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John Klum, Jack Graham
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Naito Parkway Reconstruction Public Advisory Committee
Old Town/Chinatown Vision Committee

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GOALS

The Portland Development Commission (PDC) initiated the Downtown Waterfront Development Strategies Project to:

- Identify the public and private actions needed to stimulate new development activity in the area between the core and the riverfront.
- Develop implementation strategies to realize the findings of the study.

This project was envisioned by PDC to be a parallel effort in conjunction with the 2002 Gov. Tom McCall Waterfront Park Master Plan and the 2003-5 Naito Parkway Reconstruction Project. The weaving of these projects together to create a coordinated effort was the goal, so all three projects would realize their full potential, and the City’s relation to its waterfront would be maximized. The ultimate goal of this project is to strengthen the City’s core and enliven an area that is key to the City’s success.

The importance of this effort is underscored by the recently completed Downtown Retail Strategy, which calls for downtown residential development and improved connections between the retail core and the riverfront to realize a truly successful and vibrant downtown that attracts business.

Also, the Governor Tom McCall Waterfront Park Master Plan calls for enhanced connections to downtown as essential to the long term viability of the park.

PDC defined three elements that needed to be addressed through the project:

- Development - especially residential
- Transportation
- Urban Design

PDC selected Emmons Architects; Shiels Obletz Johnsen, Inc.; Lango.Hansen Landscape Architects; and E. D. Hovee and Co. as the project consultant team. The team retained Urban Design Associates of Pittsburgh, Pennsylvania and Walter Koulash of Orlando, Florida (a nationally recognized transportation specialist) to provide an analysis of the area’s transportation issues. Mark Friel of Norris Beggs and Simpson was consulted for his expertise in the Waterfront district’s real estate market.

PROCESS

The consultant team began its work by identifying the area’s opportunities and constraints. This was accomplished through research, stakeholder interviews, a series of meetings with the SAC and TAC and through two public workshops held in the fall and early winter of 2002.

In December 2002, the consultant team came together in a three day workshop to develop recommendations for each of the study components: Development, Transportation, and Urban Design.

Following the workshop, the consultant team refined the recommendations and completed an economic feasibility analysis of the development recommendations. Implementation strategies were identified with stakeholders and City Bureaus and tested and reworked to maximize realization potential.
PORTLAND IS A RIVER CITY, but its downtown core does not connect in a meaningful way to the Willamette River and Governor Tom McCall Waterfront Park. The city’s edge along its river is primarily parking lots and blank building walls. The city has turned its back on its prime attribute.

DOWNTOWN HOUSING is a key ingredient to a successful urban place. Portland has little. The waterfront is the prime location for an urban residential neighborhood due to its proximity to Governor Tom McCall Waterfront Park and the Willamette River, its close proximity to the retail core, and because it has spectacular views of the city skyline and the Cascade Mountains.

THE SKIDMORE/OLD TOWN HISTORIC DISTRICT is one of the most significant cast-iron districts in the United States. It is the one of the few areas in downtown that tie the city to its roots. Currently, the district is struggling with inactive streets, underutilized buildings and crime. Many people avoid the place that some call the ‘soul of Portland’.

It is the aim of this study to provide strategies to sew the downtown core to the river, energize the waterfront, create a successful downtown residential neighborhood and reawaken the city’s beautiful historic districts.
PROBLEM STATEMENT

PORTLAND’S WATERFRONT WILL CONTINUE TO DECLINE unless a vision plan is adopted and City actions and investments are made in the area. There are clear reasons why an area that is potentially one of Portland’s best places has been neglected for over 50 years and continues to decline. In the last five years alone, many retail establishments and office tenants have left the area, replaced by partially empty buildings and crime. Ironically, this area was at the heart of early 20th century Portland, with sidewalks filled with people and streets teeming with streetcars and vehicles. It can be vibrant again, and the tide of decline that threatens not only this district, but adjacent downtown areas as well, can be reversed.

GOALS OF STUDY

THE GOALS OF THIS STUDY are to identify obstacles to development, to identify the public and private actions required to stimulate historic revitalization and new development, and to develop implementation strategies to stop the decline and revitalize the waterfront.

REDEVELOPMENT POTENTIAL

The waterfront area has significant development potential. Its location on the river, historic context and proximity to downtown make this area highly attractive, if obstacles to development are addressed and mitigated. The district has many underutilized, developable sites that are ideal for mixed-use housing projects.

For the area to be attractive for development, the sidewalks in the district need to have people on them on all days and evenings, and they need to feel safe. Greatly improving public safety issues in the waterfront district will set the stage for a renaissance. An urban residential neighborhood, coupled with places of work, is an achievable goal for this area. Not only is the waterfront one of Portland’s best locations for housing, but housing will energize the streets when places of work are closed, and turn a declining area into a key asset for the city.

KEY WEAKNESSES AND STRENGTHS

KEY WEAKNESSES

- Disconnection between Downtown and Waterfront.
- Public Safety.
- Blank or inactive building walls at street level.
- A preponderance of surface parking lots that result in ‘missing teeth’ in city fabric.
- Lack of activity at street level.

KEY STRENGTHS

- Historic Districts - the Skidmore/Old Town Historic District is one of Portland’s two nationally registered landmarks.
- Ankeny Plaza
- Governor Tom McCall Waterfront Park adjacency.
- Spectacular views of the Willamette River, Cascade Mountains and city skyline.

To realize a successful waterfront residential neighborhood, it is necessary to mitigate the weaknesses and reinforce and build on the existing strengths of the district.

THE FIVE KEY ELEMENTS

1. CONNECTIVITY

PORTLAND’S DOWNTOWN CORE AND WATERFRONT are disconnected. Strengthening connections between them will greatly benefit both the city core and its waterfront park. For visitors, the core will become a more attractive place to visit, shop, attend cultural events, and patronize restaurants and nightclubs if the waterfront is enlivened. For those
who work in the city (or who are contemplating moving their business into the core), the core to waterfront connection will make downtown a more varied and interesting environment, a more attractive place to work.

**GOVERNOR TOM MCCALL WATERFRONT PARK is not all it can be.** Solely redesigning the park will not in itself make the park a success. For the Park to really succeed, the city’s waterfront edge must be addressed. The many surface parking lots, garage doors, and blank building walls on Naito Parkway’s westside should be redeveloped with housing and active street level uses that complement the Park to entice people to walk from downtown to the waterfront. The more attractive the Park is to people in central city, the stronger the connection will be between the downtown core and the waterfront.

**NAITO PARKWAY is a fast-paced, noisy thoroughfare that is a barrier in itself as well as an impediment to three elements that will improve connectivity: waterfront housing, active street level uses on the Parkway, and the quality of Tom McCall Waterfront Park. It should be calmed as much as possible and its pedestrian crossings improved.**

**WEAK STREET EDGES on the blocks between Second Avenue and Naito Parkway (brought on by surface parking lots, ground floor offices, and poorly performing retail) act to make the streets uninviting to pedestrians and result in the disconnection between downtown and the waterfront.**

**KEY RECOMMENDATIONS**

- Reconstruct Naito Parkway with parking at least on the west side and good pedestrian crossings. **Naito Parkway is a time critical issue. PDOT is scheduled to begin a reconstruction project using the current Naito characteristics (except to add bike lanes) in Spring 2003.**

- Infill waterfront area parking lots and replace garage doors and blank building walls with mixed use housing projects that have active street level uses.

- Initiate feasibility study of this report’s two way streets proposal.

- Initiate Central City study of traffic implications for changes to Naito Parkway and Morrison Bridge heads.

2. **HOUSING**

**WHY HOUSING?** Housing coupled with workplaces brings people to an urban area and activates the streets 7 days a week, 24 hours a day. Street vitality is the result, and retail in the area will greatly benefit. People who live in a neighborhood take ownership of the place where they live, and form neighborhood groups that look after the livability of a place. Housing in the waterfront area will also help activate downtown Portland and make it a more attractive place to work.

**STARTING A RESIDENTIAL NEIGHBORHOOD:** Public investment and actions will be required to make conditions favorable for housing and to start the first residential catalyst projects. The strategy to build a residential neighborhood is to complete two large unit count projects on the north and south sides of the proposed neighborhood, creating ‘bookends’ between other infill sites on the waterfront. Concurrent with this effort, market-rate residential lofts in historic buildings should also be realized. The consultant team and Bureau of Planning assumes a minimum of 1000 units will be needed to establish a successful urban residential neighborhood.

See DEVELOPMENT page 33.
**KEY RECOMMENDATIONS**

- Add mixed use housing to the waterfront area.
- **BLOCK 34:** City investment in a catalyst housing project on Block 34 (Fire 1 site) - the ‘north bookend’.
- **BLOCK 40:** PDC should work with the owner to help realize a development on Block 40 (Naito and Stark) - the ‘south bookend’. The impediments to a development on this block, Naito Parkway and Height/FAR restrictions, should be addressed by PDC, BOP and PDOT.
- Initiate feasibility study of redevelopment of Morrison Bridge head sites, either with existing ramps or removed ramps.
- Initiate review of height and FAR adjustments at Morrison Bridge head, Block 34 and Block 40.

**3. HISTORIC DISTRICTS**

Historic preservation must be a core part of the strategy to revitalize the waterfront district. The City’s two most important historic districts, the Skidmore/Old Town Historic District and the Yamhill Historic District, are located in the study area. The Skidmore/Old Town Historic District is one of Portland’s two nationally registered historic landmarks (Pioneer Courthouse is the other one), and is considered along with New York’s SoHo district to be one of the country’s premiere cast iron districts. Some have called the Skidmore/Old Town district ‘the soul of Portland’. The historic context provides a major asset to attract new activity and investment in the area and should be embraced and promoted. The historic districts have great ‘bones’ - excellent cast iron historic buildings and unique street quality - but they have many ‘missing teeth’ as a result of 1940’s to 1960’s historic building demolition for surface parking lots. It is highly recommended that existing buildings be rehabilitated for primarily residential uses (with some office use on selected blocks) and with active street level uses. It is also recommended that contemporary, high quality, infill projects are sensitive to the historic buildings’ scale and that they help to rebuild a continuous, vibrant streetscape edge.

See **URBAN DESIGN** page 81.

**KEY RECOMMENDATIONS** (see page 81 and 82 for specific recommendations)

- Rehabilitate historic buildings with residential lofts (with offices in selected buildings) and active street level uses.
- Create funding tools to promote the renovation of historic structures in the area.
- Promote historic redevelopment of key buildings such as the Skidmore Fountain Building and the Made in Oregon, Bickel and Skidmore Blocks.
- Develop new regulatory policies for historic districts/structures and review and amend existing regulatory policies.

**4. ANKENY PLAZA**

In the heart of Portland’s Skidmore/Old Town Historic District lies Ankeny Plaza, an urban gem in Portland that is now forgotten. It has good ‘bones’ and great materials and scale - key ingredients to an outstanding urban place. Unfortunately, the plaza is now encircled by parking lots and blank walls, and is perceived to be unsafe - crime problems under the Burnside Bridge negatively impact the plaza. Saturday Market brings people to the plaza occasionally,
but usually it is empty. A rejuvenated Ankeny Plaza will provide Portland with an exemplary public space and enliven the entire historic district.

The fire station 1 (Block 34) location at the intersection of Naito Parkway and Ankeny Plaza portends a pivotal role for this site in the revival of Ankeny Plaza as well as the entire waterfront district revitalization. Fire Station 1 is a building that neglects Ankeny Plaza and the streets surrounding it, and its presence has not been a deterrent to crime. The moving of Fire Station 1 is a critical requirement for the realization of a residential neighborhood on the waterfront, and in enlivening Ankeny Plaza.

Magnets are urban nodes that attract people and draw them onto streets on all days and evenings. Ankeny Plaza has the potential to become a major magnet in the waterfront district.

Key Recommendations

• Move Fire Station 1 and build a project that fronts the plaza with street level cafes with housing above.

Moving Fire 1 is a time critical issue. Fire 1 is scheduled to begin a remodel and addition project on the current Fire 1 site in Spring 2003.

• Restore Skidmore Fountain Building with active uses on the street.

• Strengthen the crossing across Naito Parkway into Tom McCall Waterfront Park.

• Strengthen existing magnets (Tom McCall Waterfront Park and Ankeny Plaza) and add more magnets (Public Market, Health Clubs, waterfront restaurants, etc.) to the area to entice people from downtown and elsewhere. Coordinate Park work with renovation of Ankeny Pump station.

5. Livability

Public Safety: Crime is a problem that centers on the MAX stop beneath the Burnside Bridge. The impacted crime area spreads out over a one block radius from the stop and encompasses Ankeny Plaza and Tom McCall Waterfront Park near the bridge. Public Safety is the primary reason why retail and office tenants have recently moved out of the area.

Public Safety: Social service organizations, without day programs or waiting rooms for their clients, have also negatively impacted the perception of the area.

Key Recommendations

• Put active uses (‘eyes’) on the street - with a special focus on the MAX stop under the Burnside Bridge. Program elements should be determined by a City/Tri-Met/Stakeholder/Social Service Task Force to reduce crime in this area and make the area inviting.

• Collaborate with social service organizations to study programs and queuing on the sidewalks and develop positive solutions for the neighborhood.

• Create forum for existing and new businesses, property owners and residents to meet on an on-going basis to address change in the area.
PRELIMINARY COST/BENEFIT ANALYSIS OF RECOMMENDED PUBLIC INVESTMENT

PUBLIC INVESTMENTS

INITIAL PUBLIC INVESTMENT
Block 34 $5M to $7.2M
Naito Parkway $1.6M

Low - $6.6M; High - $8.8 M ($5 Million in PDC Projected Budget)

OTHER CITY INVESTMENTS
Morrision Bridgehead site preparation tbd
Skidmore Fountain Building $2M
Draft Market & Mixed Income Housing Financial Gap $16.2M to $21.3M
(13 Blocks, includes structured parking on Block 28)

BENEFITS OF PROJECT

TOTAL AREA INFILL/REDEVELOPED 13 Blocks
(does not include Blocks 30, 33)

ESTIMATED TAX GAINS FROM REDEVELOPMENT
Low - $4.5M/yr.; High - $5.6M/yr.

ESTIMATED MARKET VALUE INCREASES FROM REDEVELOPMENT
Low - $215M; High - $271M

INCREASE IN SITE’S ASSESSED VALUE 77% - 2000%

DOWNTOWN HOUSING GAINS
Phases 1 & 2 965 units
(minimum 1000 needed for neighborhood)
Phase 3 1705 units
(including Morrison Bridge sites)
Phase 4 over 2000 units
(mixed use development west of Second Avenue)

BENEFITS TO THE CITY OF PORTLAND
• Potential for excellent return on City investment.
• Revitalization of Waterfront.
• Housing Near the Downtown Retail Core.
• Preservation & Enhancement of Historic District.
• 24 Hour Residential Presence - ‘Eyes on Naito Park-way, Historic District streets and Waterfront Park.

