

DATE: January 21, 2015
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 15-04
Update on Discussions Regarding the Disposition of RiverPlace Parcel 3 in the North Macadam Urban Renewal Area

BOARD ACTION REQUESTED

No action is requested; information only.

SUMMARY

The purpose of this item is to update the Portland Development Commission (PDC) Board of Commissioners (Board) on discussions regarding disposition of the 2.01 acre PDC-owned site located at 2095 SW River Parkway – commonly known as RiverPlace Parcel 3 (Parcel 3) – in the North Macadam Urban Renewal Area (URA) (see Attachment A for a site map). These discussions have evolved from public stakeholder input during the URA amendments process regarding the need for affordable housing sites within the North Macadam URA, proposed amendments to that URA, and status of affordable housing development within the district.

At the January 21, 2015 meeting, PDC staff would like guidance from the PDC Board, with specific direction on the following questions:

- What are PDC parameters for property disposition (e.g., complementary development program, financials, phasing, schedule, other)?
- What are PDC parameters for partnership with the Portland Housing Bureau (PHB) (e.g., roles, responsibilities, other)?
- What is the guidance on the process for identifying a development partner to develop Parcel 3?

BACKGROUND AND CONTEXT

Parcel 3 is located in the RiverPlace area, immediately south and east of Portland's downtown core within the North Macadam URA. Parcel 3 was acquired by PDC in June 1985 as part of a larger 16.4-acre property exchange agreement between PDC and Pacific Power & Light (PP&L) for the redevelopment of waterfront parcels in exchange for the relocation of the PP&L substation to property adjacent to SW Moody Avenue and the Marquam Bridge. Parcel 3 is vacant, relatively flat, zoned Central Commercial (CX) with a Floor Area Ratio (FAR) of 4:1 (an additional 3:1 FAR is available if bonus FAR requirements are met), and has a maximum allowed height of 150 feet. A Portland Streetcar stop is immediately to the north of Parcel 3 on SW River Parkway. Following is a description of properties in the immediate vicinity:

- To the south is Lot 4, owned by PDC with a perpetual easement to PP&L for the operation of an electrical power substation that services downtown Portland.
- To the north is Lot 8, sold by PDC to RiverPlace Partners II, LLC (RPP II), in 2014 for development of a hotel. The PDC Board approved this transaction in August 2012. Permitting is underway on the project for a new 6-story Hyatt House hotel with ground floor retail, 203 hotel rooms, and structured valet parking.
- To the north and northeast is the Strand redevelopment project. The PDC Board approved sale of these properties in January 1999; development was completed in 2007 for three residential condominium buildings and a ground floor commercial space.
- To the east and northeast, across SW Moody Avenue, is a Marriot Residence Inn and office uses.

The RiverPlace Development Strategy, approved by the PDC Board in July 1997, specified high quality, mixed-use private development on the remaining developable parcels in the project area, including Parcel 3. Subsequent to the adoption of the strategy, the neighborhood has largely been completed, including the completion of The Strand Condominiums in 2004 and the extension of the Portland Streetcar to RiverPlace in 2005.

Parcel 3 is enrolled in the Oregon Department of Environmental Quality Voluntary Cleanup Program. Environmental cleanup will need to be coordinated with site redevelopment, including removal of contaminated materials if Parcel 3 is excavated below a given depth. Based on its grade, it is estimated that Parcel 3 could provide two below-grade parking levels to support entitled development without triggering that additional excavation.

As noted, Parcel 3 is located immediately adjacent to an electrical substation. Based on potential public concerns with regard to possible health effects of such proximity, in 2006 an Electromagnetic Field Study was prepared by EnerTech Consultants. The study found that electric fields on the site are in a range that could be readily shielded by objects (trees, shrubs, walls, fences, and buildings) and therefore no mitigation measures were recommended.

Parcel 3 has been used for a variety of interim uses including event parking. More recently, Parcel 3 was used for construction staging for both the Moody Avenue and the Portland-Milwaukie Light Rail (PMLRT) projects. In 2013, an approximately 10 foot-wide portion of the western edge of Parcel 3 was conveyed to TriMet, with PDC Board approval, for rail alignment as part of PDC's contribution to the PMLRT project.

Disposition History

In 2006, PDC issued a Request for Proposals (RFP) to solicit development proposals for Lot 8, with a First Right of Refusal on Lot 3. PDC received one response from Onder Development and Williams & Dame Development and, in 2007, entered into a Memorandum of Understanding (MOU) with RPP II, which expired in 2009.

In 2010, PDC entered into exclusive negotiations with Melvin Mark Companies (MMC) for Parcel 3, based on the opportunity to engage a feasible development proposal in a recessionary real estate market. An MOU with MMC was entered into in May 2011 and expired in May 2012.

Over the past five years, PDC has received several unsolicited proposals for Parcel 3, including student housing and a full-service grocery store. Based on various development analyses and proposals, Parcel 3 has the capacity to house over 450 housing units. More recently, Parcel 3 has been discussed as a potential location for PHB to meet its affordable housing goals in the North Macadam URA.

In 2014, Multnomah County assessed the real market value of Parcel 3 at \$6,819,350; an earlier draft value assessment conducted by PDC in 2011 estimated the value at over \$8,500,000, assuming that subgrade construction would be limited because of environmental conditions.

ATTACHMENTS

- A. Site Information and Map

Site Information and Map

Site Address/Name:	2095 SW River Parkway/RiverPlace Parcel 3
Description:	2.01-acre vacant parcel zoned Central Commercial with Design Review Overlay (CXd).
Location:	SW corner of SW River Parkway and SW Moody Avenue
URA:	North Macadam
Current Phase:	Holding
Next Milestone:	Identify program with PHB and pursue development partner
Completion Target:	September 2014
Outcome:	Redevelopment of PDC owned property in alignment with URA goals and PDC strategic priorities.

