

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: May 26, 2010
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 10-54
Adopt the Burnside Bridgehead Framework Plan

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6800

ACTION SUMMARY

The action requested is to adopt the Burnside Bridgehead Framework Plan (Plan) and its vision and principles as the guiding document for the evaluation of future development proposals on the Burnside Bridgehead project site.

The Burnside Bridgehead site is 176,715 square feet in size and is situated across four-plus city blocks in the Central Eastside Urban Renewal Area (CES URA) at the northeast corner of NE Martin Luther King Jr. Blvd. and E. Burnside St.

As outlined in the Plan, the vision is “to create a strategic design approach for the development of the Burnside Bridgehead that will catalyze and identify the Central Eastside as an attainable, productive, and sustainable district.”

The Plan takes the approach that the goal of development on the site is to be catalytic to inciting and promoting further development in the Central Eastside. The Plan recognizes that there is no requirement that a catalyst site be the highest density project in the area, just one of the immediate projects that ties well into the remainder of the area and provides complementary uses.

With this approach, the Plan presents a guide to phasing development that directs short-term, immediate development on the site that does not preclude greater development in the future.

PUBLIC BENEFIT

The Burnside Bridgehead project site is a 4.0 acre, 4-block Central City site that has, for many years, been intended for the development of a significant mixed-use gateway development. The Portland Development Commission (PDC) and the City of Portland have spent the past several years acquiring property and preparing the site for redevelopment. The redevelopment of the site is important for the CES URA for the creation of tax increment and to serve as a catalyst for the stimulation of adjacent parcels in the CES district.

The Framework Plan is an important step in positioning the site to take advantage of the current market and anticipate the next upswing. Draft Framework Plan materials provide an innovative and flexible approach to the future redevelopment of the site that balances today's market realities with the future.

The vision of the Framework Plan – to create a strategic design approach for the redevelopment of the Burnside Bridgehead that will catalyze and identify the Central Eastside as an attainable, productive, and sustainable district – provides a guide for redevelopment of the site. The five guiding principles of the Framework Plan – focused on development potential, attainability, productivity, sustainability, and vibrancy – provide direction to PDC, the public, and interested parties regarding the type, character, and needs for development on the site and will be utilized to evaluate all proposed developments for the site.

This action will support the following PDC goals:

- Strong Economic Growth and Competitiveness
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

The Burnside Bridgehead Citizen Advisory Committee (BBH CAC) met monthly over the past six months and actively participated in the creation of the Plan. It should be noted that this CAC has been involved in the on-going development of the project since 2005. Two public workshops were held, the first on November 18, 2009, to gather input, and the second on January 27, 2010, to gather feedback on the draft Plan materials. Comments from both workshops are reflected in the development of the plan. Briefings were also given to the CES Urban Renewal Advisory Committee (URAC), the Central Eastside Industrial Council, the Design Commission, the Portland Business Alliance, and the AIA Downtown Committee.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

PDC Strategic Plan 2010: the Plan provides a guidebook for redevelopment of the site and establishes a vision and principles against which development proposals can be evaluated, furthering the advancement of the redevelopment of this site. The redevelopment of the Burnside Bridgehead is compliant with the following goals of PDC's Strategic Plan 2010:

- 4.2 Promote the growth of high wage jobs and the industry cluster strategy in the Central City through partnerships, targeted tenanting and focused public investments; and
- 4.8 Develop new models of urban real estate development to address affordability, sustainability, and market demands.

Economic Development Strategy (2009): *The City of Portland's Economic Development Strategy, a Five-Year Plan for Promoting Job Creation and Economic Growth* (Strategy) establishes a set of priorities to guide the City's job creation work. One component of the Strategy focuses on maintaining a leadership position in sustainability by driving urban innovation in investments in physical place-making. The Strategy identifies the Burnside Bridgehead site as a key catalytic site within the Central City and calls for the creation of a significant mixed-use gateway development at this location.

Central Eastside Urban Renewal Area Plan (1986): The Plan is in compliance with the following objectives of the CES URA Plan:

- Encourage expanded opportunities for housing and jobs while retaining the character of established residential, neighborhood, and business centers;
- Improve the level, distribution and stability of jobs and income for resident industry, businesses and people;
- Enhance the Central Eastside as a near-in job center featuring a diverse industrial base with compatible, supportive and appropriately located commercial and residential activities; and
- Encourage the vitality of existing firms, provide an attractive climate for complimentary ventures, and offer a positive environment for adjacent neighborhoods.

