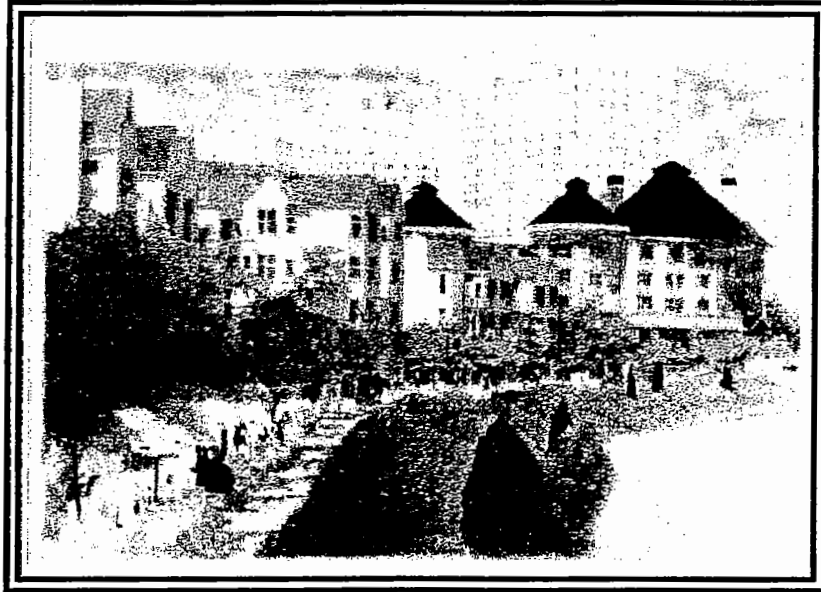


DEVELOPMENT STRATEGY



RIVERPLACE

*Portland Development Commission
City of Portland*

JULY 24, 1997

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I. Background

Markets are constantly changing, some peaking while others are emerging. With long term urban development projects like RiverPlace it is essential to assess past expectations and balance them with current and near future trends simultaneously preserving the goals, objectives and values of the original vision. RiverPlace is exemplary of desired Downtown Portland waterfront development and is nationally recognized for its successes. For the past two decades development trends have come and gone. The Portland Development Commission, however, and its partners have incrementally delivered a high quality, high density urban development that remained consistent with the original South Waterfront Development objectives and kept pace with market demands. At the same time, RiverPlace has set new standards for mixed use development that will inevitably contribute to the Central City's share of regional growth management goals.

Today, four parcels remain. These parcels have become more valuable than ever before. Not only do they have significant economic value but from an urban density and form perspective, they offer an opportunity to create continuity between the Downtown and North Macadam Districts of the Central City.

The Portland Development Commission recently sought to confirm its objectives for the remaining development parcels and create a concept development plan that would enable the commission to make future decisions. A RiverPlace Strategy Workshop was created that brought together development experts from San Francisco, San Diego, Seattle, and Portland who spent a full day reviewing market conditions in Portland and brain storming development programs and concepts.



RiverPlace is a nationally recognized waterfront development

This section summarizes the proceedings of the RiverPlace Strategy Workshop and provides background market and technical information for “building-out” the remaining parcels for one of the Portland Development Commission’s most conspicuous and successful urban development projects.

History

In 1979, the Planning Commission and City Council adopted the South Waterfront Development Program developed by the Portland Development Commission.

Between the years of 1980 and 1983 the Marina basin was dredged, utility relocation and street construction work were completed and the Waterfront Park Extension from the Hawthorne Bridge to Montgomery Street was underway. Also in 1983, the Portland Development Commission sponsored a development competition that would provide a mix of residential, commercial, retail and office uses. Three firms were selected to compete for the design and development of the project. Cornerstone Development Company's design proposal won the prize. They proposed to deliver the Portland Development Commission's basic program of 500 housing units, two restaurants and shops overlooking a privately operated marina but also added a small hotel, athletic facility, floating restaurant, boat sales and crew facilities.

In the mid 1980's Pacific Power and Light abandoned its steam plant and agreed to relocate its major substation to the southwest corner of the redevelopment area. At this time the street system was expanded and planning for the subdivision of the redevelopment area was approved.

Completed in 1985, the first phase of development north of Montgomery, included the 84 room Alexis Hotel, 298 housing units with two restaurants and 864 parking spaces. The esplanade was extended from south Waterfront Park to Montgomery which provided pedestrian access to 40,000 square feet of office and retail shops. The Newport Bay Restaurant, one of the two restaurants, was located on the water across from a new boat marina and crew facility. Day use docking facilities were also provided on the river. The RiverPlace Athletic Club was built south of Montgomery parallel to Harbor Drive. Later a new office building and additional parking were added in the southwest corner of the first phase development.