PROJECT SUMMARY
PROJECT OVERVIEW 15
**PHASE 1 PROJECTS:**

<table>
<thead>
<tr>
<th>Project</th>
<th>Intent</th>
<th>Private</th>
<th>PDC</th>
<th>BOP</th>
<th>PDOT</th>
<th>PP+R</th>
<th>County</th>
<th>Tri Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naito Parkway</td>
<td>Make Naito a great urban Parkway by adding parking on the west and preserving the opportunity for parking on the east.</td>
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<tr>
<td>Feasibility Study</td>
<td>Study impact of reducing Naito Parkway northbound from two to one lane (feasibility and public input).</td>
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<tr>
<td>Design</td>
<td>Improve west sidewalk, crossings and east walkway in park.</td>
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<td>Block 34</td>
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<tr>
<td>Relocate Fire Station 1</td>
<td>Acquire Fire Station 1 Site.</td>
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<tr>
<td>Requests for Proposal</td>
<td>Initiate a mixed use housing design process on Block 34 that will activate Ankeny Plaza, First Avenue and Naito Parkway.</td>
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<tr>
<td>Construction</td>
<td>Develop a residential/retail ‘bookend’ project.</td>
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<tr>
<td>Gov. Tom McCall Waterfront Park</td>
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<tr>
<td>Ankeny Pump Station</td>
<td>Coordinate Park design with the Pump Station renovation.</td>
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<td>Block 40</td>
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<td>Building Heights</td>
<td>Consider adjustment to building heights under Central City Assessment.</td>
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<tr>
<td>Construction</td>
<td>Develop residential condominiums, active street level.</td>
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<tr>
<td>Public Safety</td>
<td>Address public safety by adding an active use, such as a health club, beneath the Burnside Bridge.</td>
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<tr>
<td>Block 10 (restoration)</td>
<td>Re-energize Skidmore Fountain Building with live/work.</td>
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<td>Historic Renovation</td>
<td>Create tools to promote renovation of historic buildings in the area.</td>
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<td>Lofts in Historic Bldgs.</td>
<td>Encourage investment in historic structures for residential use.</td>
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<tr>
<td>Block 30</td>
<td>Develop mixed income residential/retail project.</td>
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<td>Portland Public Market</td>
<td>Secure location for a ‘magnet’ that will generate activity.</td>
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<td>Block 9 (restoration office)</td>
<td>Re-energize buildings with office, retail and restaurants.</td>
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<td>Other studies</td>
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<td>Morrison Bridge Ramps</td>
<td>Investigate Morrison Bridge ramp removal Technical, Traffic and Cost (feasibility and public input).</td>
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<tr>
<td>Heights</td>
<td>Investigate Height Adjustments (feasibility and public input).</td>
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</tbody>
</table>

- **Primary Role**
  - PDC: Portland Development Commission
  - PDOT: Portland Department of Transportation
  - PP&R: Portland Parks and Recreation
- **Supporting Role**
  - BOP: Bureau of Planning
  - County: Multnomah County

**IMPLEMENTATION**

**PROJECT OVERVIEW**

PDC DOWNTOWN WATERFRONT DEVELOPMENT OPPORTUNITIES PROJECT APRIL 11, 2003
EMMONS ARCHITECTS SHIELS OBLETZ JOHNSEN LANGO HANSEN E.D. HOVEE
### PHASE 2 PROJECTS:

<table>
<thead>
<tr>
<th>Project</th>
<th>Intent</th>
<th>Private</th>
<th>PDC</th>
<th>BOP</th>
<th>PDOT</th>
<th>PP+R</th>
<th>County</th>
<th>Tri Met</th>
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<tbody>
<tr>
<td>Gov. Tom McCall Waterfront Park</td>
<td>Implement Master Plan.</td>
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<tr>
<td>Block 10</td>
<td>Develop a mixed income housing project with active street level.</td>
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<td>Blocks 26 and 27</td>
<td>Develop infill high end condominium projects with active street level.</td>
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<tr>
<td>Block 28 (parking)</td>
<td>Develop a parking structure to provide parking for small scale residential infill development on Blocks 26 and 27, Ankeny Plaza/ Naito Parkway retail and restaurants.</td>
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<tr>
<td>Block 33</td>
<td>Develop an office and/or retail project with active street level.</td>
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<tr>
<td>Block 38</td>
<td>Develop a high rise housing project with active street level.</td>
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### PHASE 3 PROJECTS:

<table>
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<th>Intent</th>
<th>Private</th>
<th>PDC</th>
<th>BOP</th>
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<th>Tri Met</th>
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<tbody>
<tr>
<td>Block 2, 39</td>
<td>Develop high rise condominium projects with active street level.</td>
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<td>Block 8 (remodel)</td>
<td>Renovate existing office and retail buildings.</td>
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<td>Block 11</td>
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<td>Block 16</td>
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### PHASE 4 PROJECTS:

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<td>Block 8</td>
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<td>Block 29</td>
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<tr>
<td>Blocks outside of study area</td>
<td>Develop housing projects with an active street level.</td>
<td>●</td>
<td>○</td>
<td>○</td>
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</table>
PHASE 1 will build catalyst housing projects with significant unit counts on less challenging sites and add residential lofts to historic buildings. It will also remove a major impediment to development (current Naito Parkway) and create the beginnings of a renaissance along the riverfront and at Ankeny Plaza.

PHASE 1 PROJECTS:
- Naito Parkway Reconstruction -
- Block 34 168
- Gov. Tom McCall Park at Ankeny -
- Block 40* 142
- Public Safety addressed -
- Block 10 (historic restoration) tbd
- Residential Lofts in Historic Buildings tbd
- Block 30 175
- Portland Public Market -
- Block 9 (historic restoration - office) -

TOTAL HOUSING 485 UNITS

PHASE 2 will further strengthen Ankeny Plaza and the west edge of Naito.

PHASE 2 PROJECTS:
- Gov. Tom McCall Waterfront Park -
- Block 10 75
- Block 26 42
- Block 27 84
- Block 28 (parking) -
- Block 33 (office and/or retail) -
- Block 38 279

PHASE 1 485

TOTAL HOUSING 965 UNITS

*RECOMMENDED ZONING ADJUSTMENTS:
- Block 40 height: 75 feet to 200 feet
PHASE 3 will initiate large block development at the Morrison Bridge and create the density necessary to realize a vibrant urban residential neighborhood and sustain service retail.

PHASE 3 PROJECTS:
Morrison Bridge Head Ramp Removal
Block 2* 346
Block 39* 346
Block 8 (remodel) -
Block 11 48
Block 16 -
PHASE 1+2 965
TOTAL HOUSING 1705

*RECOMMENDED ZONING ADJUSTMENTS:
Blocks 2, 39 height: 75' to 250'

PHASE 4 will consist of further housing and office development on half blocks that are currently surface parking lots, which in many cases extend beyond the project area.

PHASE 4 PROJECTS:
Block 8 -
Block 13 tbd
Block 29 tbd
Blocks outside of study area tbd
PHASE 1

THE CATALYST PROJECTS - THE 'BOOKENDS'

BLOCK 34 (FIRE STATION 1 SITE) - NORTH BOOKEND
Block 34 was selected because a mixed use housing project in this location will have the most profound, positive effect on the key weaknesses in the district, and a project here can directly take advantage of all of the district’s key strengths. A development on this site will have both a positive impact on public safety in the Ankeny Plaza/Burnside Bridge area and it will bring the first downtown waterfront housing between the Hawthorne and Steel Bridges to the city. In addition, a project here will be a catalyst for the south ‘bookend’ project - Block 40. Block 34 is the largest available waterfront parcel in the district, and has a minimum of site preparation and acquisition challenges in relation to other nearby blocks that are currently surface parking lots.
See DEVELOPMENT page 34

RECOMMENDATIONS
- Issue a Request for Proposal for a private mixed-use, 168 - 205 unit residential project that is well-designed, high quality and that activates Naito Parkway, First Avenue, Ash Street and Ankeny Plaza.

BLOCK 40 - SOUTH BOOKEND (bounded by Naito Parkway, First Avenue, Oak, Stark): Block 40 is a privately owned 3/4 block site on the southern side of the proposed residential neighborhood area. It has been determined by the consultant team that it has positive economics for a 95 - 156 unit, market rate, high-rise ‘point tower’ condominium project that would feature highly desirable units with an outstanding location and superb views. The street level should be designed with active street uses.
See DEVELOPMENT page 35

RECOMMENDATIONS
- Catalyze Block 40 by building a project on Block 34.
- Begin process for considering height increases on blocks adjacent to the Morrison Bridge.

OTHER PHASE 1 PROJECTS

BLOCK 10 (the Skidmore Fountain Building) should be revitalized with active ground floor uses that contribute to the vitality of Ankeny Plaza and put ‘eyes’ on the Plaza and under the Burnside Bridge. Housing, live/work, or office use should be considered above street level in the existing building.
See DEVELOPMENT page 35

RESIDENTIAL LOFTS IN HISTORIC BUILDINGS by private developers should be encouraged - they will help build a district residential market along with the Block 34 and 40 projects. Strategies to close economic gaps should be developed and gap funding sources should be determined.
See DEVELOPMENT page 35

BLOCK 30 (Third and Oak) should be developed with high-rise, mixed income housing and active ground floor uses.
See DEVELOPMENT page 35

PUBLIC MARKET: A James Beard Public Market on Naito Parkway would be a strong retail attractor and magnet for this area. The consultant team studied Block 8 and Block 34 (Fire Station 1 site). It is recommended that Block 10 also be considered for the Market location. Portland Public Market currently prefers Block 34. The Market could be grouped with Saturday Market and a weekend Farmer’s Market to create a ‘Market District’. The noise of early morning deliveries needs to be considered when siting the Market near residential development. Location of the Public Market in this area...
could stimulate significant complementary activity along Naito Parkway. It will also be a major attractor for potential waterfront district residents.

See DEVELOPMENT page 36

**BLOCK 9 (Made in Oregon, Bickel, Skidmore Blocks)**
should be rehabilitated with active ground floor uses that contribute to the vitality of First Avenue, Naito Parkway and under the Burnside Bridge. Office use should be considered on floors above.

See DEVELOPMENT page 36

**MORRISON BRIDGE RAMP STUDY:** A comprehensive study with public process should be made to examine the possibility of removing the circular Morrison Bridge Ramps, freeing the land for an efficient, high-rise, high unit count housing development.

**PHASE 2**

**BLOCK 10 (3/4 block, adjacent to the Skidmore Fountain Building)** should be developed with mixed income housing and street level uses that activate Naito Parkway, Ankeny Plaza, and under the Burnside Bridge.

See DEVELOPMENT page 36

**BLOCK 26 AND 27 (waterfront parking lots between Ash and Oak):** Develop infill high end condominiums with active street level uses.

See DEVELOPMENT page 36

**BLOCK 28 (parking lot on First between Ash and Pine):** Develop with a parking structure to provide parking for small scale residential infill development on Blocks 26 and 27 and parking for Ankeny Plaza/Naito Parkway retail and restaurant users.

See DEVELOPMENT page 36

**BLOCK 33 (North New Market):** Develop a retail or retail/office project with active street level uses that helps activate Ankeny Plaza.

See DEVELOPMENT page 37

**BLOCK 38 (full block bounded by First, Second, Stark, Oak):** Develop a high rise market-rate residential project with active street level uses.

See DEVELOPMENT page 37

**PHASE 3**

**BLOCK 2 AND 39 (Morrison Bridge Ramps):** Develop high rise, high unit count ‘point tower’ condominium projects with active street level uses.

See DEVELOPMENT page 37

**BLOCK 8 (Naito, First, NW Couch and Davis):** Reinvigorate existing buildings and cut openings in Oregon Outdoor Community building to activate Naito Parkway and NW Couch.

**BLOCK 11 (Ankeny Plaza NW corner):** Develop a mixed income housing project with active street level uses.

See DEVELOPMENT page 37

**BLOCK 16 (main entry site on axis with Morrison Bridge between First and Second):** Develop a commercial office project and/or other use.

See DEVELOPMENT page 37

**PHASE 4**

**HALF BLOCKS OUTSIDE OF STUDY AREA:** Develop residential/retail projects on half-block sites adjacent to study area west of Second Avenue.

See DEVELOPMENT page 37

**BLOCKS 8, 13, 29:**

See PROJECT OVERVIEW pages 17, 19
SUMMARY OF STAKEHOLDER COMMENTS

- There is a public perception that the area is unsafe because of the prevalence of drug dealing and anti-social activity in the area.
- Area is defined by Waterfront Park, Skidmore Fountain and the area’s historic structures.
- Has bones, but not a ‘complete’ neighborhood.
- Historic structures give the area character, but make new development much more challenging.
- Waterfront Park is a wonderful, but underperforming, asset for the district. Major issues are festival use, pedestrian access across Naito Parkway and public safety.
- Naito Parkway is a barrier to the park. Too much traffic. Too few crossings. No Parking.
- Residential development through new construction or renovation is a very important component for adding vitality to the neighborhood. Sites across from the park are excellent locations.
- New commercial office space is more challenging than residential because few sites have the minimum ½ block floor plate. Renovation of historic structures for office is possible.
- Current retail environment is poor, but character of neighborhood creates the potential for successful retail. Also entertainment retail - bars and restaurants - are doing well along Second Avenue.
- Concerns about the traffic impact on other parts of the city, particularly Central East Side and Northwest Industrial Area.

SUMMARY OF PUBLIC COMMENTS

- Development on Naito facing the park should emphasize retail and restaurants on the ground floor.
- Residential development is desirable above the ground floor, especially between the Morrison and Burnside Bridges.
- Historic buildings should be preserved and more fully utilized.
- Naito Parkway has too much traffic. The volumes should be reduced.
- Naito Parkway should have more and better crossings to provide better access to the Park.
- Naito Parkway should have parking on the westside to serve the adjacent retail activities.
- The Morrison Bridge ramps are an obvious development opportunity.
- There are too many surface parking lots.
- There needs to be parking for people going to the park.
- The homeless population in the area is a big problem. People feel unsafe. The City should do something about it.
RESIDENTIAL UNITS will have spectacular views to the east over Gov. Tom McCall Waterfront Park, the Willamette River and the Cascade Mountains and to the west, superb views over the vibrant city center.

HISTORIC BUILDINGS create the character of the area. Adding more residential occupancies and infilling adjacent parking lots with sensitive, contemporary design will create a diverse urban environment that is pedestrian oriented. Re-energized historic buildings will become a catalyst to encourage future infill development.

SATURDAY MARKET brings people to Ankeny Plaza on an episodic basis. These people create a buzz of street activity that adds security to the area.
**Salmon Springs Fountain** is a highly successful magnet that draws people to the waterfront. Complemented with additional urban activities, the park will invite people to visit more frequently and stay longer.

**Governor Tom McCall Waterfront Park** is public space for all Portlanders throughout the year. People and groups of all ages are drawn to the open space. As in other major cities, it could be the anchor for a vital urban residential neighborhood.

**Nighttime Lights and the Illumination of the Bridges** will also help make the waterfront an exciting and beautiful place.
Ramps between the Morrison Bridge and Naito Parkway take up 720 linear feet of prime waterfront property.

Ankeny Plaza is one of Portland’s most promising urban spaces, but it is surrounded by parking lots, blank ‘art’ walls at Fire Station 1 and poorly performing retail. The plaza is empty most days of the week and evenings. Crime is a problem in the area.

85 percent of the waterfront building edge between the Morrison and Burnside Bridges is surface parking lots or garage doors.
THE AREA BENEATH THE BURNSIDE BRIDGE is a crime area and creates a barrier between the historic district that extends north and south of the bridge, negatively impacting the entire district.

MULTI DAY, HIGH INTENSITY EVENTS, such as carnivals with rides, can be a deterrent to waterfront housing in the peak months of summer.

TRAFFIC NOISE ON NAITO PARKWAY
Future Downtown Housing

(4-7 YEARS)  LONG TERM (8-20 YEARS)
PHASE 3 HIGH RISE HOUSING
currently bridge ramps and parking lots

SOUTH BOOKEND - BLOCK 40
currently a parking lot

PHASE 2 INFILL HOUSING
currently parking lots between historic buildings

FUTURE PHASES: HOUSING
ON 1/2 BLOCK PARKING LOTS
WEST OF FIRST AVENUE.

NORTH BOOKEND - BLOCK 34
currently Fire Station 1 site
**The Downtown Waterfront Area** has many attributes to become a great downtown neighborhood: Gov. Tom McCall Waterfront Park, outstanding historic buildings, Ankeny Plaza, excellent transit, an enviable commute to downtown work places and superb views. But, for several reasons, its streets are empty much of the time, and at other times filled with a disproportionate number of people with crime issues and anti-social activities. The goal to enliven the district’s streets will succeed if diverse groups of people, in all income brackets, on all days and all hours, are attracted to the area. This is accomplished by having a diverse mix of living and work places, coupled with retail, markets and entertainment that will attract people from outside of the district. When there are people on the streets, active street level uses will follow, and crime will be reduced. Also, if people live in a place, they will care about the neighborhood and take ownership of it, establishing neighborhood groups that will take an ongoing active role in the quality of the urban setting.

**Housing** is an important component because it brings people to the neighborhood during the early weekday mornings, evenings and on weekends - the times when places of work are not open. Housing coupled with workplaces will activate this district 24 hours a day, 7 days a week.

**Housing Development Has Not Occurred Here Because of** Burnside Bridge area crime, anti-social activities, Naito Parkway noise, small development parcels, height/FAR restrictions, and expensive regulatory requirements related to historic building seismic, exiting and accessibility upgrades.

**Housing Mix:** Housing should be a full demographic mix in the neighborhood. It is recommended that higher end condominium housing be sited on the waterfront around the Morrison Bridge north to Ash, More middle income, market rate housing on Blocks 34 (Fire Station 1 site) and Block 38 (Second and Stark), and more affordable housing mixed with some market rate on Block 30 (Third and Oak), and Blocks 10 and 11 (adjacent to the Burnside Bridge).

**Housing Mix Phasing** was a key consideration in determining phasing recommendations. This is why Block 34 is being targeted as a starter ‘urban pioneer’ project, attractive to people who seek more affordable market rate residential units and who are less concerned with some of the ‘urban flavor’ that is present in the area. Block 40 is also targeted as a starter high end condominium project due to its location, lot size and spectacular views.

**It Will Be a Challenge** to create enough residential energy to transform this into a vital neighborhood. A successful neighborhood requires a certain ‘critical mass’ of people and synergy. Achieving that critical mass is highly unlikely unless the City makes a substantial investment in housing and acts to address the impediments to development such as Public Safety and Naito Parkway.

**Recommendations:**
- Establish a City goal of developing 1000 residential units in the area between the Morrison and Burnside Bridges and from Naito Parkway to Third Avenue.
- Provide the public incentives necessary to make the first projects financially successful. In this untested market area, some form of public support will be necessary.
- Start with developments on Blocks 34 and 40. This ‘bookend’ strategy sets the tone for housing diversity in the district and creates momentum that will attract subsequent development interest and investment.
- Encourage residential loft conversions in historic buildings.
BLOCK 34 - FIRE STATION 1 SITE - NORTH BOOKEND
(bounded by Naito Parkway, First, Ankeny, Ash)
Build 168-205 units of market rate housing.
Owner: City of Portland

THE MOST IMPORTANT AND PIVOTAL SITE in the study area is Block 34. This site is both at the center of the waterfront area and at the heart of the Skidmore/Old Town Historic District. It is also in a central location on the struggling First Avenue. A 24 hour - 7 day a week mixed-use housing project in this location will not only greatly aid in reducing crime in the Ankeny Plaza/Burnside Bridge area, but it will also create significant momentum for a revitalization of Portland’s waterfront and Portland’s leading historic district.

IT IS HIGHLY UNLIKELY THAT PORTLAND’S WATERFRONT WILL EXPERIENCE A REVITALIZATION if the site remains in its current configuration as a fire station. When an area is in decline, it is highly preferable to focus as much energy as possible on the center. Fortunately, the center in this case is owned by the City of Portland, and coincidentally, the Fire Bureau has over $8M available for a Fire Station 1 project. The timing is perfect for positive action on this site. Conversely, this will be the only chance to impact this site and adjacent historic area for the next several generations.

MOVING FIRE STATION 1 FROM THIS SITE WILL BE EXPENSIVE, but it is well worth the cost in terms of gains to Portland. The move must be evaluated on the basis of the contribution a building on this key site will make to the future success of the neighborhood. Without the Fire Station 1 move costs, the proposed mixed-use housing project is economically feasible, even factoring in the location in this untested market. Moving Fire Station 1 at a later date will be double or triple the current costs.

NUMEROUS ALTERNATE SITES FOR FIRE STATION 1 have been studied and several more good siting possibilities have emerged, and will be tested. Well situated, appropriate sites may not be available in the future.

A WELL-DESIGNED, HIGH QUALITY MIXED-USE HOUSING PROJECT that respects the character of the historic districts and energizes Ankeny Plaza, Naito Parkway and First Avenue should be the goal for a replacement project. It should set the tone for future waterfront and Skidmore/Old Town Historic District development.

BLOCK 34 IS THE ONLY FULL BLOCK SITE in the historic district and on Naito Parkway except the Morrison Bridge Ramp sites. Studies confirm that this site’s geometry gives this project one of the best chances for an economically successful development. Four redevelopment options are discussed on page 56.

Through the consultant team’s six months of research and testing, the case to replace Fire Station 1 with a mixed-use housing project became more and more compelling. Stakeholders and Bureau of Planning representatives agree. It became increasingly clear that a revitalization of the waterfront has little chance for success without redeveloping Block 34.

RECOMMENDATIONS:
- PDC, BGS and the Bureau of Fire and Rescue should aggressively pursue relocating Fire Station 1.
- PDC should provide funding to make up the gap between the costs for remodeling and adding to the current Fire Station 1 and a new, relocated station.
- PDC should issue an RFP for private development of the site with design parameters stressing excellent architectural and urban design and high quality.
- PDC should allocate funds if required to assure that a project on Block 34 will be feasible and achieves urban design and Historic District goals.
BLOCK 40 - SOUTH BOOKEND
(bounded by Naito Parkway, First, Oak, Stark)
Build 95-142 units of condominium housing.
Owner: City Center Parking

This site has tremendous market potential because of its spectacular views of Tom McCall Waterfront Park, the Willamette River, the Cascade Mountains and Portland's skyline. It is also within a short walk of downtown businesses, shopping and cultural venues. According to this study’s financial analysis, a high-rise, high-end condominium project is financially feasible in today’s market (see page 59).

Allowing a building on the southeast portion of this site (outside of the historic district) to achieve a height of 200’ will give the district approximately 60 extra units over a 75' high building, thereby greatly helping to achieve the 1000 unit minimum recommended for the waterfront district. A taller building will also make the residential units more marketable due to improved unit views, thus improving the chances for project success.

Together with Block 34, this site would serve to ‘bookend’ other development in the area and create market demand for more challenging infill sites.

The owner of the site has mentioned height and FAR restrictions and the current condition of Naito Parkway as being impediments to development.

RECOMMENDATIONS:

• PDC should work with the owner to make this project a reality.

• The Bureau of Planning should initiate a process to consider a height increase from 75 to 200 feet for the portion of the site outside of the historic district.

• Redesign Naito Parkway and redevelop Block 34.

PHASE 1: OTHER PRIMARY RECOMMENDATIONS
BLOCK 10 (the Skidmore Fountain Building)
Owner: City of Portland

This existing brick historic building should be rehabilitated for mixed income housing or live/work with active ground floor uses. The building is in a key location at the intersection of First Avenue and Ankeny Plaza and adjacent to the MAX stop under the Burnside Bridge. If well programmed and opened up to the adjacent streets and the Plaza, it will have a very positive impact on area public safety concerns. A restaurant, brew pub, or market on the ground floor would be ideal - something that will attract people and be open during the days and evenings.

RESIDENTIAL LOFTS IN HISTORIC BUILDINGS
Owner: various private owners

Concurrent with the development of the bookend blocks, owners of historic buildings in the district should be encouraged to remodel upper floors with residential lofts where feasible. The goal would be to create a housing market for the district and create market demand for new projects as well. Funding assistance should be considered to help defray the costs for required seismic (brought on by change of occupancy), exiting and accessibility upgrades.

BLOCK 30 (Third and Oak)
Owner: City of Portland

Block 30 should be developed with mid-rise, mixed income housing. This site is adjacent to the waterfront district on a quarter block next to the historic Police Station. The site has challenges for parking, so an affordable and market rate mixed project makes sense for the site. This project will help achieve the Waterfront district goals for a mixed demographic residential neighborhood.
BLOCK 9 (Made in Oregon, Bickel, Skidmore Blocks)
Owner - H. Naito Properties
These buildings should be rehabilitated with active ground floor uses that contribute to the vitality of First Avenue, Naito Parkway, NW Couch and under the Burnside Bridge. Its street level uses should stress active programs under the Burnside Bridge to address public safety. Office use should be on upper floors to increase work places in the district. These building are excellent historic properties with very good views and visibility from the Burnside Bridge.

PHASE 2
BLOCK 10 (adjacent to the Skidmore Fountain Bldg.)
Owner - H. Naito Properties
This 3/4 block parking lot should be developed with 75' high (6 stories of housing over retail) mixed income housing. Burnside Bridge noise will make market rate housing challenging, and affordable housing is needed in the area. River views make this site attractive for market rate housing. The street level of this project is adjacent to four key parts of the waterfront district - Naito Parkway, Ankeny Plaza, First Avenue and under the Burnside Bridge - and should be programmed to help activate all of them.

 BLOCK 26
(3/8 block, 100' x 150') parking lot on the corner of Naito Parkway and Pine [Block parcel 3B]
Owner: Schnitzer Investment Corp.
Develop a 75' high project, with 6 floors of infill high end, river view condominiums. Due to site size and adjacent buildings, 42 single loaded units are advisable, resulting in an 80% building efficiency. This efficiency results in a cost % supported by value of 91% and a funding gap of $1,447,400. One level of underground parking results in 38 spaces for a parking ratio of 0.88:1. Restaurants should be located along Naito Parkway.

BLOCK 27 - NORTH
(50' x 100' parking lot on the corner of Ash Street and First Avenue [Block parcel 3A])
Owner: Finkbeiner Investment Company
Develop a 75' high project with 6 floors of infill high end condominiums over retail. This small infill site has the capacity for 24 single loaded, city street view units over retail. Parking was determined to be not viable due to lot size and the desire to have sufficient space for street level uses. Across First Avenue, a parking garage on Block 28 could have dedicated spaces for residents. The design of this project should respect the adjacent historic buildings.

BLOCK 27 - SOUTH
(7/16 block, 75' x 200', parking lot on Pine between Naito Parkway and First [Block parcel 3B])
Owner: Gilbert, Irene Le et al
Develop a 75' high project with 6 floors of infill high end condominiums. The east facing units will have river views. Due to site size and adjacent buildings, 54 single loaded units are advisable, resulting in an 86% building efficiency. This efficiency coupled with a low parking ratio of 0.44:1 results in a cost % supported by value of 98% and a funding gap of $349,600. There are 24 underground parking spaces. A restaurant should be located along Naito Parkway.

BLOCK 28
(1/2 block parking lot on First between Ash and Pine)
Owner: City Center Parking
Develop with a 75' high parking structure to provide parking for small scale residential infill development on Blocks 26 and 27 as well as Ankeny Plaza/Naito Parkway Retail and Restaurants. 254 parking spaces are achievable above street level retail. The 1/2 block parking garage yields a cost % supported by value of 81% and a funding gap of $1,856,700. This parking garage is essential for Waterfront district success.
BLOCK 33 (North New Market)
Owner: Fountain Village Development Co.
Develop a 75’ high retail, food court or retail/office project with active street level uses. The adjacent New Market Building is one of Portland’s best cast iron buildings and a building to the north of it should respect it. The north elevation of the New Market building is also beautiful, and ideally a development will be able to incorporate the elevation into the design. A building on this site will have a large impact on Ankeny Plaza and the Ankeny Triangle, and should reuse the existing cast iron facades in front of highly active street level uses.

Owner: Uptown LLC and Schnitzer Inc.
Develop a 230’ high project, with 21 floors of market rate apartments or condominiums over parking and retail. Option A includes 279 condominium units and 383 parking spaces for a ratio of 1.38:1, resulting in a cost % supported by value of 93% and a funding gap of $5,493,500. Option B includes 321 rental apartments and 385 parking spaces for a ratio of 1.20:1, resulting in a cost % supported by value of 89% and a funding gap of $7,932,600. Street level uses should contribute to street vitality.

PHASE 3
BLOCK 2 AND 39 (Morrison Bridge Ramps)
Owner: Multnomah County
Option A is a 75’ high building that has 6 floors of 134 condominiums (268 for both blocks) and 152 parking spaces per block on two above grade floors for a ratio of 1.13:1, resulting in a cost % supported by value of 91% and a funding gap of $4,108,400. This option complies with current zoning, but is not recommended because unit counts are low and views, the prime attribute of the site, are not fully taken advantage of. Option B is a 240’ high double ‘point tower’ per block that has 22 floors of 346 condominiums (692 for both blocks) and 432 parking spaces per block on 4 above grade floors and one below grade level at a ratio of 1.25:1. The cost % supported by value is 92% and a funding gap of $6,575,100. This option requires a height increase from 75’ to 250’. A significant decrease in unit count and cost % supported by value will result if the ramps are not removed.

BLOCK 11 (First Avenue, Ankeny, Burnside)
Owner: H. Naito Properties
Develop a 75’ mixed income housing project. A building on this site will have a large impact on Ankeny Plaza and should have active street level uses.

BLOCK 16 (between Morrison Bridge ramps between First and Second)
Owner: Multnomah County
Develop a 240’ high 16 story commercial office project or cultural project or a mix of the two on this site. 266 parking spaces would be in two below grade levels. To mitigate access issues for this site, it is recommended that this project be combined with the Block 38 development and share parking access. This project is a major gateway project for Morrison Bridge drivers - its east facade should be dynamic.

PHASE 4
BLOCKS 8, 13, 29
See DEVELOPMENT pages 17, 19
HALF BLOCKS (GENERIC) OUTSIDE OF STUDY AREA:
Owner: City Center Parking (primarily)
Develop residential/retail projects on half-block sites adjacent to study area to maximum allowable heights if market permits. A 75’ high generic model was tested, yielding 60 condominium units with 96 parking spaces on two below grade levels for a ratio of 1.4:1. Another option has 84 rental units with 46 parking spaces on one below grade level. Condominiums perform far better at a cost % supported by value of 96%.

STRATEGY/RECOMMENDATIONS
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<td>Condominium</td>
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<td>17,200</td>
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<td>34</td>
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<td>Housing - 75'</td>
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<td>100</td>
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<td>Condominium</td>
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<td></td>
<td>Housing</td>
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<td>Condominium</td>
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<td>156</td>
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<td></td>
<td>Generic Housing</td>
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<td>Condominium</td>
<td>79,100</td>
<td>15,550</td>
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<td>46</td>
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<tr>
<td></td>
<td>A</td>
<td>60</td>
<td>Condominium</td>
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<td>16,050</td>
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<td></td>
<td></td>
<td>96</td>
</tr>
<tr>
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<td>B</td>
<td>84</td>
<td>Apartment</td>
<td>79,100</td>
<td>15,550</td>
<td></td>
<td></td>
<td></td>
<td>46</td>
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</tbody>
</table>

Preferred Options 1,705 96,550 1,133,750 169,250 266,550 - 2,086

Note: Options in Block are the preferred option.
THE TAX INCREMENT generated by the development or redevelopment of 13 sites – ranging from infill to full block within the Downtown Waterfront Area is substantial.

For five sites, two separate development options were evaluated. Building rehabilitation and adaptive reuse is proposed for three sites; new construction – either on a currently empty lot or assuming the demolition of existing structures – is proposed for the remaining ten sites. Tables also include value and tax revenue estimates for one generic (or non site-specific) half-block redevelopment within the area – although totals do not include the generic site.

Depending on the block and project concept considered, new construction and redevelopment projects increase sites’ tax assessed values between 77% and 2000%.

If all sites under consideration were redeveloped, their total tax assessed value would increase an estimated $216 – $272 million, depending upon the redevelopment option selected for each site.

THIS SIGNIFICANT INCREASE IN VALUE is due in part to the tax abatement for which four sites currently qualify due to existing public ownership. Adding these sites to the tax roles (after redevelopment) accounts for $116 – $149 million of the total properties’ increase in tax assessed value.

The second factor contributing to this large increase in assessed value is the low-intensity of the current uses for the sites evaluated. Low-intensity uses are particularly prevalent in sites selected for the proposed new construction projects; six are currently in use as surface parking lots. Excluding publicly owned properties, five of the redevelopment sites are currently assessed at less than $1 million. Another four range between $1 and $3 million.

The chart on the following page (Table 1) provides a summary of estimated value and incremental value by block and development option. The subsequent chart (Table 2) contains estimates of incremental annual tax revenues by type of taxing jurisdiction. All estimates are preliminary based on concepts provided and subject to change.

The estimated assessed values reported in Table 1 show the increased valuation attributable to these identified project opportunities – leading to significant revenue increases for all relevant taxing jurisdictions.

TAXES GENERATED BY DEVELOPMENT

DEVELOPMENT
### Table 1: Estimated Increase in Tax Assessed Property Value

<table>
<thead>
<tr>
<th>Block</th>
<th>Option</th>
<th>Estimated Market Value (Post-Development)</th>
<th>Weighted Property Change Ratio</th>
<th>New Tax Assessed Value</th>
<th>Current Tax Assessed Value</th>
<th>Tax Assessed Value Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block 2</td>
<td>A</td>
<td>$45,281,500</td>
<td>0.66</td>
<td>$29,724,100</td>
<td>$0</td>
<td>$29,724,100</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>$62,348,800</td>
<td>0.69</td>
<td>$42,910,700</td>
<td>$0</td>
<td>$42,910,700</td>
</tr>
<tr>
<td>Block 8</td>
<td>Redevelop</td>
<td>$3,954,400</td>
<td>0.55</td>
<td>$2,921,900</td>
<td>$1,650,300</td>
<td>$1,271,600</td>
</tr>
<tr>
<td>Block 9</td>
<td>Redevelop</td>
<td>$19,325,600</td>
<td>0.55</td>
<td>$11,567,100</td>
<td>$2,011,400</td>
<td>$9,555,700</td>
</tr>
<tr>
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<td>Redevelop</td>
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<td>$5,500,900</td>
<td>$2,921,100</td>
<td>$2,573,800</td>
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<tr>
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<td>$1,800,000</td>
<td>0.55</td>
<td>$993,400</td>
<td>$556,400</td>
<td>$437,000</td>
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<tr>
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<td>$59,896,700</td>
<td>0.55</td>
<td>$33,057,000</td>
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<td>$33,057,000</td>
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<td>$11,121,600</td>
<td>$586,200</td>
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<td>$4,277,100</td>
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<tr>
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<tr>
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<tr>
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<td>B</td>
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<td>$23,824,800</td>
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<td>C</td>
<td>$43,177,500</td>
<td>0.66</td>
<td>$28,572,400</td>
<td>$0</td>
<td>$28,572,400</td>
</tr>
<tr>
<td></td>
<td>D - not studied</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Block 38</td>
<td>A</td>
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<tr>
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<tr>
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<td>A</td>
<td>$45,281,500</td>
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<td>$29,724,100</td>
<td>$0</td>
<td>$29,724,100</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>$62,348,800</td>
<td>0.69</td>
<td>$42,910,700</td>
<td>$0</td>
<td>$42,910,700</td>
</tr>
<tr>
<td>Block 40</td>
<td>A</td>
<td>$32,011,000</td>
<td>0.67</td>
<td>$21,552,300</td>
<td>$1,227,000</td>
<td>$20,325,300</td>
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<tr>
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<td>B</td>
<td>$44,403,700</td>
<td>0.68</td>
<td>$30,196,500</td>
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<td>$15,882,800</td>
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<td>0.66</td>
<td>$13,163,300</td>
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<td>$12,369,200</td>
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<tr>
<td>Totals: Low</td>
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<td>$227,012,300</td>
<td>$11,163,200</td>
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<tr>
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<td>$283,021,100</td>
<td>$11,163,200</td>
<td>$271,857,900</td>
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</table>

**Note:** Current publicly owned sites are shown with no tax assessed valuation. Tax abatement is assumed for affordable housing component of Block 10 redevelopment and new construction and Block 11 new construction. Totals do not include Generic Block figures. Property change ratios are weighted according to square footage of redevelopment by use, and applied to real market value to calculate tax assessed value.

**Source:** Multnomah County Tax Assessor, Portland Development Commission, Downtown Portland Waterfront Development Feasibility Study; E.D. Hovee and Company. Estimates are preliminary.

---

**Taxes Generated by Development**

DEVELOPMENT
TABLE 2 reports the estimated increase in revenue to various types of taxing jurisdictions. Depending upon the development option selected for each site, redevelopment of the 13 sites produces an annual estimated tax increase of $1.4 to $1.8 million to the City of Portland, $1.1 – $1.4 million to Multnomah County, and $1.7 – $2.2 million to the three educational taxing entities (Portland Public Schools, Education Service Districts and Portland Community College).

If all sites are redeveloped, estimated total tax revenue increases from $226,200 in 2002 to between $4.5 and $5.7 million annually. Terminating the current tax exempt status of four sites significantly contributes to this increase, generating an estimated $2.4 – $3.1 million in increased tax revenue.

Exempting properties now in public ownership, the largest estimated gains in tax revenue are associated with the larger residential developments. Block 38, Options A & B, with 21 floors of condos and/or apartments, alone offers revenue return of $0.8 – $1.1 million per year.
### TABLE 2. ESTIMATED INCREASE IN TAX REVENUE TO PRIMARY TAXING ENTITIES

<table>
<thead>
<tr>
<th>Block</th>
<th>Option</th>
<th>Education</th>
<th>City of Portland</th>
<th>Multnomah County</th>
<th>Other Taxing Entities</th>
<th>Total</th>
<th>Total Taxes Due (Post-Redevelopment)</th>
<th>Total 2002 Taxes Due</th>
<th>Total Annual Tax Gains</th>
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<td>$237,300</td>
<td>$199,600</td>
<td>$154,900</td>
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<td>$619,000</td>
<td>$0</td>
<td>$619,000</td>
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<tr>
<td></td>
<td>B</td>
<td>$342,600</td>
<td>$288,200</td>
<td>$223,600</td>
<td>$39,300</td>
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<td>$893,700</td>
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<td>$8,800</td>
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<td>$240,900</td>
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<td>$148,900</td>
<td>$26,200</td>
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<td>$806,900</td>
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<td>$27,200</td>
<td>$619,000</td>
<td>$619,000</td>
<td>$0</td>
<td>$619,000</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>$342,600</td>
<td>$288,200</td>
<td>$223,600</td>
<td>$39,300</td>
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<td>$893,700</td>
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<td>$893,700</td>
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<td>$151,000</td>
<td>$26,500</td>
<td>$609,400</td>
<td>$628,900</td>
<td>$26,000</td>
<td>$602,900</td>
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<tr>
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<tr>
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<td>$83,100</td>
<td>$64,500</td>
<td>$11,300</td>
<td>$257,600</td>
<td>$274,100</td>
<td>$17,500</td>
<td>$256,600</td>
</tr>
<tr>
<td>Totals: Low</td>
<td></td>
<td>$1,723,300</td>
<td>$1,449,600</td>
<td>$1,124,900</td>
<td>$197,800</td>
<td>$4,495,600</td>
<td>$4,727,900</td>
<td>$226,200</td>
<td>$4,501,700</td>
</tr>
<tr>
<td>Totals: High</td>
<td></td>
<td>$2,170,500</td>
<td>$1,825,900</td>
<td>$1,416,700</td>
<td>$249,200</td>
<td>$5,662,300</td>
<td>$5,894,500</td>
<td>$226,200</td>
<td>$5,668,300</td>
</tr>
</tbody>
</table>

**Note:** ‘Education’ includes Education Service Districts, Portland Public Schools and Portland Community College. ‘Other Taxing Entities’ includes Metro, Tri-Met, Port of Portland and Urban Renewal Special Rate tax. Tax abatement is assumed for affordable housing component of Block 10 redevelopment and new construction and Block 11 new construction. Totals do not include Generic Block figures.

**Source:** Multnomah County Tax Assessor, Portland Development Commission, *Downtown Portland Waterfront Development Feasibility Study*; E.D. Hovee and Company. Estimates are preliminary. These projections assume market and financial feasibility and are in 2002 dollars.
Most of the street level uses between Second Avenue and Naito Parkway are currently surface parking and office.
It is recommended that parking be below grade to free ground floor uses for more pedestrian-friendly activities such as neighborhood retail, riverfront restaurants, markets, and a health club. Active second, third and fourth floors also have a very positive effect on streets.
Portland’s current zoning requires that the height of buildings be no more than 75 feet at the river edge and within historic districts.

It is recommended that the allowable height of buildings be increased around the Morrison Bridge outside the historic district. Block 34 should also be considered for a height increase as it is not directly next to a historic building and increased unit counts will benefit the entire historic district. The increase in height will make housing projects financially viable and create the numbers of units necessary for a successful urban residential neighborhood. The Bureau of Planning recommends that such changes be considered within the broader context of the Central City Assessment.
Massing with current allowable heights.

Massing with Recommended Height Adjustments around the Morrison Bridge and Block 34.
Surface Parking Lots abound in the district. They have a negative impact on street life and degrade the city’s waterfront edge.
Proposed Parking is either underground or above the retail floor. Against the Morrison Bridge, above grade parking is a good solution as long as garage screening is well designed. Housing on lower floors next to the bridge is not recommended. On other streets, parking is below grade only - successful streets need not only ground floor activity, but also activity on second, third and fourth floors.
PRO FORMA RESULTS
While each site and pro forma is associated with its own distinctive features, a number of overall observations can be drawn from this preliminary financial analysis. We start with a summary comparison on feasibility by block and concept, followed by preliminary findings, and suggested next steps.

SUMMARY COMPARISON
The following chart provides information on the number and type of units associated with each block and project concept, together with number of above-grade floors. Projects where 100% or more of cost is supported by valuation are most readily feasible. Concepts where less than 100% of cost is supported by completed valuation do not appear to be as readily financially feasible based on the project concepts, cost and market rate parameters as currently applied by the financial pro formas.

Also shown by this summary chart is information regarding the programmed parking ratio (of spaces per residential unit) and building efficiency for residential units. Residential efficiency is measured as the proportion of gross square footage that can actually be sold or rented. The remainder of the space is allocated to common areas including elevators, corridors, support areas and entry lobbies.

As indicated by the chart, projects range widely in scope and financial results. All projects involve ground level retail. With the exception of Block 28, all have above grade residential as the dominant on-site building use:

- Number of residential units ranges from 42 to 346. Apartments generally yield more units for a given amount of gross building area due to smaller average unit sizes.
- Building height (above grade) varies from 7 to 24 stories.