FINANCIAL IMPACT

The Plan outlines a strategic, incremental, phased approach to the redevelopment of the project site. This approach assumes the site is parceled incrementally, which could mean that the proceeds from the sale of the property are likely to be spread out over several years rather than a large amount in one single transaction. With the Framework Plan, the financial impact for PDC is likely to occur within three areas:

- Pre-Development Assistance for the renovation of the Convention Plaza building and for new development on smaller parcels within the Bridgehead site.
- Land Sale - The sale of the property is assumed in the CES URA 5-year budget as a source of revenue and an amount equal to the sales price is assumed as a resource available for the redevelopment of the site.
- Tax Increment Generation – The CES URA budget has assumed that the build-out of the Burnside Bridgehead site is focused on tax-generating uses. Depending on the types of uses and businesses that are located on the site this could increase or decrease the assumed TIF generation from this site.

RISK ASSESSMENT

The Plan outlines a strategic phased approach to the disposition and redevelopment of the project. However, it does not preclude the disposition of larger pieces, or the entire site, from occurring; these are decisions the PDC Board of Commissioners (Board) could chose to make or not in the future. Risks include:

- **Market:** The timing of actual redevelopment depends on the availability of private real estate financing
- **PDC investment:** The available PDC funds for investment in the development of the project is limited to the value of the land and the Framework Plan approach is to incrementally divide and develop the property which implies selling the property in smaller parcels rather than all 4.04 acres at one time.
- **Phasing:** The incremental approach requires a strategic evaluation of development proposals to ensure that an initial small project does not preclude future development.
- **Development interest:** PDC has had strong initial interest in the Framework Plan approach; however, PDC has not yet released an RFI for the property.

WORK LOAD IMPACT

Staff resources are available and programmed to support the development of the Burnside Bridgehead site in the current budget.

ALTERNATIVE ACTIONS

The PDC Board could decide to not adopt the Plan. The Board could also direct staff to make changes to the Framework Plan. Without adoption, there is no guidebook for the evaluation of development proposals for the project site; however, lack of adoption in and of itself would not preclude PDC from receiving interested proposals on the site.

CONCURRENCE

The BBH CAC endorsed the Plan at the May 20, 2010, meeting. The Framework Plan approach has also been presented to the CES URAC.

The Framework Plan process included the involvement of a Technical Advisory Committee comprised of representatives from the Portland Bureau of Transportation, the Bureau of Planning and Sustainability, Bureau of Development Services, and the Bureau of Environmental Services.

BACKGROUND

Burnside Bridgehead Framework Plan

The purpose of the Plan is to utilize the current extraordinary downturn in market conditions to prepare the Burnside Bridgehead site for future redevelopment. This includes refining and clarifying public goals and objectives for the property and identifying key opportunities and constraints on the site. The Plan is also intended to answer remaining questions about the site including the reuse potential of the Convention Plaza building, changes in capacity of the site given upcoming transportation infrastructure improvements, such as the East Burnside-Couch couplet and the Streetcar Loop projects, and the appropriateness and direction of phasing development with the project areas.

Beam Development (Beam), PDC's strategic advisors, and the BBH CAC have been participated in the development of this Plan for the last eight months. In addition, two public workshops were held, the first on November 18, 2009, to gather input, and the second on January 27, 2010, to gather feedback on the draft Plan materials. Comments from Beam, the BBH CAC, and the public through the workshops are reflected in the development of the Plan.

The Plan is intended to provide flexibility in outcomes and direction to respond to the fluidity of the market while meeting the districts objectives. The vision for the Bridgehead is to create a strategic design approach for the development of the site that will catalyze and identify the Central Eastside as an attainable, productive, and sustainable district. While a high-level guidebook to redevelopment, components of the Plan include not only Conceptual Urban Design Plans, but also a Sustainability Plan and a Construction Cost Reduction Study and Strategy that will suggest approaches for incorporating sustainable and affordable construction philosophies, concepts, and materials into the redevelopment.