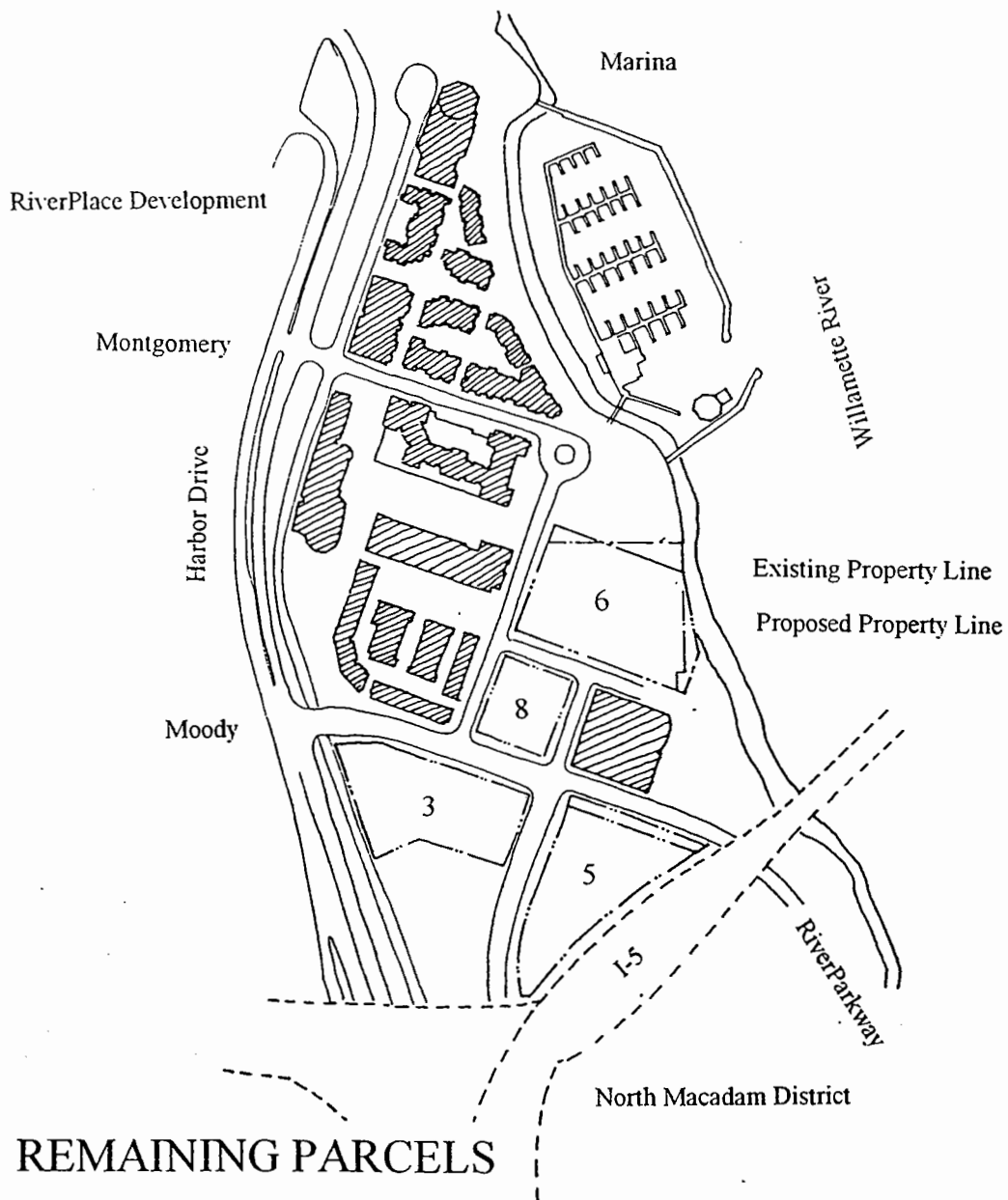


RiverPlace is located between downtown and the North Macadam District where planning and development are currently underway.

Phase Two followed in 1995 adding 182 unit townhouse development on the south side of Montgomery, across the street from the athletic club. Approximately 2000 square feet of retail and restaurant space line River Avenue with parking located under the new development.

In 1996, the eight story Pacific Gas Transmission (PGT) headquarters was completed in the south end on the river and next to the Marquam Bridge. Currently, concepts are being developed for an office tower on Parcel 8 located west across the street from PGT.

Today the total RiverPlace development provides over 90 housing units per acre and provides jobs in offices, restaurants, retail shops, the marina and the Alexis Hotel.



II. RiverPlace Strategy Workshop

The Mission of the RiverPlace Strategy Workshop was to, in a single working session, develop a concept development plan and phasing strategy based on balancing economic and development opportunities, constraints and City policies, that will guide development of the remaining vacant parcels at RiverPlace.

Participating members of the Strategy Session:

Paul Schell	Port Commissioner, Seattle
Ann Cooke	Port of San Francisco
Dean Oliver	Oliver McMillan. Urban mixed-use developer
Alan Grainger	Architect - RiverPlace
Lloyd Lindley	Urban Designer / Strategy Session Facilitator
Kay Stepp	PDC Board Member
Marty Brantley	PDC Board Member - KPTV
David Bell	GSL Properties, Inc.
Roger Qualman	Norris Beggs & Simpson
George Forbes	Governor Hotel
Ernie Munch	Architect
Keith Witcoski	Mayor's Office
Jan Burreson	PDC
Larry Dully	PDC
Larry Brown	PDC
Lisa Nisenfield	PDC
Mark Clemons	PDC

Staff assigned to coordinate the session:

Steve Sanders PDC



Strategy Workshop participants

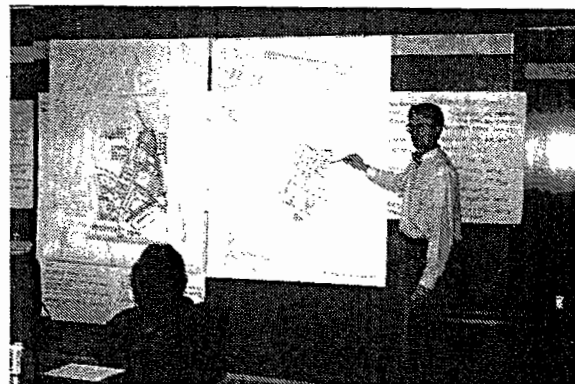
The strategy session documented the creative and technical thinking from strategy session members. The strategy session objectives were as follows:

- Identify, confirm and prioritize opportunities and constraints associated with achieving the City's goals and objectives.
- Create one or more economically and architecturally viable scenarios.
- Create time line and development sequencing scenarios to help identify phasing priorities.
- Identify building types and uses for each parcel.
- Select a viable preferred scenario.

The strategy session format included an open forum and small group work sessions to create and refine goals and objectives, identify opportunities, constraints and uses as well as phasing priorities. This helped to identify the challenges, opportunities and assets of the remaining parcels.

To provide adequate information for those unfamiliar with the Portland real estate market, a panel of local experts presented background information about RiverPlace and the City of Portland including:

- | | |
|-------------------------------|--|
| • The River Place History | Larry Dully, Portland Development Commission |
| • Residential Development | David Bell, GSL Properties |
| • Commercial Development | Roger Qualman, Norris Beggs & Simpson |
| • Trends in Hotel Development | George Forbes, General Manager, Governor Hotel |
| • The Big Picture | Ernie Munch, Architect |



Each work group presented their concepts for the south end of RiverPlace including potential development programs, open space configuration, parcel adjustments and phasing.

Goals

Goals derived from the South Waterfront Development Program describe what the community values and desires. The following are the goals that have guided development on the south downtown waterfront.

Goals

- Promote business, economic growth, formation of capital and the creation and retention of jobs.
- Encourage development of a full range of housing.
- Ensure that a balance of passive and active parks and open space is provided.
- Enhance RiverPlace as a livable, walkable, secure area which focuses on the river, yet captures the glitter and excitement of city living.
- Recognize that parking is an important element in the transportation system which supports growth, ensuring that each district, including RiverPlace, has adequate parking to supply current need while acknowledging and encouraging present and future mass transit to improve air quality and traffic flow.
- Develop or improve blighted (vacant) properties.
- Clean, contain, remediate or treat contaminated sites to adequately protect public health and the environment.
- Develop properties applying designs, uses, and phasing that encourage development of North Macadam and the completion of development at RiverPlace.
- Achieve highest return on investment for the City of Portland.
- Continue to confirm and enhance the character of RiverPlace.

Briefing Summary

Portland Real Estate Markets

Experts in residential, commercial/retail and hotel development provided insight into the current market and foreseeable future. The bottom line is that while residential is a hot market, financial incentives would likely be necessary to build mixed use housing with structured parking. Class 'A' office space is scarce in downtown and unavailable in the suburban reaches of the metropolitan area. However, several announcements have been made that would indicate that several million square feet of downtown Class 'A' office space are in the offing. Retail development may also be difficult due to the lack of transit service in the area. Current retail development types may be difficult and not necessarily compatible with downtown allowed parking ratios which are set below market demands. Current allowed parking ratios would limit market acceptance and consequently constrain near term development. A great deal of discussion followed each presenter's remarks and numerous strategies were suggested to overcome obstacles.

Residential Development Market

David Bell of GSL began the market presentations by confirming that the current housing market is hot and that with current projections, it appears it will remain so for the next several years. The condominium market in downtown Portland is strong, as seen in the rowhouse boom and other projects in the northwest and southwest quadrants of the city such as the River District and the Northwest District Association.

According to RiverPlace Realty and RiverPlace Apartments representatives, the recent condominium developments at RiverPlace sold out within approximately 9 months of the offering and resale units are currently on the market for approximately 30 days or less. Rental properties at RiverPlace are at approximately 3% vacancy and vacancies are occupied within an average of 18 days. The average selling price of a two bedroom condominium is around \$129 per square foot and prices vary depending on location and views. Tenant incentives of up to \$250 have been offered in the past, although today condominium properties are 97% occupied. Average rents for a two bedroom apartment range from \$950 to \$1,600 depending on location, number of baths and view.

Mr. Bell stated that mixed use development is a good idea, however, it is not practical without substantial financial incentives. It is not necessarily possible to use many of the current mixed use developments as "comparables" for new projects. Most of the latest mixed use projects such as Belmont Dairy and Albina Corner are heavily subsidized and have very different financing instruments compared to market rate developments. Though RiverPlace has mixed use, research has shown that the retail component is not healthy and the new "live-work" units are not selling well.

One of the biggest challenges according to Bell, is parking in high density urban areas. The greater the number of units, the more likely structured parking can work. Bell explained that the break-even point is about 30 units per acre. Without adequate owner and visitor parking or convenient transit, it would be difficult to sell condominiums. In addition to these market concerns, condominium development may be more difficult because of homeowner association lawsuits. Rentals can work with less parking than owner occupied housing, although the density must justify structured parking. On-street parking does not work when ground floor retail and restaurant uses share parking spaces with housing.

Office Development Market

Roger Qualman of Norris Beggs & Simpson reported that overall downtown Portland office vacancy rates are currently at 5.8 percent, down from 7 percent in the previous quarter. Further, vacancies have fallen by 3.3 percent from a high of 9.1 percent in 1995. The absorption rate has remained steady this year hitting over 163,000 square feet for the fourth quarter of 1996 which brought total absorption for the year to 480,055 square feet. Class 'A' office space vacancy fell to 3.5 percent in the fourth quarter of 1996.

In view of these market conditions, several announcements for new office towers have been made in the Central City. ODS Health Plans intends to begin a new headquarters this month and the Fox Block is being prepared for a 28 story office tower slated to begin construction in 1997. Currently, the Federal Courthouse is nearing completion, as is the Liberty Mutual building by Ashforth in the Lloyd District. A competition is underway for a new eight story Law Enforcement Center on the block between Main and Madison and Second and First Avenues. RiverPlace is underway with negotiations for a proposed eight story office building on Parcel 8.

Parking will be a constraint to office development. The major cost difference between downtown and suburban location office projects is structured parking. Downtown office projects generally include structured parking which increases the cost per square foot by approximately \$ 20. The quantity of parking required to attract office development is also affected by the lack of transit at RiverPlace. There could potentially be a reduction in the parking ratio if greater transit service was provided.

Trends in Hotel Development

George Forbes, General Manager of The Governor Hotel, is President of the Travel Industry Council and Vice Chairman of the Portland/Oregon Visitors Association (POVA). His view for the hotel industry in Portland is bright. Today, Central City hotels enjoy a 70 percent occupancy rate which is the highest since the 1970's. He feels that there is room for more hotels, however, at least six new or expanded projects have

recently been announced. Mr. Forbes suggests that those that are under way today will likely do well. Those who are late in the market may not fare so well.

Mr. Forbes referred to an *Oregonian* article that explained the current hotel market and featured six projects in the downtown core. It also discussed the need for a “headquarters hotel” of 600 to 800 rooms to support the Oregon Convention Center. The six hotel projects would provide a combined 1,900 rooms which would potentially meet the needs for tourism and business. These new rooms, however, would not satisfy conventioner’s needs and potentially puts the Oregon Convention Center at a disadvantage compared to other locations around the country. Les Prentice of the Portland Development Commission, explained in the article that even with secure financing, maintaining adequate occupancy levels through the course of a year for a 700 room hotel would be tough. Some think that six new small hotels over the next three years would be too many for the central core.

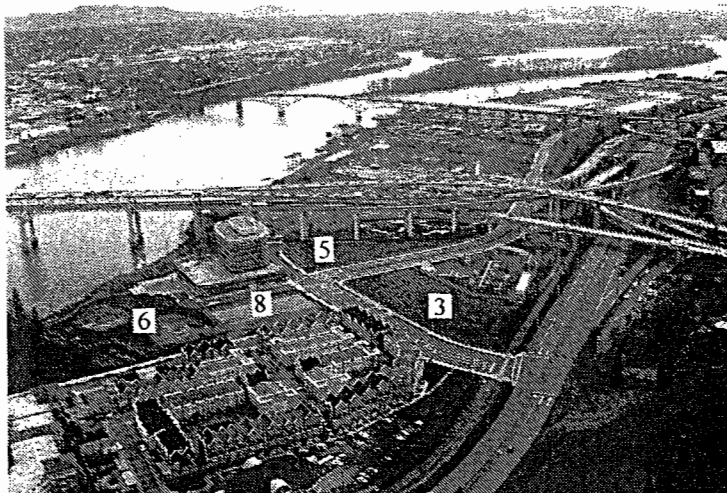
Mr. Forbes suggested that a long stay suites-type hotel in RiverPlace may succeed in that it caters to business travelers who would enjoy the convenience of a downtown location. Anticipated growth in office development in RiverPlace and the North Macadam District would likely add support for a long stay hotel.

Workshop Process and Results

The strategy session participants were divided into two groups and given a base map showing each of the remaining parcels in context with the existing RiverPlace development. Both groups were supplied with scales, markers, and tracing paper to brainstorm and illustrate a development concept that defined uses and a program for each parcel. The groups were given 45 minutes to prepare and present a proposed development concept plan and phasing strategy.

The participants were divided into two groups and asked to create a development program and concept for each parcel.

The greatest challenges will be overcoming noise and vibration of the I-5 freeway and the magnetic fields in proximity to the PP&L substation. Attaining adequate parking ratios that will attract desired development will likely be the greatest obstacle to attracting the density and type of development that has been envisioned. The greatest assets are the location adjacent to downtown, views of the Willamette River and Mt. Hood, the existing RiverPlace



The four remaining parcels

development, proximity to the Greenway and the potential for connections to and across the Willamette River.

Both groups independently produced solutions that were remarkably similar. Both focused on a waterfront conference center with public parking, housing and commercial uses located on Parcel 6, between PGT and the park on Montgomery. However, group two suggested extending the conference center and esplanade out over the river to provide another dimension to the water front.

They also recommended a “long stay” hotel or commercial office on Parcel 5 next to the Marquam Bridge and a mixed use development containing a grocery, public parking and housing on Parcel 3 next to the substation. Both groups accepted the proposed office development on Parcel 8, just west of PGT as a given, although group 2 suggested modifications to the Parcel 8 development. Finally, there was consensus that vacant land under the Marquam Bridge and I-5 should be utilized for public parking.

Project phasing was discussed by the group. Participants suggested that Parcels 3, 5 and 8 would likely be developed first. Parcel 8 has already been released for sale by the

commission and has an offer pending for a 112,000 square foot office building. Parcels 3 and 5 frame the entries to the North Macadam District and thus should be marketed for near term development to frame this critical gateway. Parcel 6 would require a conference center marketing, development and financial strategy that would likely take more time to implement than the other parcels. Therefore, Parcel 6 would lag behind the other parcels. Most of the participants felt that there is no need to rush Parcel 6.