- Proportion of project cost supported by valuation upon completion ranges from 81% to 101%. As noted, only projects with valuations of 100% or more of cost appear to be clearly feasible without value engineering, increased rental/sales value and/or financial incentives.
- At first glance, there appears to be no readily discernable pattern as to the relative financial performance of condo versus apartment units. A variety of site and concept specific features clearly influence the varying financial results for the different projects compared.
- Two factors that do appear to have a significant effect on financial feasibility are residential building efficiencies and parking ratios. Buildings that have a high ratio of net to gross square footage tend to perform better because more of the building area generates income. Concepts with relatively low efficiencies based on associated design concepts include the relatively small Block 26 site and the generic block. Partial block projects adjacent to existing buildings create challenges for housing layouts: units facing streets have good views, units facing inwards have poor views (if below adjacent building roof lines). For this reason, many partial blocks were designed with less efficient single-loaded floors.
- Lower parking ratios improve pro forma results because parking (especially parking below grade) represents a significant project cost component. With these preliminary pro formas, projected apartment rents and condo sales values have not been adjusted to reflect varying levels of parking available between the different project sites and concepts evaluated. The market reality is that developments parked at higher ratios may well attract higher rents/values or experience more rapid absorption. However, there also is a powerful economic incentive to take full advantage of the waterfront’s intensely urban setting and MAX transit accessibility - reducing parking to the bare minimum required for successful residential marketing. Shared parking could also remove some of the cost shouldered by specific residential properties.
<table>
<thead>
<tr>
<th>SUMMARY LOCATION</th>
<th>NUMBER/TYPE OF UNIT</th>
<th>NUMBER OF FLOORS</th>
<th>COST $ SUPPORTED BY VALUATION</th>
<th>PARKING RATIO</th>
<th>RESIDENTIAL EFFICIENCY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block 26</td>
<td>-</td>
<td>42 condominiums</td>
<td>7</td>
<td>0.88</td>
<td>80%</td>
</tr>
<tr>
<td>Block 27</td>
<td>-</td>
<td>54 condominiums</td>
<td>7</td>
<td>0.44</td>
<td>86%</td>
</tr>
<tr>
<td>Block 28</td>
<td>-</td>
<td>254 space parking garage</td>
<td>6</td>
<td>0.92</td>
<td>85%</td>
</tr>
<tr>
<td>Block 34 (Fire Station 1)</td>
<td>B</td>
<td>168 apartments</td>
<td>6</td>
<td>100%</td>
<td>0.60</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>205 apartments</td>
<td>11</td>
<td>95%</td>
<td>85%</td>
</tr>
<tr>
<td>Block 38 (full block)</td>
<td>A</td>
<td>279 condominiums</td>
<td>23</td>
<td>93%</td>
<td>1.38</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>321 apartments</td>
<td>23</td>
<td>89%</td>
<td>87%</td>
</tr>
<tr>
<td>Block 39 (full block)</td>
<td>A</td>
<td>134 condominiums</td>
<td>7</td>
<td>91%</td>
<td>1.13</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>346 condominiums</td>
<td>24</td>
<td>92%</td>
<td>82%</td>
</tr>
<tr>
<td>Block 40 (30,000 sf site)</td>
<td>A</td>
<td>95 condominiums</td>
<td>6</td>
<td>101%</td>
<td>0.82</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>156 condominiums/townhomes</td>
<td>17</td>
<td>101%</td>
<td>1.00</td>
</tr>
<tr>
<td>Generic Block (20,000 sf site)</td>
<td>GA</td>
<td>60 condominiums</td>
<td>7</td>
<td>88%</td>
<td>1.40</td>
</tr>
<tr>
<td></td>
<td>GB</td>
<td>84 apartments</td>
<td>7</td>
<td>96%</td>
<td>79%</td>
</tr>
</tbody>
</table>
PRELIMINARY FINDINGS
From the analysis conducted to date, several findings are noted as a basis for further discussion. Findings covered relate to financial feasibility and improving the odds for successful development.

FINANCIAL FEASIBILITY:
• Financial feasibility represents a challenge to most of the proposed projects, despite projected rent and sales values that are optimistic for what remains an untested portion of the Central City residential market.
• Only two of the new construction concepts considered appear to be clearly financially feasible given current market conditions (notably, projected rent rates and sales values) most likely pertinent to the downtown waterfront area. The Block 34 Fire Station 1 redevelopment of 168 apartments (Concept B) appears feasible predicated on ability to achieve successful lease-up with relatively low parking ratios and acquisition based on land value only (with no added value assigned to existing on-site improvements and the cost for moving Fire Station 1). Block 40 condos are distinguished by relatively low land acquisition costs and high building efficiencies.
• Over-all, the owner occupied residential projects proposed do not appear to come substantially closer to market feasibility than rental projects. An exception is provided by the side-by-side condo/apartment high rise comparison of Block 38 – with condos showing less of a financial gap than the apartment option.
• High rise developments do not necessarily generate the added revenue necessary to justify added expense. The residential tower options considered for Blocks 38 and 39 involve 23 and 24 floor projects resulting in funding gaps ranging from $5.5 to $7.9 million – with 89%-93% of project cost covered by completed project valuation. These high rise concepts are also associated with among the most generous residential parking ratios considered for the downtown waterfront opportunity area. Consequently, these develop-

ment concepts also result in relatively high financial gaps on a per-unit basis ($19,000 - $25,000) High rise feasibility may well depend on ability to successfully squeeze down parking ratios and simultaneously achieve condo sales values at or above the top of the current Central City market.
• The smaller infill site projects yield somewhat mixed results. Block 26 – a 42 unit, seven story condo project on a 15,000 square foot site – reports the highest per-unit funding gap (excluding the generic project prototypes) at close to $34,500. Block 27 achieves better results with more units (54 condos) and higher building efficiency despite an even smaller site of 12,500 square feet – resulting in a financial gap of only $6,500 per unit.
• For the proposed projects to achieve financial feasibility, residential rental rates would need to increase by a range of up to 11% (increasing up to as much as $2.05 per square foot monthly). Depending on the project concept and location, condo sales values would need to similarly increase (ranging up to $335 per square foot). The generic one-half block project prototypes require even greater sales pricing increases in the range of 17%.
• In many projects, programmed residential parking ratios are aggressive (in some cases well below one space per unit). While low ratios keep costs down, limited parking may also hinder realization of high sales and rental values assumed with these preliminary pro formas. Further market and feasibility testing undoubtedly will be required to assess supportable parking ratios on a project-by-project basis.
• Provision of shared parking as with a common parking facility could also serve to improve financial feasibility by reducing costs directly attributable to specific residential projects.
• Rental rates and sales values required for financial feasibility clearly reflect top of market conditions but may be within reach of rates that the downtown should support – provided that new tenants/occupants can be attracted as has been outlined in our previous real estate market assessment report.
IMPROVING THE ODDS:

- Options available for improving financial feasibility generally include: a) increasing rents and sales values (as illustrated with each pro forma); b) adjusting the amount of parking provided but with as yet untested marketability implications; c) other design and associated value engineering to reduce costs per square foot; and/or d) public sector financial incentives.

- Since these preliminary pro formas indicate that features unique to each site and design concept play prominently in resulting conclusions regarding financial feasibility, it becomes apparent that significant design refinement and value engineering will be appropriate as specific project concepts emerge in consultation with individual property owner and development interests.

- As an alternative or partial offset to increased rents and sales values, public sector financial incentives will be important to consider – perhaps most critical for projects viewed as pioneering in nature. A key question will be how far a developer and lender is willing to push rent rate and/or sales value projections in an area of the Central City with an as yet unproven market. Financial incentives also may be appropriate for sites with unduly high costs – such as acquisition costs above a per square foot threshold associated with bare land cost (e.g. the $85 per square foot range), or smaller infill sites with extraordinary per square foot site preparation and/or construction costs.

- Examples of public sector incentives to consider include land assembly, site cost write-down, parking-building facade infrastructure improvements, and development fee offsets or waivers. Potential funding sources could range from urban renewal with tax increment financing to limited property tax abatement for residential. For this initial round of pro formas, any required off-site infrastructure improvements (e.g. utilities, sidewalks) has been assumed to be paid for by the public.

- Finally, as might be expected, parking plays a significant role in affecting development feasibility. For all but one of the site concepts considered, below grade structured parking is assumed for some or all of the on-site parking provided. Parking ratios are at or in some cases below what is typically required for comparable Central City development, but reflect MAX proximity and the prospect of a more urban and pedestrian oriented downtown waterfront neighborhood. Sources of public funding could range from urban renewal with tax increment financing to limited property tax abatement for residential use. For this initial round of pro formas, public funding of any required off-site infrastructure improvements (e.g. utilities, sidewalks) has been assumed.
**Option A** combines the existing Fire Station 1, administrative expansion space and housing. This was unfeasible economically due to large structural costs and no parking for housing.

<table>
<thead>
<tr>
<th>Units (51 apartments)</th>
<th>54,360 sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>9,500 sf</td>
</tr>
<tr>
<td>New Administration</td>
<td>36,980 sf</td>
</tr>
<tr>
<td>Subtotal New Building</td>
<td>100,840 sf</td>
</tr>
<tr>
<td>Existing Building</td>
<td>41,000 sf</td>
</tr>
<tr>
<td>Total</td>
<td>141,840 sf</td>
</tr>
</tbody>
</table>

Parking for housing: 0
Floor Area Ratio (FAR): 3.9:1
Height: 68 ft

**Option B** removes Fire Station 1 from the site and creates a new rental apartment project above active retail uses.

<table>
<thead>
<tr>
<th>Units (168 apartments)</th>
<th>140,250 sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>36,130 sf</td>
</tr>
<tr>
<td>Total (above grade)</td>
<td>176,380 sf</td>
</tr>
</tbody>
</table>

Parking (1 below grade): 100 spaces
Floor Area Ratio (FAR): 4.9:1
Height: 75 ft

**Option C** removes Fire Station 1 from the site and creates a new rental apartment project above active retail uses. This would require an adjustment to current zoning.

<table>
<thead>
<tr>
<th>Units (205 apartments)</th>
<th>203,975 sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>36,130 sf</td>
</tr>
<tr>
<td>Total (above grade)</td>
<td>240,105 sf</td>
</tr>
</tbody>
</table>

Parking (2 below grade): 188 spaces
Floor Area Ratio (FAR): 6.6:1
Height: 120 ft

**Option D** reconstructs Fire Station 1 on block 34 with administration and housing above. The first three floors would be dedicated to the Fire Station and administrative uses. This option has not been studied economically.

<table>
<thead>
<tr>
<th>Units (81 apartments)</th>
<th>84,000 sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>16,000 sf</td>
</tr>
<tr>
<td>Fire Station 1 and Admin.</td>
<td>68,000 sf</td>
</tr>
<tr>
<td>Total (above grade)</td>
<td>168,000 sf</td>
</tr>
</tbody>
</table>

Parking (2 below grade): 188 spaces
Floor Area Ratio (FAR): 4.6:1
Height: 75 ft
BLOCK 34 - FIRE STATION 1 SITE - NORTH BOOKEND
(bounded by Naito Parkway, First, Ankeny, Ash)
Build 168-205 units of market rate housing.
Owner: City of Portland

This project proposes two options: (B) 168 rental apartments on 6 floors, at 75 feet, and with one below grade parking level; and (C) 205 apartments on 11 floors at 120 feet, with two below grade parking levels. Option A involves the continued use of the existing fire station and Option D involves a mixed use housing/fire station project. Options A and D have not been evaluated in this report. Both evaluated options involve roughly 36,000 sf of ground floor retail.

A condominium project instead of rental apartments would be another option to explore for this site in the future.

Both options rely upon parking ratios less than one: 0.60 for Option B and 0.92 for Option C. Residential efficiency is roughly equivalent at 86% and 85% respectively.

Total development cost is $36.0 million for Option B, with an all-in per square foot cost of $150. The all-in per square foot cost is lower for Option C at $145. Total development cost is $45.4 million for this option. Assumed rental rates are:

- Residential – $1.70/sf monthly, or $1,445 for an average size unit of 850 sf.
- Retail – $21.50/sf annually, nnn.

Completed project value is equal to cost for Option B, partially due to its low parking ratio and relatively high building efficiency. Current project parameters produce a funding gap of $2.2 million for Option C ($10,600 per unit). To achieve feasibility absent incentives, Option C requires a 5% increase rent increase to $1.79/sf.

Option C’s financial shortfalls are influenced by the increased cost of a second below grade parking level. However, this pro forma assumes acquisition costs for land only and not for the existing fire station, which would need to be demolished and re-sited. City site control provides this project with increased potential for financial incentives.
**OPTION A** creates a 7-story, 3/4-block condominium housing project with an active ground floor use. The 75’ zoning height limit is maintained.

<table>
<thead>
<tr>
<th>Units (95 condominiums)</th>
<th>117,000 sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>30,000 sf</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>141,840 sf</strong></td>
</tr>
</tbody>
</table>

- **Parking**: 78 spaces
- **Floor Area Ratio (FAR)**: 4.9:1
- **Height**: 70 ft

**OPTION B** creates a 17-story, 3/4-block condominium and townhouse project with an active ground floor use. Views from the units would be significantly improved from Option A. The zoning height limit on this block would need to be adjusted.

<table>
<thead>
<tr>
<th>Units (142 condominiums)</th>
<th>157,850 sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>30,000 sf</td>
</tr>
<tr>
<td><strong>TOTAL (above grade)</strong></td>
<td><strong>187,850 sf</strong></td>
</tr>
</tbody>
</table>

- **Parking (below grade)**: 156 spaces
- **Floor Area Ratio (FAR)**: 6.3:1
- **Height**: 180 ft
BLOCK 40 - SOUTH BOOKEND
(bounded by Naito Parkway, First, Oak, Stark)
Build 95-142 units of condominium housing.
Owner: City Center Development

Two alternative condominium developments are proposed for Block 40: Option A involves 95 units on 6 floors (75 feet) above 1 level retail; Option B involves 28 townhouses and 128 condominiums on 17 floors (180 feet) above 1 level retail. Both concepts include ground floor retail, wrapping around an existing building at SW Oak and First. The site incorporates three tax lots under single ownership.

Option A includes one level of below grade parking, producing a residential parking ratio of 0.82. Option B adds a second level below grade, increasing the ratio to 1.0.

Both development options achieve financial feasibility, with final project values at 101% of total development cost. Option A total cost is $28.3 million, with an all-in construction cost of $160 per square foot. Option B total cost is $44.4 million, with an all-in construction cost of $156 per square foot.

Financial feasibility is achieved despite a relatively low building efficiency for Option A of 82%. Option B is programmed for an 89% building efficiency (achieved by ‘point tower’ design). Assumed rent and sales values are:

- Retail – $21.50 per sf annually nnn.
- Residential sales – $300 per sf.

**Option A:** $300,000 for a typical 1,000 sf condo.

**Option B:** $247,500 for an 825 sf townhouse, $276,000 for a typical 920 sf condo.

Project feasibility is supported by relatively low assumed land acquisition costs ($79 per sf), high building efficiency for Option B and a comparatively low parking ratio for Option A.
Transportation is a key element of the study area, from streets, bridges and ramps, to Naito Parkway, MAX, and buses. Any development strategy for the area must address transportation.

Streets provide parking and access to property, connect a neighborhood to a larger community and help create neighborhood character. The study area has a complete grid of streets but their proper function has been impacted by a series of changes in the Central City’s transportation network. As a consequence, the area’s streets tend to impede access rather than facilitate it.

**WATERFRONT TRANSPORTATION CHARACTERISTICS**
- The area has excellent mass transit access, but sometimes at the expense of good vehicular flow.
- Naito Parkway is a barrier and impediment to residential development.
- Bridge ramps designed long ago as freeway off-ramps take up large portions of prime real estate and negatively impact street edges and core connections to the waterfront. This study has focused on the two Morrison Bridge circular ramps, but the south Hawthorne Bridge ramp site is also a potential development site.
- Access is curtailed by one way streets on some east/west streets and corresponding limited westbound access from northbound Naito Parkway.
- First Avenue one way between Main and Salmon limits vehicular access from the Hawthorne Bridge into the Yamhill Historic District.
- MAX stations are located frequently, and sometimes impede vehicular access (such as at Yamhill, between First and Second).
- MAX tracks on First Avenue limit parking, good vehicular access and have a negative impact on retail.