Next Steps

With the completion of the Plan, the next steps are to initiate Phase I as outlined in the Plan; creating the catalytic impetus requires not only renovating the Convention Plaza building but also the initiation of new development within the site. Per the Memorandum of Understanding between PDC and Beam, Beam, in exchange for their role as PDC's strategic advisor through the Plan process, has the opportunity to propose development for a minimum of 20 percent of the 4.04-acre site. In addition, with the Plan outreach, PDC has received numerous inquiries of interest regarding potential development options for portions of the site. As such, next steps include clarifying Beam's interest in the site and initiating a process (e.g., Requests for Interest, etc.) to accept and evaluate development interests in portions, or all, of the Burnside Bridgehead site.

ATTACHMENTS:

- A. Financial Summary – CES URA 5-Year Budget
- B. Project Summary

URA FINANCIAL SUMMARY

Five-Year Forecast Project Requirements

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Central Eastside URA						
Resources						
Beginning Fund Balance	4,043,315	328,721	77,194	32,289	193,820	384,536
Interest on Investments	0	25,000	25,000	25,000	25,000	25,000
Loan Collections	130,100	66,207	66,207	53,269	43,116	40,000
Property Income	35,840	2,020,000	3,020,000	20,000	20,000	20,000
TIF Proceeds	7,392,600	9,437,280	5,474,499	4,344,075	4,576,229	3,747,180
Total Fund Resources	11,601,855	11,877,208	8,662,900	4,474,633	4,857,965	4,216,716
Requirements						
Program Expenditures						
Administration						
Executive						
H80041 Eastside Central City Plan	0	50,000	0	0	0	0
Administration Total	0	50,000	0	0	0	0
Business and Industry						
Community Economic Development						
H79020 Business Finance	382,500	250,000	87,500	125,000	337,500	125,000
General Business Assistance						
H79022 Business Retention	60,000	0	0	0	0	0
High Growth						
H79020 Business Finance	382,500	250,000	87,500	125,000	337,500	125,000
Industry Cluster						
H79020 Business Finance	765,000	500,000	175,000	250,000	675,000	250,000
Business and Industry Total	1,590,000	1,000,000	350,000	500,000	1,350,000	500,000
Debt Service						
Debt Service						
H98001 Debt Management	10,137	10,644	11,176	11,511	11,857	12,000
Debt Service Total	10,137	10,644	11,176	11,511	11,857	12,000
Housing						
Multi-Family - Rental Housing						
H80045 Hooper Center	75,000	0	0	1,925,000	0	0
H80046 CES Clifford Apartments Rehab	2,300,000	850,000	0	0	0	0
H89030 Affordable Rental Housing	0	0	400,000	500,000	900,000	0
Housing Total	2,375,000	850,000	400,000	2,425,000	900,000	0
Infrastructure						
Parks						
H10048 Eastbank/Asset Transfer	20,000	20,000	20,000	20,000	20,000	20,000
H10052 Washington Monroe Redevelopment	0	0	0	0	985,000	0
Transportation						
H10041 Eastside Streetcar Construction	0	3,184,000	3,000,000	0	0	0
H10044 Eastside Burnside-Couch Couplet	3,940,748	1,000,000	0	0	0	0
H10070 Sidewalks/Routes to River	210,000	0	0	0	150,000	0
Infrastructure Total	4,170,748	4,204,000	3,020,000	20,000	1,155,000	20,000
Revitalization						
Community Outreach - Revitalization						
H11801 Community Outreach	11,000	11,000	11,000	11,000	11,000	11,000
Plans and Strategies - Revitalization						
H81007 New Strategy	0	50,000	0	0	0	0
Redevelopment						
H10072 Burnside Bridgehead Redevelop	66,420	2,600,000	3,000,000	0	0	0
H10073 Convention Plaza Interim Mgmt	120,364	75,000	0	0	0	0
H10074 Burnside Bridgehead Planning	150,000	50,000	0	0	0	0
H27001 Storefront Grants	380,000	200,000	200,000	100,000	100,000	100,000
H28030 Redevelopment Loan Projects	500,000	500,000	200,000	500,000	200,000	200,000
Revitalization Total	1,227,784	3,486,000	3,411,000	611,000	311,000	311,000
Total Program Expenditures	9,373,669	9,600,644	7,192,176	3,567,511	3,727,857	843,000

PROJECT SUMMARY

Project Name: Burnside Bridgehead
Description: Mixed-use development
Location: 4.04-acre site at the northeast corner of NE Martin Luther King Jr. Blvd. and E. Burnside St.
URA: Central Eastside
Current Phase: Planning
Next Milestone: Completion of Framework Plan
Completion Target: 2014
Outcome: Catalytic mixed-use development

Site/Project Map:

