



PROSPER
PORTLAND
Building an Equitable Economy

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.

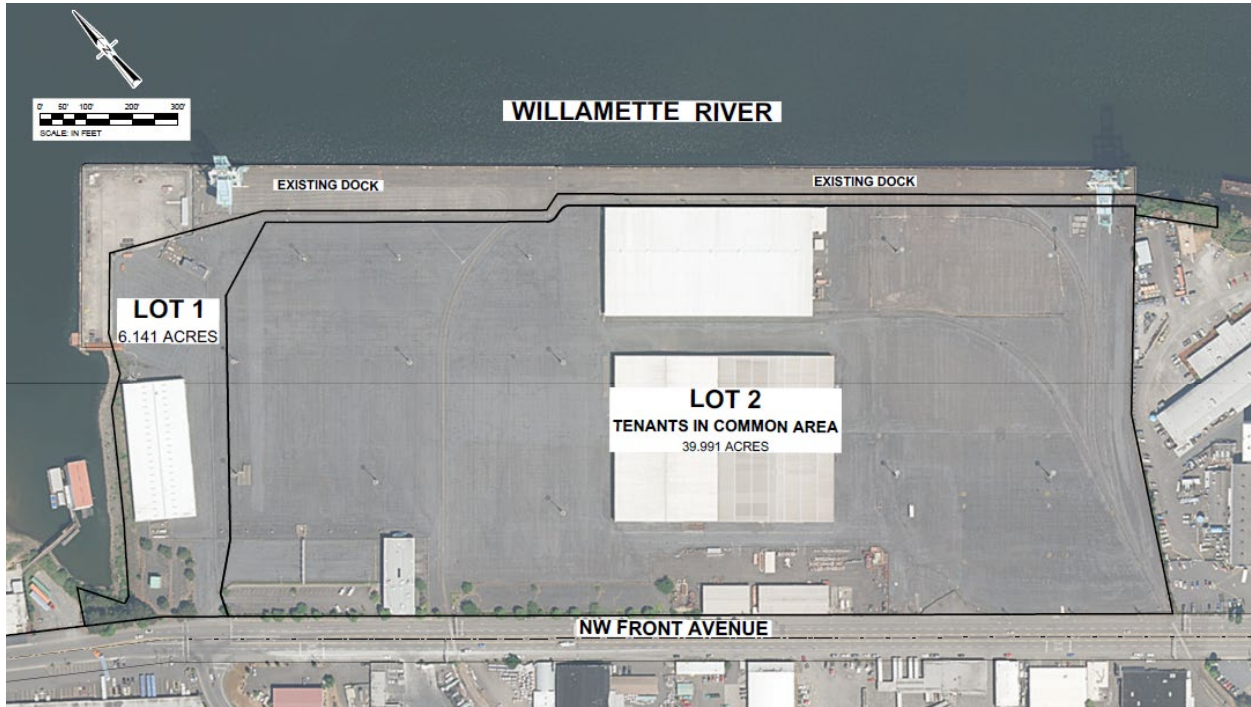
Prosper Portland will have no responsibility or liability related to the Property or the Innovation Campus. The Port will indemnify Prosper Portland for any claims on account of any pre-existing environmental

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