The wrap-up and conclusions helped to consolidate work session products and review conclusions and recommendations with the days participants.

The strategy workshop diagrams are provided with a consolidated development concept plan diagram.

Assessments

The strategy session participants were asked to give their assessments of the assets and challenges associated with the remaining parcels. They were also asked what uses would most likely meet the objectives of RiverPlace and the Central City. The group's comments were recorded and tabulated. In summary, the greatest assets that were most often mentioned included:

- location
- views
- potential for connections to and across the river
- future North Macadam District development
- opportunity to expand downtown employment

The group thought that the greatest challenges would be:

- Marquam Bridge and the I-5 freeway
- the substation
- Providing adequate parking to attract desired uses
- Cost of construction in view of DEQ and geotechnical conditions

All of the participants' impressions were displayed on the wall for reference and comment.

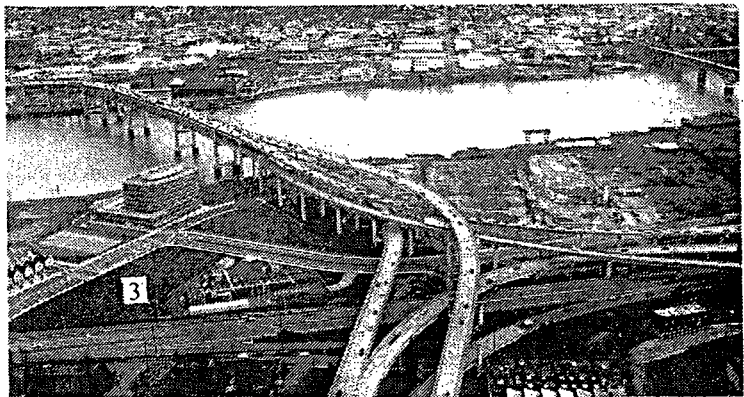
The major cost difference between downtown and suburban locations is structured parking which is affected by the lack of transit in this area. A RiverPlace parking strategy should incorporate North Macadam. The key issue is how the competition for regional development is affected by near term parking development and, with the introduction of transit, what the redevelopment potential will be.

Parcel 3

Parcel 3 is a large site with a significant change of grade between Harbor Drive to the west and Moody to the east. This grade change may be an asset in designing a parking structure or as a division point for complimentary uses. The site is highly visible from both Moody and Harbor Drive and is the western half of the RiverPlace gateway to North Macadam.

The Lincoln substation provides a development and design constraint. Aesthetically the substation must be sufficiently screened to remove marketing constraints. Fear of electromagnetic emissions affects marketing and financing. Lenders are wary of sites proximate to electrical lines, particularly those with more than 3 milligrams (3mg) exposure. Lenders prefer sites with no exposure or zero mg readings.

At distances of more than fifty feet from the northwest corner of the substation, readings on Parcel 3 drop to 0mg. Between 1-50 feet the readings rise from 1mg to 3mg. A ground floor commercial use, combined with structured parking, would elevate residential development beyond the fifty foot distance required to achieve a 0mg reading.



Parcel 3 is adjacent to a power substation and would potentially contain a combined residential and grocery development

Due to the present lack of nearby grocery, developing a full service grocery of 25,000 to 35,000 square feet would serve to encourage residential development both at RiverPlace and in North Macadam. This could be the ground floor use that would both minimize electromagnetic exposure and act as a catalyst for residential success. This is the only remaining site likely to include affordable housing as a component.

Given the residential market in Portland, and in particular the residential successes at RiverPlace, the group felt that this site would be most effectively marketed through a competitive Request for Proposal which would, through its criteria, preclude a strictly residential development in favor of a combined residential/grocery development.

Parcel 5

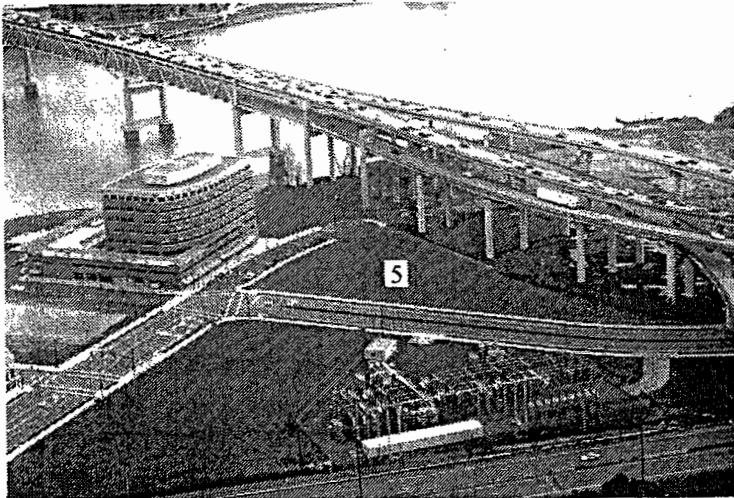
The Marquam Bridge abutting Parcel 5 is an architectural barrier and noise generator. Sound readings between the Marquam Bridge and Pacific Gas Transmission Headquarters range from 75 decibels to 70 decibels, in excess of the 65 decibels allowed by HUD for residential development. North Macadam developers are considering a “sound wall” of tall buildings to shield future residential development from the noise generated by automobile and truck traffic on I-5.

The same could be achieved for RiverPlace by developing vertically on Parcel 5 and Parcel 3. Buildings 95 feet in height, or perhaps slightly less, will provide an effective sound barrier. However, due to the noise at the Marquam, it is likely that “closed window” projects would be the most successful. Closed window uses might be an air-conditioned hotel or commercial office with sufficient sound proofing.

For this reason, and to encourage additional area office development and to augment potential for a conference center, a long term stay hotel, developed vertically, would be considered for this site. Given the unusual configuration of Parcel 5 and area parking restrictions, vertically designed office would be the other, though less economically likely, alternative.

A hotel would generate the highest land price. It is unlikely that a hotel would utilize the floor area allowed on the site. This would accommodate development of additional short term structured parking adjacent to the Marquam Bridge to serve the area.

Development of this site is likely to be opportunity driven and, failing two or more simultaneous proposals, could be sold based on market demand.



Parcel 5 is a triangular property located near I-5

Parcel 6

Parcel 6 is perhaps the most visible undeveloped location in RiverPlace. Parcel 6 is also highly visible from OMSI, the East Bank esplanade and the Oregon Convention Center overlook park.

Two scenarios demonstrate opportunities that seek to maximize the development potential of Parcel 6. Diagrams and brief development programs below provide an overview of both scenarios.

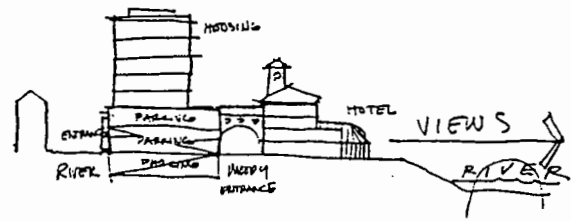


Parcel 6 has the most prominent location for which two development scenarios were prepared during the strategy session and refined in a subsequent work session with Portland Development Commission staff.

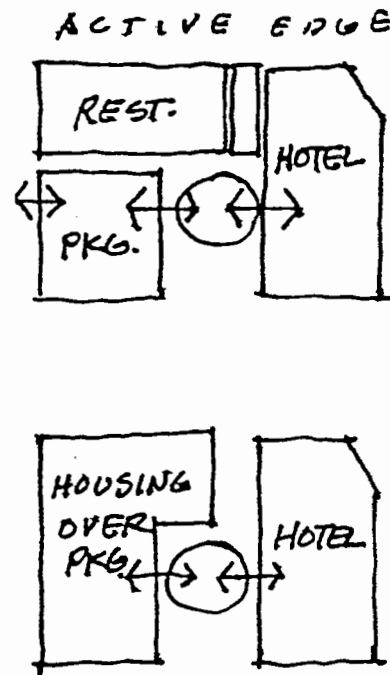
Scenario 1: Housing and Lodging

Scenario 1 would locate high density housing, approximately 150 units per acre, on the eastern half of Parcel 6. Two to three levels of parking would provide a podium for a residential tower where housing units would have expansive views of the river, city and beyond to Mt. Hood and Mt. St. Helens. Residential entrances would be located on River Avenue and off of a shared motor-court in the center of the block. One or two restaurants would be located on the north edge of the building facing the park and Greenway.

A 150 to 200 room hotel on the east half of Parcel 6 facing east and north to the river and beyond would connect to the residential tower parking and share the central motor-court. A secondary entrance could open onto the PGT Plaza and Willamette Greenway. Locating the hotel on the promontory provides an opportunity for special architectural features on the northeast corner of the parcel where the building would be viewed from near and distant locations up stream and from across the river. More active public hotel uses such as the restaurant and bar might be located on the park and promontory.



Section diagram from the second work session showing arrangement of uses in Scenario 1.

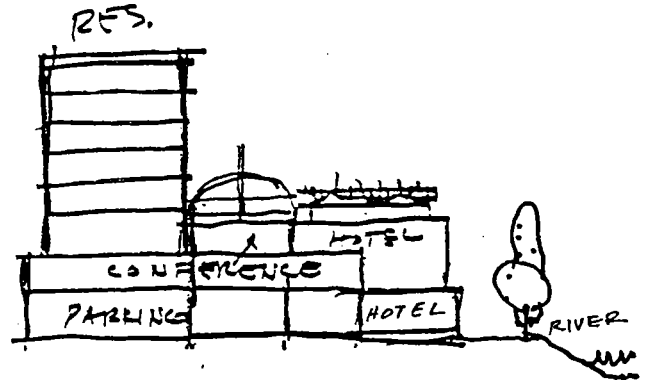


Concept plan diagrams illustrating arrangement of uses.

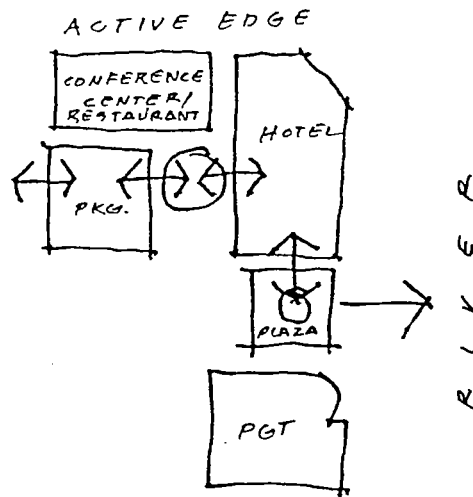
Scenario 2: Housing, Lodging, Conference Center

Scenario 2 would combine an approximately 50,000 square foot conference center facing the river and marina with structured parking, restaurants and high-rise residential on River Avenue. Service and parking access would be from Moody and off of the future east/west street. Roof gardens are envisioned for the north and east sides of the building where the facade would step back from the open space and river's edge. The building form would acknowledge the city's block grid system above the first or second level at Moody. A grand entrance to the conference center would be located on the existing PGT Plaza.