**NAITO PARKWAY**
In its present configuration, Naito Parkway is a high volume, fast moving, noisy thoroughfare that lacks on-street parking. These characteristics are an impediment to the development of any of the properties on the west side of Naito Parkway. Yet, it is these properties that have the greatest market potential because of the proximity of Governor Tom McCall Waterfront Park and the unimpeded views of the Willamette River and Cascade Mountains. The goal of developing a waterfront residential neighborhood has little chance for success without dramatically changing the character of Naito Parkway. In addition, Tom McCall Waterfront Park is negatively impacted by the current characteristics of Naito Parkway.

It is recommended that Naito Parkway be transformed into a great urban Parkway. Examples of such parkways exist around the world and they clearly demonstrate that residential development and active street level uses can co-exist with major waterfront thoroughfares like Naito Parkway - if the street is calmer than Naito Parkway currently is.

The Portland Office of Transportation is currently in the preliminary design stage for the reconstruction of Naito Parkway. Because of budget limitations, PDOT will reconstruct to the existing street dimensions, adding only bike lanes to the current configuration.

The consultant team evaluated Naito Parkway and conducted a preliminary workshop traffic analysis. Through subsequent work sessions with PDOT, a design was developed that can provide positive changes with a relatively minimal amount of change to the existing Naito Parkway configuration and without changing the east (parkside) curb lines. The workshop analysis and PDOT work sessions are the bases for the following recommendations.
The “proposed” and “potential” schemes both have the benefit of preserving a 22 foot wide sidewalk on the westside adjacent to existing and future development. This sidewalk width makes it possible to activate the sidewalk area in front of buildings by extending the retail or restaurant uses from the building out onto the sidewalk. Both schemes also add a 12’ wide sidewalk in the Park - in keeping with the Tom McCall Waterfront Master Plan - and modify Naito Parkway medians to allow for healthy median trees and left turn lanes. The extent of the schemes is from the Morrison Bridge to the Burnside Bridge, but extending to the Hawthorne and Steel Bridges is recommended for future consideration.

PROPOSED SCHEME
2 northbound lanes - parking on westside

RECOMMENDATIONS - PROPOSED
COMPONENTS OF EXISTING PDOT NAITO PARKWAY RECONSTRUCTION PROJECT:
• Slow traffic through signals at each intersection with increased green time for pedestrian crossing. (only street signals part of existing PDOT reconstruction project).
• Enhance pedestrian crossings at each intersection between SW Market Street and NW Davis through cross-walk treatments. The Ankeny Plaza crossing should be extra wide.
• Add bike lanes on both sides.

RECOMMENDED ADDITIONS TO EXISTING PDOT PROJECT TO REBUILD NAITO PARKWAY:
• Dimension the Parkway to add parking on the westside of the street and the potential for parking on the eastside. Add curb extensions on blocks with parking.
• Relocate medians, make them 10’ wide, and make them approximately 1/2 block long at each block - using the other 1/2 block for left turn lanes.
• Add left turn lanes at Oak and Pine Streets in addition to existing left turn lanes.
• Add a 12’ wide sidewalk to the east (park) side of the street.
• PDC should allocate the additional funds necessary to the current Naito Parkway reconstruction project budget to realize the proposed improvements.

POTENTIAL SCHEME
1 northbound lane - parking on both sides

RECOMMENDATIONS - POTENTIAL
(It should be noted that Naito Parkway has one lane northbound north of the Steel Bridge)
• Initiate a PDOT study and public process to test the feasibility of eliminating one northbound lane concurrent with the design and reconstruction of Naito Parkway.
• If one northbound lane is viable, restripe the Parkway according to the ‘Potential’ design.

MORRISON BRIDGE RAMPS
The west end of the Morrison Bridge lands on the westside of Naito Parkway with four ramps. Two ramps connect into the downtown street system; two circular ramps provide access to and from Naito Parkway. The ramping system occupies 720 linear feet of Naito Parkway frontage. Adjacent blocks around the ramps are also negatively impacted. The ramps impede access to the river from the downtown core and consume two oversized blocks on Naito Parkway that otherwise would have significant development potential. From a transportation standpoint, the Morrison Bridge and the ramping
system are an important component of the regional transportation system. The bridge is essential for providing adequate vehicle access to and from downtown; and for providing access for businesses in the Central Eastside Industrial and Northwest Industrial areas to I-5 southbound. Alternate truck routing would have to be studied with a public process.

The two circular ramps were evaluated with the goal of creating development opportunities along Naito Parkway. The preferred scheme would be to completely remove the circular ramps, as it results in far more efficient development parcels that can carry large number of residential units. Building between the ramps is possible, but the resulting project’s economics and unit count will be far less desirable. Other options to reconfigure the ramps to lessen site impact are possible.

Westbound bridge traffic would access Naito Parkway through a right turn to Second Avenue and another right onto Oak Street. Naito Parkway traffic seeking to go eastbound on the bridge would access it by turning left at one of the streets south of the bridge and then turning right again on Second Avenue.

The consultant team’s traffic consultant evaluated the impact on vehicle movement and capacity if the circular ramps were removed at a conceptual level by reviewing projected vehicle loads and turning movement information. The preliminary conclusion is that removing the ramps may be possible and warrants a further in-depth study with public process to look at feasibility from a traffic flow perspective.

RECOMMENDATIONS:
- PDOT should complete a detailed traffic analysis for ramp removal. If schemes are viable from a traffic perspective, PDOT should initiate a public process to study removal of the circular ramps and study mitigatory solutions for traffic connections between the Morrison Bridge, Naito Parkway and Interstate 5.

TWO WAY STREETS
Downtown Portland’s system of one-way streets works well for moving vehicles, but has disadvantages for access and street level character. The one-way street system extends into the study area, although there are several streets between the Morrison and Steel Bridges that have a two-way configuration up to Third Avenue. Traffic volumes are relatively low in this area, so the traffic system benefits of a one way system are not achieved. From a neighborhood character perspective and to improve retail performance, it would be better to convert as many of these one way streets as possible to two way.

The consultant team has identified Oak and Pine between Naito and Second and First between Main and Salmon as streets that could be converted to two way without diminishing vehicle capacity or movements. Converting these streets to two way would increase access to properties on these streets and promote a more residential neighborhood character.

RECOMMENDATIONS:
- A study by PDOT is recommended with a public process to study these three conversions. The conversion of these streets can be accomplished for fairly low cost through re-stripping and new signage.
- Left turn lanes should be added at Oak and Pine during the reconstruction of Naito Parkway.
The only public waterfront restaurant on Naito Parkway between the Hawthorne and Steel Bridges.
NAITO PARKWAY - PROPOSED

TRANSPORTATION

PDC DOWNTOWN WATERFRONT DEVELOPMENT OPPORTUNITIES PROJECT APRIL 11, 2003 EMMONS ARCHITECTS SHIELS OBLETZ JOHNSON LANGO HANSEN E.D. HOVEE
NAITO PARKWAY is proposed to be designed with two vehicular lanes in each direction and parking on the west edge. This leaves open the potential to change one northbound lane to parkside parking in the future.

- 2 vehicular lanes northbound
- 1 bike lanes northbound
NAITO PARKWAY will have the potential to be modified to have parking on the parkside and one northbound lane.

- 1 vehicular lane northbound
- 1 bike lane northbound
- 1 parking lane
NAITO PARKWAY is proposed to be designed to be a great urban Parkway. A great urban Parkway is characterized in this case by traffic calming and a stronger pedestrian orientation.

TRAFFIC CALMING is realized by:
- Parking on at least one side of the Parkway.
- Bike Lanes on both sides of the Parkway
- Signaled intersections at all streets.
PEDESTRIAN ORIENTATION IS REALIZED BY:

- Having inviting walkways on both sides of the street.
  - **WEST SIDE:** a 22’ wide sidewalk will allow for sidewalk cafes, an 8 - 10’ walk (people watching opportunities will result), and street trees.
  - **EAST SIDE:** a 12’ wide parkside walkway. Alternate materials such as crushed limestone should be considered.
- Building and restaurant/retail entries on Naito Parkway.
- Parking on at least one side of the Parkway.
- A quieter, calmer street so conversation is possible.
- Curb extensions to minimize crossing distance.

NAITO PARKWAY - PROPOSED TRANSPORTATION
Morrison Bridge Ramps take up 720 linear feet of prime waterfront property. It is recommended that PDOT prepare a traffic study with a public process to test feasibility of removing circular ramps.

The Naito Parkway edge at the south ramp.
Blocks 2 and 39 are unique to downtown Portland. They are larger than the standard 200 foot x 200 foot blocks and thus, each is able to carry two point towers with a separation of 80 feet. A typical 200 foot x 200 foot block would only have room for one tower. This results in a major increase in density potential.

It is recommended that Blocks 2, 39 and 40 be considered for height increases in this vicinity. Point towers would allow for viewing through the blocks, and the lower bases possible in high rise projects would increase natural light on the adjacent streets. Commercial or other development on Block 16 would create a major focal point on the Morrison Bridge Head.
It is recommended to change Oak and Pine Streets to two way between Naito Parkway and at least Second Avenue. Ash Street is already two way. Also, First Avenue between Salmon and Main should be considered for two way. This will greatly improve access to the district and make housing and retail more viable.
It is recommended that Tri-Met consider a reconfiguration of the MAX tracks on Yamhill between First and Second to allow for vehicular traffic to go through on Yamhill. Morrison and Yamhill are the key retail streets in Portland and should connect better with the waterfront. The 2002 Downtown Retail Study recommended this as well. A comparison of public investment versus benefits should determine feasibility.

MAX station locations should be studied as well. There are many stations in this district and a consolidation may improve the environment for street edge retail and building access. It would also improve MAX travel time. If major projects are realized on Blocks 2, 16, 38, 39, and 40 - a covered stop at the Morrison Bridge may be worth considering - it would be in a prime location that does not impact vehicular traffic.
URBAN DESIGN GOALS are to connect downtown to the waterfront, to enliven streets and plazas, to enliven the waterfront edge, to strengthen Governor Tom McCall Waterfront Park and to build on the historic districts’ unique character and ambience. It is another goal to design the street edges to have varied character and activity.

THE STRATEGY TO TURN THIS KEY AREA AROUND:
• Bring and attract various groups of people to the district all days and all hours. This is accomplished by having a diverse mix of living and work places, coupled with retail, markets and entertainment that will attract people from both inside and outside of the district.
• Make Naito Parkway a great urban Parkway and a road that people like to live next to, walk along and that is convenient to cross.
• Build two key housing projects that start the Naito Parkway and Ankeny Plaza renaissance and make strong side street connections between the central business district and river.
• Put ‘eyes’ under the Burnside Bridge to mitigate the public safety issues and the barrier between the Skidmore and Old Town districts.
• Rebuild the street edge emphasizing design quality in the historic districts.
• Locate the Public Market in the district.
• Add other magnets to attract people to the area and activate streets.

NAITO PARKWAY
See transportation pages 63 - 64 and 66 - 73.
See urban design pages 86 - 89

FIRE STATION 1
See development pages 34, 56 - 57
See urban design pages 90 - 91

HISTORIC DISTRICTS (Skidmore/Old Town and Yamhill) are a key asset in the study area. Historic buildings should be reinvigorated and housing should be encouraged (with offices on selected blocks) over active street level uses. New projects should be of contemporary quality design and reflect the scale and proportions of the adjacent historic buildings.

As part of this study, PDC engaged the National Trust for Historic Preservation to review and comment on Portland’s regulatory policies and incentives for preservation of historic structures and districts. Included was a review of the draft Amendment under consideration by City Council for regulatory and incentive changes that are expected to be established in the summer of 2003. If enacted, the historic resources of the area will benefit from these actions.

FUNDING: There are many options for funding historic properties. It is recommended that PDC investigate tools to enhance funding strategies to protect historic resources and promote adaptive reuse.

REGULATORY POLICIES should be reviewed and updated, if necessary. The district’s design guidelines should be revised to make them more effective and responsive to this strategy of promoting new residential mixed-use development in the area.

The impact of zoning, building codes and other regulations on the developability of specific historic properties in the district should be examined.

Currently, City Council’s review of Portland’s policies and incentives for historic resources will potentially designate specific buildings for special review and potential demolition prohibition.
DEMOLITION OF SIGNIFICANT HISTORIC BUILDINGS:
As the district revitalizes, there could be increased pressures to demolish historic buildings. A comprehensive approach needs to be taken. Relief to property owners should also be examined through potential transfer of unused development rights, code changes and enhanced funding mechanisms. While Portland’s Downtown Plan contains historic preservation policies, more specific policies and actions may be needed in the waterfront area, particularly if increases in building height and FAR are considered nearby, as these changes may provide further incentive to remove historic structures.

RECOMMENDATIONS:
• Encourage residential loft conversions and some office use restorations (in selected buildings).
• Consider a dedication of a portion of the increased tax revenue generated by new development for historic building revitalization.
• Historic Rehabilitation Tax Credits should be investigated and promoted for use in this district.
• Consider adopting ‘smart codes’ that address the barriers of prohibitively expensive seismic upgrades, exiting and accessibility upgrades.

SPECIFIC PROJECTS IN DISTRICT - RECOMMENDATIONS
• Restore Skidmore Fountain Building (Block 10)
• Restore Made in Oregon Building, Bickel and Skidmore Blocks (Block 9).
• Retrofit historic buildings with residential lofts above street level.
• Consider reuse of the PDC owned historic Cast Iron Facade Ladd Collection with new projects, in original locations (if possible). Any reuse should integrate with the design of the new building.
• Restore New Market Building street level to retail use when market feasibility permits.

MAGNETS are urban nodes that attract people. Magnets should be strategically located to draw people onto all streets on all days and evenings. The existing Salmon Springs Fountain magnet is very successful, but there are no supporting activities near it. Magnets include many various types - from fountains, to cultural venues, to retail establishments, to markets. A Public Market located on Naito Parkway is recommended due to a need to provide a major magnet in the Old Town/Skidmore Historic District. Noise from early morning deliveries for the market would need to be considered when siting the market near housing.

RECOMMENDATIONS:
• If feasible, add a Public Market in the district.
• Add a health club and/or other frequently open use(s) beneath and/or adjacent to the area beneath the Burnside Bridge.
• Add waterfront restaurants, cafes and entertainment venues on Naito Parkway.
• Add high quality Public Art.
• Add water features and lighting to the area.

