



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** November 9, 2022  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 22-33  
Update on Efforts to Further Redevelopment of the former United States Postal Service Property located at 715 NW Hoyt Street

#### **BRIEF DESCRIPTION OF INFORMATION ITEM**

No action is requested; information only. At the November 9, 2022, Prosper Portland Board of Commissioners (Board) meeting, staff will provide an update on redevelopment efforts on the 13.4-acre site purchased by Prosper Portland and Portland Housing Bureau (PHB) from the United States Postal Service, located at 715 NW Hoyt Street (Broadway Corridor); see a Project Aerial in Attachment A.

#### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

The planning for and redevelopment of Broadway Corridor represents one of Prosper Portland's most significant opportunities for advancing the goals of the agency's Strategic Plan. The location and size of Broadway Corridor represents a unique opportunity to realize Prosper Portland's vision for an equitable economy by advancing prosperity, creating a vibrant neighborhood, and supporting living wage jobs on an unprecedented scale. Broadway Corridor's vision statement, guiding principles, and goals identified by the Broadway Corridor 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 PHB, the City of Portland (City) infrastructure bureaus, and robust community engagement.

#### **BACKGROUND AND CONTEXT**

In 2016, Prosper Portland, in partnership with PHB, acquired the 13.4-acre property located at 715 NW Hoyt Street in Portland's Central City (Property) from the United States Postal Service. The acquisition and redevelopment of the Property, as called for in the Central City 2035 Plan, offers a unique opportunity for Prosper Portland and the City to meet growth requirements – including private development, affordable housing, economic development, transportation, and open space goals – on a large, contiguous property in the middle of downtown and adjacent to one of Portland's regional transit hubs.

At the November 9, 2022, Prosper Board meeting, staff will provide an update on the progress made to support redevelopment of the Property. Key activities include:

- **USPS Master Plan (complete):** Prosper Portland kicked-off development planning activities for the Broadway Corridor, including a Master Plan for the USPS Property, in June 2018. Following extensive engagement of community stakeholders and technical advisors, the Master Plan was approved by Portland Design Commission on August 20, 2020, and sets forth the public infrastructure and open space requirements, and establishes density and ground floor use expectations of private development. The development planning work is also being closely coordinated with PHB to inform the delivery of the affordable housing commitments for the project.
- **Site Preparation (underway):** Over the past two years, Prosper Portland has completed demolition of a Vehicle Maintenance Facility and remediation of adjacent hot spot spoils, located on the northern boundary of the Property. Additionally, the USPS retail functions were relocated to a new interim location in the ground floor of the parking structure located at the southern boundary of the site, thereby vacating the main Processing & Distribution Center (P&DC) to allow for demolition of the facility. Two additional site preparation scopes of work are currently underway, and will conclude the first phase of site preparation work necessary to unlock development of a significant portion of the site:
  - Sitework: This scope of work, currently underway by Northwest Infrastructure (NWI), includes demolition of the electrical transformer building (ETB); adjacent hot spot soil remediation; and construction of new driveway access for USPS delivery trucks and cars utilizing the existing parking garage. The project requires strategies to limit disruption to USPS delivery trucks during soil remediation and demolition, as well as coordination with the Oregon Department of Environmental Quality to ensure compliance with a Consent Judgment dated May 25, 2016, which contains various procedural and substantive requirements for the undertaking of remediation activities on the site. The site work commenced in August 2022 and is anticipated to be completed by mid-December 2022.
  - Demolition: This scope of work, currently underway by Northwest Demolition and Dismantling/Raimore Construction (NWDD/Raimore) is primarily comprised of abating hazardous building material, demolishing the P&DC, and backfilling and re-grading the site. The P&DC occupies most of the eastern half of the Property. Containing approximately 400,000 square feet of building floor area, the P&DC is a three/four-story reinforced concrete building that primarily contained postal processing and distribution facilities, with approximately 240,000 square feet of office space. A tunnel network also exists at the below-grade basement level of the facility. Due to the P&DC's proximity to the existing parking structure (including the Interim Post Office) and the Broadway Bridge, the engineering and demolition of the P&DC will need to be carefully coordinated to ensure safety and minimize disturbances to adjacent operations.

Prosper Portland and Portland Parks and Recreation (PPR) have also identified a mutually beneficial opportunity to address a portion of PPR's open space site preparation work during the demolition. This scope of work includes backfilling the portion of the future open space to be located within the footprint of the existing USPS building to specifications provided by PPR to meet future clean zone requirements. This partnership is believed to provide cost savings to PPR and reduce risk of unknown site conditions in the future. The incremental cost of this work, above the scope of work to be funded by Prosper, will be reimbursed by PPR.

The abatement and demolition commenced in late August 2022 and is anticipated to be completed by November 2023.