A residential tower would rise above structured parking and look over the conference center to views of the river, city and beyond. Residences on the west side of the tower would enjoy views of the west hills and downtown.



Section diagram of Scenario 2.



Plan diagrams of Scenario 2.

Parcel 8

Parcel 8 is a site slightly larger than a typical Portland city block with 42,000 net developable square feet. Located immediately west of the PGT corporate headquarters at the intersection of SW Harbor Way and Moody Ave., it is a consensus location for an additional office building with partial river views and a highly visible location

Parcel 8 's prominent location requires that it be developed with ground floor uses on the major street frontages that support the pedestrian character of the RiverPlace area. It's west to east slope facilitates access to structured parking in a future development.

Parcel 8's principal weakness as an office location is the limitation of 2 parking spaces per 1,000 square feet of office space imposed by the central city parking regulations. In order for this parcel to be developed for office use a minimum of one additional parking space per 1,000 square feet must be developed on-site or under the Marquam Bridge as visitor parking under the provisions of the city's parking guidelines.

Implementation Strategy

The following table briefly outlines the implementation strategy that was recommended during the work session.

Parcel*	Strategy
Parcel 8	Office with ground floor retail
Parcel 6	Conference center, Housing and retail w/possible conference center
Parcel 5	Long term stay hotel or office
Parcel 3	Housing and grocery
*Not in order of development priority.	

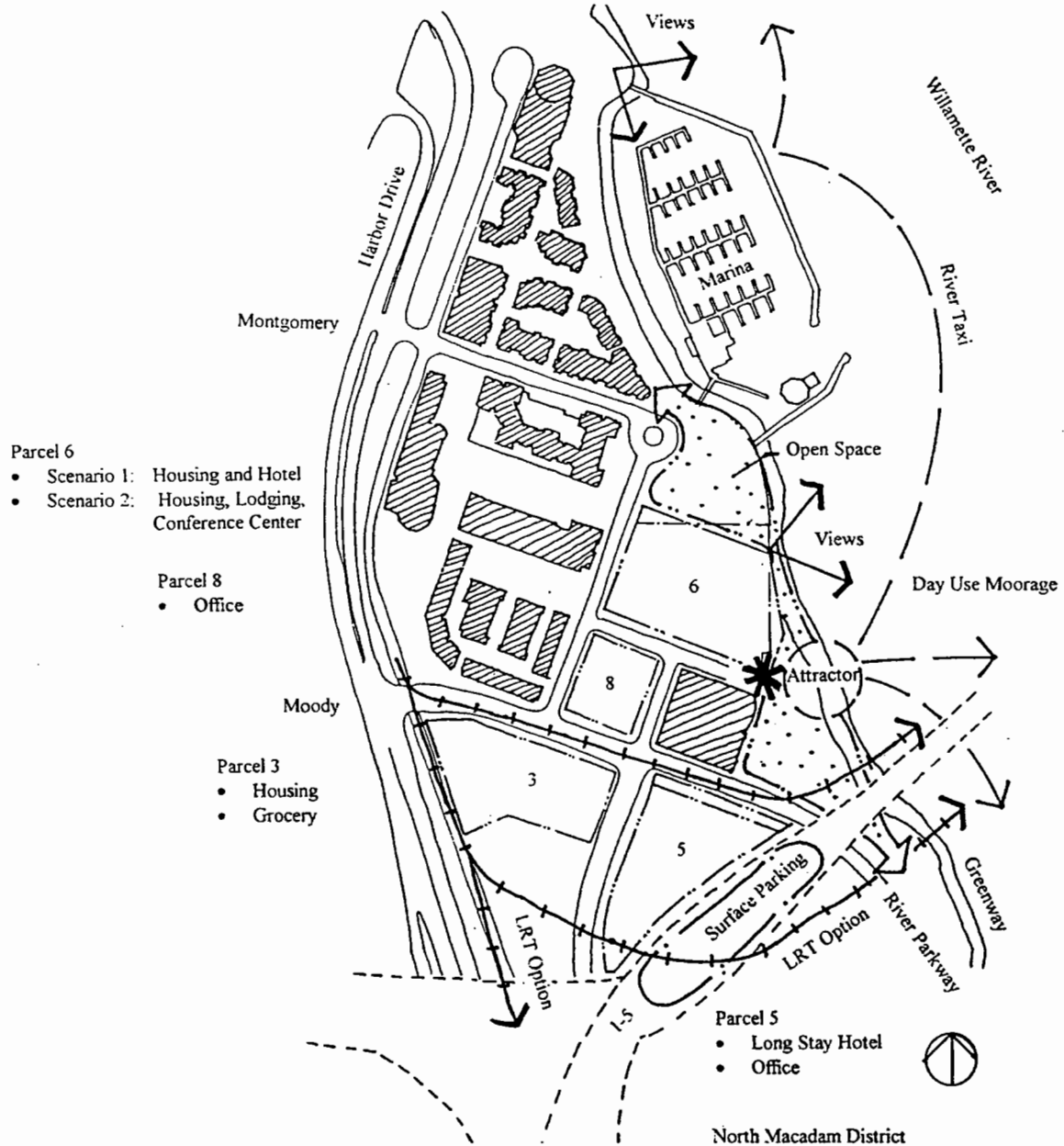
Next Steps

A number of next steps were discussed which would be helpful or necessary to implementing the concept development plan. They are as follows:

- Offer Parcel 5 as a long term stay hotel or office.
- Offer Parcel 3 for residential/grocery development.
- Prepare a strategy for implementing structured public parking.
- Prepare ground lease agreements and implementation strategy for surface parking under the Marquam Bridge.
- Prepare a conference center development strategy
- Prepare a retail strategy.

