A00276-Post Office-RVD	194,034	7,970,000	14,385,000	9,885,000	385,000	385,000
A00279-Broadway Corridor-RVD	728,438	2,095,000	570,000	-	-	-
A00280-10th & Yamhill Redev-RVD	2,000,000	3,000,000	-	-	-	-
A00284-Multnomah County-RVD	0	9,500,000	-	-	-	-
A00517-OT/CT Investment & Parking-RVD	1,000,000	7,000,000	15,675,882	-	-	-
Redevelopment Grants						
A00390-CLG-General-RVD	260,000	100,000	100,000	100,000	-	-
A00497-Prosperity Investment Program (PIP) Grant-RVD	290,000	450,000	450,000	450,000	450,000	-
Property Redevelopment Total	8,043,478	32,556,674	32,996,222	12,247,053	2,636,735	2,223,581
Total Program Expenditures	15,829,639	41,853,869	75,853,251	17,922,350	4,771,688	2,256,679
Personnel Services	792,363	1,058,843	615,487	627,111	636,485	645,647
Total Fund Expenditures	16,622,002	42,912,711	76,468,738	18,549,461	5,408,173	2,902,326
Interfund Transfers - Indirect Charges	4,589,152	5,744,713	4,663,701	4,732,728	4,791,560	2,541,412
Contingency	49,186,022	43,626,945	18,609,719	9,623,556	2,483,863	241,067
Total Fund Requirements	70,397,176	92,284,369	99,742,158	32,905,745	12,683,596	5,684,804