ANKENY PLAZA, in the heart of Portland’s Skidmore/Old Town Historic District, is an urban gem that Portland has forgotten. Its reawakening will provide Portland with an exemplary public space and enliven the Ankeny Triangle and the entire historic district. Currently, the plaza is encircled by parking lots and blank walls and is perceived to be unsafe - with crime problems under the Burnside Bridge negatively impacting the plaza. Saturday Market brings people to the plaza when it is open, but usually it is empty. It is important to make Ankeny Plaza a key public place in Portland - a magnet that will help reactivate adjacent areas as well.
RECOMMENDATIONS:

- Move Fire Station 1 and build a project that fronts the plaza with street level restaurants and cafes with housing above.
- Restore Skidmore Fountain Building with active uses on the street.
- Address public safety issues in the area, especially under the Burnside Bridge.
- Locate an active use such as a health club under the Burnside Bridge to bring ‘eyes’ to the MAX station and sidewalks under the bridge.
- Strengthen the crossing across Naito Parkway into Tom McCall Park at Ankeny Plaza.

Next phases:

- Develop the rest of Block 10 (adjacent to Skidmore Fountain Building) with housing, restaurants and retail.
- Develop Block 11 with retail and restaurants on the ground floor and housing above.
- Develop a building on the North New Market site (Block 33) with retail and restaurants on the ground floor and offices or other uses above.
- Consider Public Market use as a ground floor retail use in the above blocks.

STREET LEVEL USES

Street level uses in the district are mostly surface parking lots. Retail has a hard time in the area for several reasons: reduced vehicular access due to MAX light rail right of way, bridge heads, one way streets, public safety, and no attracting magnets except Saturday Market and the festivals in Tom McCall Waterfront Park. Some retailers have commented that the festivals on summer weekends (potentially their busiest days) have a negative impact on their business. There are few reasons for people to walk along the streets between Second and Naito Parkway and fewer reasons for people to walk along Naito Parkway. Commercial uses in the study area should focus on retail and entertainment - from neighborhood service stores to restaurants with views of the waterfront.

RECOMMENDATIONS:

- On Naito Parkway, street level uses should focus on waterfront restaurants, cafes, and entertainment.
- On side streets, street level uses should focus on neighborhood and specialty retail.
- Existing ground floor offices should eventually be changed to retail when the market conditions permit.
- Locate magnets in strategic locations that will increase foot traffic on sidewalks.
- Locate housing in the neighborhood - it will improve the climate for retail.
- Address Public Safety under the Burnside Bridge to make the area a safer place to be during the day and evenings.
- Add parking next to as many retail frontages as possible, especially on Naito Parkway.

BURNSIDE BRIDGE is a barrier within the Skidmore/Old Town District. The bridge underside area has a MAX stop and a parking lot that is used by Saturday Market on Spring, Summer and Fall weekends. The area has been identified as a location for crime that keeps many people from going to the area, as it is perceived to be unsafe. The bridge area's public safety issues are a significant impediment to housing development, office uses and retail within a two block radius of the bridge.
RECOMMENDATIONS:
- Locate a program(s) and focus building uses that operate all days and evenings under and/or adjacent to the Burnside Bridge to put ‘eyes’ on the underside of the bridge during days and evenings.
- Consider moving Saturday Market to another location, close to its current location to allow the parking lot to have uses that contribute to the area more frequently.
- Consider a newsstand or other use and better lighting at the MAX station to encourage more pedestrian use.

**FIRST AVENUE** has been greatly changed by the MAX tracks. Many blocks have no vehicular traffic, some have one lane with no parking. As a result, retail activity has been negatively impacted all along First Avenue. There is no reasonable solution to add more lanes for vehicles. However, if First Avenue had more pedestrian traffic, retail would do better. Foot traffic will be increased on First Avenue by adding a waterfront residential neighborhood, locating magnets such as the Public Market, restaurants and cafes in the district, developing a parking garage on Block 28 and strengthening Tom McCall Waterfront Park.

**YAMHILL AND MORRISON** are considered to be Portland’s primary retail streets. But between Second Avenue and Naito Parkway, they are almost without pedestrians. Adding magnets to Tom McCall Waterfront Park and Naito Parkway will help increase foot traffic along these streets. Yamhill could be improved by a new development on the north side of Block 14, developing Block 2, and improving storefronts. Morrison could be improved by infilling the parking lot on Block 4 and improving storefronts.

**CONNECTIONS** between downtown and the river are negatively impacted by surface parking lots, lack of retail, and lack of magnets. People from the downtown core should be drawn to the waterfront as part of their downtown experience. Currently, the core area streetscape is weak between Second Avenue and Naito Parkway.

RECOMMENDATIONS:
- Replace surface parking lots with projects that have active street level uses.
- Locate building entries and residential lobbies on Naito Parkway.
- Locate magnets, restaurants, cafes, and entertainment venues on Naito Parkway.
The existing Naito Parkway west urban edge along the entire downtown is primarily parking lots, garage doors and blank building walls. A few excellent historic buildings are located on the street on Blocks 9, 26 and 27, but all have inactive street level uses.
Proposed Naito Parkway can be a very desirable place for waterfront restaurants, cafes and entertainment venues if proactive steps are taken. First, Naito Parkway needs to be calmed and parking needs to be added to at least the west side of the Parkway. Secondly, parking lots need to be developed with housing projects that have active street level uses. Many cities have similar conditions to Naito Parkway, and confirm that these proposed uses can be successful.
The original facade for the Hallock & McMillan building could be reconstructed.

*Drawing from the border of the Kuchel & Dresel lithograph of 1858.*

The Fechheimer & White building is beautifully restored.
Fire Station 1 has garage doors and a large driveway fronting Naito Parkway. On Ankeny Plaza, a small museum is rarely used and does not bring vitality to the Plaza.

Tall blank ‘art’ walls face Ankeny Plaza. A parking lot faces First Avenue and much of Ash in the heart of Portland’s best historic district.

The historic precedent calls for a project on Block 34 that builds a vibrant street edge on all sides of the block. Proportions and strong horizontals seen in the Ankeny Block and Lewis and Flanders Block can be referenced in a new project.

The Ankeny Block (circa 1869 - north half of Block 34) and Lewis and Flanders Block (1869) were demolished by the City in the 1940’s to make way for the present Fire Station 1. Skidmore Fountain is in lower left.

View of Block 34 on Front (Naito Parkway) looking north from Ash during the flood of 1876. A third story was added later to the buildings.
A new housing/retail project on the Fire 1 Site will:

- Provide 168-205 units of new housing.
- Greatly help in activating Ankeny Plaza.
- Set the tone for reactivating the City’s waterfront edge along Naito Parkway.
- Help strengthen Governor Tom McCall Waterfront Park.
- Provide a catalyst for new housing projects along Naito Parkway.
Aerial View of Burnside looking east circa 1926.

**THE SKIDMORE/OLD TOWN AND YAMHILL HISTORIC DISTRICTS**

are unique parts of Portland that should be taken advantage of. The Skidmore/Old Town Historic District is one of two nationally registered landmarks in the city. Large amounts of demolition in the 1940-60's has left the district with many gaps between significant historic buildings. Currently, these gaps are mostly surface parking lots. The quality of the urban streets and Ankeny Plaza have been greatly reduced from what they originally were.
RESTORATION of the Skidmore Fountain Building (Block 10) and the Made in Oregon, Skidmore and Bickel Blocks (Block 9) are highly recommended, and these restorations should strive to reinvigorate the street edge with retail uses.

INFILL PROJECTS should be realized to rebuild the character of the streets and plazas - ‘the rooms in the public realm’, as Louis I. Kahn called them. Infill projects should respect the scale, proportions and materials of their predecessors, but not mimic them. Mimicry will devalue the existing historic buildings.

EXISTING LADD COLLECTION CAST IRON FACADES owned by PDC should be included in the design of new buildings where possible, and incorporated in the designs sensitively.

Some historic buildings have already been rehabilitated. Now the spaces must be reinvigorated or re-energized with more active street level uses and upper floor residential with some office uses on selected blocks.

The Skidmore Fountain Building currently.

New Market Block, North Wing being demolished in 1956 for a parking lot.
Block 9 on First Avenue
Blagen Block - restored, but with inactive street level uses.
Skidmore Block - restoration recommended

Block 9 on Naito Parkway
Made in Oregon Building - restoration recommended.
Blank walls face Naito Parkway.

Bickel Block - restoration recommended.
Blank walls face Naito Parkway.
Ankeny Plaza has great ‘bones’, but is currently surrounded by parking lots, a blank ‘art’ wall, public safety issues and a noisy Naito Parkway that acts as a barrier between the plaza and Tom McCall Waterfront Park.
Ankeny Plaza is the heart of historic Portland. Its scale and ambience can provide the framework for an outstanding residential and commercial neighborhood if proactive steps are taken.

**CATALYST PRIVATE/PROJECT**
Develop a new distinctive building with 160+ residential units with active uses at street level.

**CATALYST PUBLIC/PRIVATE PROJECT**
Restore Skidmore Fountain Building with active street level uses.

**CATALYST PUBLIC/PRIVATE PROJECT**
Develop a function(s) under the bridge that puts ‘eyes’ on the area.

**CATALYST PUBLIC PROJECT**
Calm traffic on Naito Parkway and improve pedestrian crossings.

Future projects in area that become more viable after catalyst projects are implemented.
A typical weekday at Ankeny Plaza - very few people are in the plaza.
Ankeny Plaza should be active all days of the week, during the daytime and in the evening hours. The level of activity shown in this photograph is only present on weekends when Saturday Market is open.
Magnets are urban places that attract people. They can be a variety of different types, and the more variety the better. They can be fountains, art, cultural places, parks, waterfront restaurants, cafes and entertainment venues. The Willamette River is a magnet, as is Tom McCall Waterfront Park, as is Saturday Market, as is Skidmore Fountain. Magnets must each have strength and character that will attract public visits and usage. A select number of magnets, strategically located and properly reinforced, will build a cohesive urban environment and a vibrant residential neighborhood.
Restaurants on the River
there are few riverfront restaurants in the downtown core.

Fountains on the River
water attracts people

A public market on Naito would be a strong retail attractor for this area. The consultant team tested Block 8 and Block 34 (Fire Station 1 site) for the location. Portland Public Market prefers Block 34. It is recommended that Block 10 also be examined. The Market could be grouped with Saturday Market and a weekend Farmer’s Market to create a ‘Market District’. The noise of early morning deliveries needs to be considered when siting the Market near residential neighborhoods.
Beneath the Burnside Bridge is an inhospitable place due to public safety concerns. The MAX stop has crime problems and the parking lot between First and Naito Parkway is empty when Saturday Market is not open. People avoid the place and its adjacent areas, and it creates a barrier within the Skidmore/Old Town Historic District.
Placing program elements that are open days and nights would greatly help in reducing the public safety issue at the MAX stop and adjacent parking lot beneath the bridge. Placing a structure such as a health club beneath the bridge would be effective, but architecturally challenging. Bridge maintenance, bridge owner restrictions and access to Blocks 9 and 10 would have to be analyzed. Other options, such as a newstand at the MAX stop and active street level uses on Blocks 9 and 10 will also be a help in putting ‘eyes’ on the area and eliminating the historic district barrier.
Portland, the River City.
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MEMORANDUM

To: Amy Miller Dowell, Portland Development Commission
From: Eric Hovee & Tess Jordan
Subject: Downtown Portland Waterfront Development Feasibility
Date: March 19, 2003

INTRODUCTION & APPROACH

In December 2002, E.D. Hovee & Company completed a market assessment for Portland’s downtown waterfront area. This Downtown Waterfront Feasibility Assessment represents the second step in the economic assessment of waterfront area redevelopment opportunities.

Specific purposes of this second phase economic report are to:

- Assess the market conditions required for financial feasibility of development concepts identified for seven specific sites plus a generic concept prepared in consultation with Stakeholders and Technical Advisory Committees.
- For concepts not likely to be supported by market rents and sales values, identify the financial gap for which public sector incentives or other actions may be required to meet rendering the project attractive to private investor and developer interests.

This feasibility assessment is conducted through preparation of financial pro formas for each of the development sites and concepts considered. A pro forma involves a comparison of development costs with returns recognized upon completion and marketing of a
residential, retail, parking and/or mixed-use project. For income producing properties, returns are assessed in terms of on-going revenues versus expenses and the resulting valuation that net operating income supports. For properties sold (e.g. condominiums), financial returns are based on the selling price less development costs, sales commission and other closing costs.

This feasibility assessment has been prepared by the economic and development consulting firm E. D. Hovee & Company – in cooperation with a consulting team led by Emmons Architects and Shiels Obletz Johnson. Site concepts, including program information, have been prepared by Emmons Architects.

Prospectus Sites

Seven location-specific sites plus a generic site have been selected in consultation with PDC and the Technical Advisory Committee for illustrative design and financial pro forma assessment:

- **Block 26** – A 42 unit, 7 floor infill condo project developed on a 15,000 square foot site situated on the south side of SW Pine Street fronting Naito Parkway.
- **Block 27** – A 12,500 square foot site with a 7 floor, 54 unit condo development fronting the north side of SW Pine Street between SW 1st Avenue and Naito Parkway.
- **Block 28** – A six story, half block parking garage with 254 parking spaces and ground floor retail fronting SW 1st Avenue between SW Ash and Pine Streets.
- **Block 34/35** – Two alternative redevelopment concepts of the Fire Station 1 site between SW Ash Street and SW Ankeny Street, fronting Naito Parkway: B) 168 rental apartment units on 6 floors; and C) 205 rental units on 11 floors. Note: Concept A involving 51 apartments wrapped around the existing fire station was not included in this pro forma analysis.
- **Block 38** – Two alternative full block redevelopment concepts east of the Morrison bridgehead, bounded by SW Washington Street/SW 2nd Avenue/SW Stark Street/SW 1st Avenue: A) 279 condominium units on 23 above grade levels; and B) an apartment project offering 321 units, also on 23 floors.
- **Block 39** – Two alternative full block redevelopment concepts to replace the current southbound Morrison Bridge exit ramp, bounded by the Morrison Bridge/SW 1st Avenue/SW Stark Street/SW Naito Parkway: A) 134 condos on 7 floors, a health club and restaurant; and B) a 24 floor project with 346 condos and 43,000 square feet of commercial space.
- **Block 40** – Two alternatives for a ¼ block development bounded by SW Stark Street/SW 1st Avenue/SW Oak Street/SW Naito Parkway: A) 95 condo units on 6 floors; and B) 156 condos/townhomes on 17 floors.
- **Generic ½ Block Condo** – Two alternatives for a prototypical 20,000 square foot site: A) 60 condos on 7 floors; and B) 84 apartments in a similarly sized building.
Pro formas have not been run for several site concepts prepared by Emmons – Block 2 residential (mirrored by Block 39), Block 16 (office tower), and Block 34/35 (Concept A).

All of the development concepts involve mixed use with retail at the ground floor. The majority of sites also involve the development of 1-2 levels of below grade structured parking.

Of the seven sites reviewed, six are single owner properties and one involves two property owners. In virtually all cases, the realization of the opportunities presented will depend on the interest of affected owner(s), potential outside development/investor interests, and participation or support from the City of Portland and Portland Development Commission.

Some opportunities may be realized quickly, especially if the City works to provide financial incentives to fill identified financial gaps with early phase pioneering projects. Other projects will take longer to materialize. Project concepts also can be expected to change over time – whether in scope or location, according to property owner/investment interest.