Final Conclusions

A cursory analysis of the proposed development concept would indicate that the remaining parcels can meet and exceed the objectives for development at RiverPlace. Under the current zoning it could be expected that overall density could exceed 250 people per acre which is consistent with Metro 2040 guidelines. Using the development concept that was generated during the strategy session it is likely that 610 new jobs could be created with an accompanying 570 new housing units. These densities could be increased by adding a hotel or office component to the conference center program.



DEVELOPMENT CONCEPT DIAGRAM

III. Additional Stakeholder Outreach

During the months of June and July, interviews were conducted with a representative group of area property owners, resident organizations, businesses and real estate professionals to receive additional outside perspectives on the recommendations of development strategy workshop. Interviews were conducted with representatives Portland Oregon Visitors Association (POVA), Grub and Ellis, Pacific Gas Transmission (PGT), RiverPlace Association, Zidell Companies, Schnitzer Investment Corp., RiverPlace Condominium Association and Ed Dundon, broker/hotel specialist.

Generally, the following comments were made on the RiverPlace development parcels:

Lot 3

Residential development of this parcel with a grocery incorporated within a mixed use development was universally supported.

Lot 5

A long term stay business oriented hotel was supported as a use that would be complimentary to the existing and future office market. The Marquam Bridge on the southern edge of the property was seen as a negative for development of any kind but less so for lodging.

Lot 8

The dedication of this parcel for an employment use continues to receive support and market interest. Successfully addressing the inadequate parking ratio established by regulation for the site was identified as the key challenge in attracting high quality development proposals for the property.

Lot 6

This large and highly visible waterfront site was universally identified as the premier development location on the downtown waterfront. A mixed use development of housing and hotel uses with ground floor uses which support the pedestrian character of the waterfront were endorsed. Although a hotel use was strongly encouraged for the property, attention should be given to the strength of the Portland hotel market before proceeding.

Substantial support was found for incorporating a conference center as a part of the site's development. It was generally acknowledged that a public funding source would need to be identified for the construction of this element of the project.

IV. Development Strategy

Disposition Process

The disposition land parcels within the RiverPlace project area shall be based upon a public solicitation of proposals for purchase and development of each parcel. The solicitation shall be through the advertisement of the availability of each parcel in a paper of general circulation as well as direct notice by mail to area real estate developers, the real estate brokerage community and local architectural firms.

Each parcel shall be offered with a specific set of development and selection criteria which specifies the use to which the property may be developed, minimum project size and such other criteria believed necessary to fulfill the goals of the Commission.

Each parcel shall be offered at a purchase price reflecting the best available information on the land's fair reuse value which will take into consideration the public development objectives for the property, unique performance requirements of the Commission that may be applied and prevailing market conditions.

Preferred Uses and Development Criteria

Lot 5

Lot 5 shall be developed for an office project or long term stay business hotel uses. An alternative use would minimum development for an office project shall be 80,000 square feet and for a hotel, 125 rooms.

Lot 8

Lot 8 shall be developed as an office project with a minimum size of 100,000 square feet with ground floor commercial uses. View corridors for the project should not be granted which would impede the future development of the adjacent Lot 6.

The principal focus of the development of this parcel shall be to retain existing business who may leave the Central City due to lack of suitable space and the attraction of a corporate headquarters facility or other tenants considering relocation to the Central City from a non-Central City location.

On site parking should be made available during non-office hours for visitor parking for the RiverPlace area.

Lot 3

Lot 3 shall be developed as a mixed income residential project of affordable and market rate units with a ground floor grocery. The residential component of the project shall provide a minimum of 170 units and the grocery shall be a minimum of 20,000 square feet.

Lot 6

Lot 6 shall be developed as a mixed use project of housing and hotel uses with ground floor areas developed with uses which will be supportive of the park and pedestrian environment on the north and east sides of the parcel. The feasibility of a conference center shall be explored as a component of the future development and incorporated in the project if possible. The lodging industry and convention center shall be consulted on the hotel and conference center project elements so that these facilities do not compete with existing facilities.

Generally, this parcel should use as much of the available density permitted by code as may be compatible with the sound design principles

Time Frame for Development

Near Term Development

Lot 8 and Lot 5 shall be released for disposition and development immediately to respond to strong market interest in the properties for uses consistent with the objectives of this strategy.

Medium Term Development

Lot 3 and Lot 6 shall be developed after the development of Lots 5 and 8 are underway.

Lot 3's disposition needs to be timed to respond to the availability of private and public financial resources necessary to develop a mixed income project on this site.

The disposition of Lot 6 should follow the completion of the extension of Waterfront Park, the determination of the feasibility of a conference center as a viable component of the future project and favorable real estate and financial market conditions which will be necessary to insure the highest quality of proposals for this important site.