Both projects are also subject to certain labor-related requirements further described in the Equity Impact section below. Currently NWI is anticipated to contract 89 percent of the hard construction value to State of Oregon Certified Firms (74 percent Minority-owned Business Enterprise/15 percent Woman-owned Business Enterprise); and NWDD/Raimore is anticipated to contract 95 percent to State of Oregon Certified Firms (94 percent Minority-owned Business Enterprise/one percent Woman-owned Business Enterprise). Monthly reporting on the Business Equity and Workforce Equity goals is made available on the Broadway Corridor website ([www.broadwaycorridorpx.com](http://www.broadwaycorridorpx.com)) and provided to a Labor Management Community Oversight Committee overseeing the projects.

- **City Infrastructure (underway; utility and NW Johnson/Kearney street portion estimated to complete late 2025):** Three Intergovernmental Agreements (IGAs) governing the design and construction of new streets, open space, and utility infrastructure were approved by City Council on June 1, 2022. The IGAs are consistent with the Master Plan, the City Council approved funding and financing plan (September 23, 2020), and the formation of a Local Improvement District (October 21, 2020). City partners are progressing work on the public infrastructure projects:
  - **Streets:** The Portland Bureau of Transportation is progressing the street design work for extensions of NW Kearney and NW Johnson streets through the Property, and construction can commence once demolition of the P&DC is substantially complete. This first phase of street infrastructure is necessary to support development of a significant portion of the Property and is estimated to be complete by late 2025.
  - **Utilities:** The Bureau of Environmental Services, in partnership with the Portland Water Bureau, is progressing design work for off-site utility infrastructure necessary to serve the district. Construction is anticipated to start in Spring 2023 and complete by Spring 2025.
  - **Open Space:** PPR is issuing a Request for Proposals for a design team for the conceptual design of the open space within the Property and the design and construction management of the park to the south of the Property and adjacent to the Pacific Northwest College of Art. This work will further inform the Green Loop configuration within the Property, and is anticipated to be completed by Summer 2024.
- **Affordable Housing (underway):** PHB has Metro Housing Bond funding resources available and reserved for Phase 1 affordable housing development, which would follow NW Johnson and Kearney Street construction completion in 2025. Prosper Portland is working with PHB on the terms of PHB's ownership of development rights on a portion of the site as well as the partnership and private development obligations necessary to deliver on a commitment of 720 affordable housing units within the future development. A final IGA is anticipated to be presented to the Prosper Portland Board and City Council in Spring 2023.
- **Private Vertical Development (pending):** Prosper Portland is in negotiations of a predevelopment partnership with Related Inc for the development of the portion of the property controlled by Prosper Portland (i.e., excluding PHB's affordable housing development). Related Inc participated in the initial developer solicitation process and was deemed the runner-up to Continuum Partners at the time.

### **EQUITY IMPACT**

Prosper Portland is committed to ensuring the agency's owned and sponsored projects provide opportunities for State of Oregon Certified firms (Minority-Owned, Women-Owned, Disadvantaged, and Emerging Small Businesses, or M/W/D/ESBs) and ensuring City of Portland led projects on the site perform commensurately.

Prosper Portland has established a 22 percent utilization goal for the Sitework and Demolition hard construction costs. Additionally, through Resolution No. 7390, on August 12, 2020, the Prosper Portland Board authorized the terms of a Community Benefits Agreement with the Healthy Communities Coalition (Healthy Communities Coalition CBA). While the Healthy Communities Coalition CBA was not finalized or signed due to the departure of Continuum Partners as the developer of the Property, Prosper Portland has maintained a commitment to the spirit of the negotiations for those terms relating to Prosper Portland-constructed or City of Portland-constructed infrastructure and site work. As such, these projects will provide a wide variety of community benefits, including without limitation:

- (i) contribution of amount equal to one percent of the aggregated hard costs of the Sitework and Demolition projects (capped at \$200,000), to Prosper Portland's Construction Equity Fund;
- (ii) labor-related benefits generally consistent with the City's template Community Benefits Agreement adopted through City Council Resolution No. 37328, adopted November 8, 2017, with certain negotiated modifications for the Prosper Portland contracted work and the subsequent Regional Workforce Equity Agreement for the City contracted work; and
- (iii) adoption of a 15 percent local hiring goal for the Prosper Portland contracted work.

Prosper Portland staffs a standing single Labor Management Community Oversight Committee which meets monthly to review performance on Prosper Portland-constructed and City-constructed projects. Prosper Portland anticipates revisiting the negotiation of a Community Benefits Agreement applicable to the private development once developer(s) are engaged in negotiations of a Disposition and Development Agreement.

### **ATTACHMENTS**

- A. Project Aerial

**Project Aerial**