In effect, this pro forma and prospectus report is intended to serve as a starting point for further discussion – and for refining project concepts to best meet both changing market conditions and owner/investor objectives.

**Pro Forma Approach**

The following types of uses are compared through application of a standardized format:

*Residential:* apartment, condo & town home.

*Commercial:* ground level retail (all concepts), with one concept involving a second floor with a restaurant and health club.
Parking: provided in a 1-2 level below grade structure (for all but one residential concept), plus additional above grade structured parking in three concepts. One project features a six story parking garage with ground floor retail.

The pro forma worksheets for the seven location-specific properties and one generic site contain five major sections covering:

- Development program – including building area by use
- Development budget – covering site acquisition/preparation, construction and soft costs
- Operating budget – calculated as annual revenues less expenses at stabilized occupancy
- Sales revenue – for owner occupied residential uses
- Completed project valuation – involving capitalization of income producing portions of the property plus sales value less expense of owner-occupied residential space

A. Development Program: Assumptions cover such items as site area, square footage of existing building rehabilitation, on-site parking, and development intensity (measured as a floor area ratio, or FAR). Assumptions have been derived from concept designs and program summaries prepared by Emmons Architects.

B. Development Budget: This includes capital expenditure items such as property acquisition, site preparation, infrastructure, building rehabilitation and/or new construction, parking and indirect (or soft) costs. For this analysis, a range of low, mid and high estimates has been considered – with the mid-range generally applied for project concepts except as otherwise noted.
Figure 2. **Development Cost Assumptions**

<table>
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<th>Range of Estimate</th>
<th>Low</th>
<th>Mid</th>
<th>High</th>
<th>Comments</th>
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<td><strong>Market/TAV Ratio</strong></td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>Current assessors data for trended market values are applied as approximating transaction values, albeit with few comparables</td>
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<td><strong>Site Costs</strong></td>
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<td>Property Acquisition (TAV)</td>
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<td>Per sf land area (land only); site specific numbers are based on estimated real market value (RMV) and include improved building area</td>
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<td>Per sf land area; add $100,000 for traffic management w/construction</td>
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<td>Infrastructure</td>
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<td>Per sf land area; no estimate with this preliminary analysis</td>
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<td><strong>Building Construction</strong></td>
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<td>Retail</td>
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<td>Parking Cost -- per SF</td>
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<td>Low for above grade, mid-high for below grade, higher end with deeper/smaller sites assuming no water table issues</td>
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<td>Parking Cost -- per space</td>
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<td>$26,250</td>
<td>Assuming 375 sf per parking space; site numbers are adjusted to proposed sf per space</td>
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<td><strong>Indirect/Soft Cost Rate</strong></td>
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<td>30%</td>
<td>35%</td>
<td>Low end for high rises, mid all others</td>
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</tbody>
</table>

Project costing is essentially middle of the road. Preliminary estimates draw from similar project assignments conducted by our firm and have been reviewed with a professional cost estimator (Rider Hunt Levett & Bailey). In reviewing a preliminary draft, input has been obtained from advisory committee and consultant team members – with subsequent revisions and refinements made to this development feasibility report.

**C. Operating Budget:** For income producing (or rental) properties, projections of an annual operating budget have been made reflecting normal (or stabilized) occupancy, typically achieved by the second or third year after project completion.

Current market rental rates reported in the earlier *Real Estate Market Opportunities* report have served as the starting point for this pro forma analysis. Pro forma rental rates are then floated either up or down – identifying market conditions that would be required to
E. Completed Valuation: For income producing (or rental) properties, completed valuation is calculated by capitalizing the net income (or operating revenues less expenses) attributable to the real estate – typically through some combination of debt and equity financing. For properties that are sold upon completion – as with condo and townhome residential – the completed valuation is net sales revenue.

A number of the site concepts combine income-producing and for sale product. In these instances, completed valuation reflects the sum of both components. These can be more complex projects, requiring a developer with interest and experience in maintaining ownership of just a portion of the completed project. Greater lender sophistication also is generally required – accommodating both mixed use and a mix of rental income/ownership interests. Alternatively, what typically would be viewed as income producing portions of condominium residential projects, notably retail, might also be sold as separate condominium ownership interest(s).
PRO FORMA RESULTS

While each site and pro forma is associated with its own distinctive features, a number of overall observations can be drawn from this preliminary financial analysis. We start with a summary comparison on feasibility by block and concept, followed by preliminary findings, and suggested next steps.

Summary Comparison

The following chart provides information on the number and type of units associated with each block and project concept together with number of above-grade floors. Projects where 100% or more of cost is supported by valuation are most readily feasible. Concepts where less than 100% of cost is supported by completed valuation do not appear to be as readily financially feasible based on the project concepts, cost and market rate parameters as currently applied by the financial pro formas.

<table>
<thead>
<tr>
<th>Location</th>
<th>Number &amp; Type of Unit</th>
<th># of Floors</th>
<th>Cost $ Supported by Valuation</th>
<th>Parking Ratio</th>
<th>Residential Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block 26</td>
<td>42 condos</td>
<td>7</td>
<td>91%</td>
<td>0.88</td>
<td>80%</td>
</tr>
<tr>
<td>Block 27</td>
<td>54 condos</td>
<td>7</td>
<td>98%</td>
<td>0.44</td>
<td>86%</td>
</tr>
<tr>
<td>Block 28</td>
<td>254 space parking garage</td>
<td>6</td>
<td>81%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Blocks 34-35 (Fire Station)</td>
<td>B 168 apartments</td>
<td>6</td>
<td>100%</td>
<td>0.60</td>
<td>86%</td>
</tr>
<tr>
<td></td>
<td>C 205 apartments</td>
<td>11</td>
<td>95%</td>
<td>0.92</td>
<td>85%</td>
</tr>
<tr>
<td>Block 38</td>
<td>A 279 condos</td>
<td>23</td>
<td>93%</td>
<td>1.38</td>
<td>88%</td>
</tr>
<tr>
<td></td>
<td>B 321 apartments</td>
<td>23</td>
<td>89%</td>
<td>1.20</td>
<td>87%</td>
</tr>
<tr>
<td>Block 39</td>
<td>A 134 condos</td>
<td>7</td>
<td>91%</td>
<td>1.13</td>
<td>87%</td>
</tr>
<tr>
<td></td>
<td>B 346 condos</td>
<td>24</td>
<td>92%</td>
<td>1.25</td>
<td>82%</td>
</tr>
<tr>
<td>Block 40</td>
<td>A 95 condos</td>
<td>6</td>
<td>101%</td>
<td>0.82</td>
<td>82%</td>
</tr>
<tr>
<td></td>
<td>B 156 condos/townhomes</td>
<td>17</td>
<td>101%</td>
<td>1.00</td>
<td>89%</td>
</tr>
<tr>
<td>Generic Block</td>
<td>GA 60 condos</td>
<td>7</td>
<td>88%</td>
<td>1.40</td>
<td>77%</td>
</tr>
<tr>
<td></td>
<td>GB 84 apartments</td>
<td>7</td>
<td>96%</td>
<td>0.55</td>
<td>79%</td>
</tr>
</tbody>
</table>

Also shown by this summary chart is information regarding the programmed parking ratio (of spaces per residential unit) and building efficiency for residential units. Residential efficiency is measured as the proportion of gross square footage that can actually be sold or rented. The remainder of the space is allocated to common areas including elevators, hallway corridors and entry areas.

As indicated by the above chart, projects range widely in scope and financial results. All projects involve ground level retail. With the exception of Block 28, all have above grade residential – as the dominant on-site building use:
- Number of residential units ranges from 42 to 346. Apartments generally yield more units for a given amount of gross building area due to smaller average unit sizes.
- Building height (above grade) varies from 6 to 24 stories.
- Proportion of project cost supported by valuation upon completion ranges from 81% to 101%. As noted, only projects with valuations of 100% or more of cost appear to be clearly feasible without value engineering, increased rental/sales value and/or financial incentives.
- A first glance, there appears to be no readily discernable pattern as to the relative financial performance of condo versus apartment units. A variety of site and concept specific features clearly influence the varying financial results for the different projects compared.
- Two factors that do appear to have a significant effect on financial feasibility are residential building efficiencies and parking ratios. Buildings that have a high ratio of net to gross square footage tend to perform better because more of the building area generates income. Concepts with relatively low efficiencies based on associated design concepts include the relatively small Block 26 site and the generic block.
- Lower parking ratios improve pro forma results because parking (especially parking below grade) represents a significant project cost component. With these preliminary pro formas, projected apartment rents and condo sales values have not been adjusted to reflect varying levels of parking available between the different project sites and concepts evaluated. The market reality is that developments parked at higher ratios may well attract higher rents/values or experience more rapid absorption. However, there also is a powerful economic incentive to take full advantage of the waterfront's intensely urban setting and MAX transit accessibility — reducing parking to the bare minimum required for successful residential marketing. Shared parking could also remove some of the cost shouldered by specific residential properties.

**Preliminary Findings**

From the analysis conducted to date, several findings are noted as a basis for further discussion. Findings covered relate to financial feasibility and improving the odds for successful development.

**Financial Feasibility:**

- Financial feasibility represents a challenge to most of the proposed projects, despite projected rent and sales values that are optimistic for what remains an untested portion of the Central City residential market.
- Only two of the new construction concepts considered appear to be clearly financially feasible given current market conditions (notably, projected rent rates and sales values) most likely pertinent to the downtown Waterfront area. The Block 34-35 fire station redevelopment of 168 apartments (Concept B) appears feasible predicated on ability to achieve successful lease-up with
relatively low parking ratios and acquisition based on land value only (with no added value assigned to existing on-site improvements). Block 40 condos are distinguished by relatively low land acquisition costs and high building efficiencies.

- Over-all, the owner occupied residential projects proposed do not appear to come substantially closer to market feasibility than rental projects. An exception is provided by the side-by-side condo/apartment high rise comparison of Block 38 – with condos showing less of a financial gap than the apartment option.

- High rise developments do not necessarily generate the added revenue necessary to justify added expense. The residential tower options considered for Blocks 38 and 39 involve 23 and 24 floor projects resulting in funding gaps ranging from $5.5 to $7.9 million – with 89% - 93% of project cost covered by completed project valuation. These high rise concepts are also associated with among the most generous residential parking ratios considered for the downtown waterfront opportunity area. Consequently, these development concepts also result in relatively high financial gaps on a per-unit basis ($19,000 - $25,000). High rise feasibility may well depend on ability to successfully squeeze down parking ratios and simultaneously achieve condo sales values at or above the top of the current Central City market.

- The smaller infill site projects yield somewhat mixed results. Block 26 – a 42 unit, seven story condo project on a 15,000 square foot site – reports the highest per-unit funding gap (excluding the generic project prototypes) at close to $34,500. Block 27 achieves better results with more units (54 condos) and higher building efficiency despite an even smaller site of 12,500 square feet – resulting in a financial gap of only $6,500 per unit.

- For the proposed projects to achieve financial feasibility, residential rental rates would need to increase by a range of up to 11% (increasing up to as much as $2.05 per square foot monthly). Depending on the project concept and location, condo sales values would need to similarly increase (ranging up to $335 per square foot). The generic one-half block project prototypes require even greater sales pricing increases in the range of 17%.

- In many projects, programmed residential parking ratios are aggressive (in some cases well below one space per unit). While low ratios keep costs down, limited parking may also hinder realization of high sales and rental values assumed with these preliminary pro formas. Further market and feasibility testing undoubtedly will be required to assess supportable parking ratios on a project-by-project basis. Provision of shared parking as with a common parking facility could also serve to improve financial feasibility by reducing costs directly attributable to specific residential projects.

- Rental rates and sales values required for financial feasibility clearly reflect top of market conditions but may be within reach of rates that the downtown should support – provided that new tenants/occupants can be attracted as has been outlined in our previous real estate market assessment report.

**Improving the Odds:**

- Options available for improving financial feasibility generally include: a) increasing rents and sales values (as illustrated with each pro forma); b) adjusting the amount of parking provided but with as yet untested marketability implications; c) other design and associated value engineering to reduce costs per square foot; and/or d) public sector financial incentives.
Since these preliminary pro formas indicate that features unique to each site and design concept play prominently in resulting conclusions regarding financial feasibility, it becomes apparent that significant design refinement and value engineering will be appropriate as specific project concepts emerge in consultation with individual property owner and development interests.

As an alternative or partial offset to increased rents and sales values, public sector financial incentives will be important to consider – perhaps most critical for projects viewed as pioneering in nature. A key question will be how far a developer and lender is willing to push rent rate and/or sales value projections in an area of the Central City with an as yet unproven market. Financial incentives also may be appropriate for sites with unduly high costs – such as acquisition costs above a per square foot threshold associated with bare land cost (e.g. the $85 per square foot range) or smaller infill sites with extraordinary per square foot site preparation and/or construction costs.

Examples of public sector incentives to consider include land assembly, site cost write-down, parking-building facade-infrastructure improvements, and development fee offsets or waivers. Potential funding sources could range from urban renewal with tax increment financing to limited property tax abatement for residential. For this initial round of pro formas, public funding of any required off-site infrastructure improvements (e.g. utilities, sidewalks) has been assumed.

Finally, as might be expected, parking plays a significant role in affecting development feasibility. For all but one of the site concepts considered, below grade structured parking is assumed for some or all of the on-site parking provided. Parking ratios are at or in some cases below what is typically required for comparable Central City, but reflect MAX proximity and the prospect of a more urban and pedestrian oriented downtown waterfront neighborhood.

c: Stuart Emmons, Emmons Architects
   David Knowles, Shiels Obletz Johnsen
APPENDIX. PRO FORMA WORKSHEETS

The following financial pro formas are included for illustration purposes only. Actual project conditions will vary from the preliminary conceptual estimates provided with this analysis. With each of the site pro formas, *all in* cost covers property acquisition, site demolition and preparation, building construction, at grade parking and indirect (or soft) project expense.

Accompanying each pro forma financial projection is a written narrative summarizing the project concept, cost, rental rates/sales values required for project feasibility and possible role for public sector incentives.
PARKING LEVEL PLAN - PHASE ONE AND TWO

16A.2 OFFICE TOWER
16A.3 OFFICE TOWER
GROUND LEVEL PLAN
S.W. 2ND AVENUE
S.W. 2ND AVENUE
S.W. ALDER ST.
S.W. WASHINGTON ST.
MORRISON BRIDGE
MORRISON BRIDGE
MORRISON BRIDGE
MORRISON BRIDGE
LOBBY
SERVICE
SERVICE
SERVICE
SERVICE
OFFICE
OFFICE
OFFICE
OFFICE
RETAIL
RETAIL
RETAIL
RETAIL

16A.4 OFFICE TOWER
Block 26: Condo/Retail Infill Development (on 3/8 of block bounded by SW Oak/SW Pine/Naito Parkway):

This infill project involves 42 condo units on 7 floors. The 15,000 square foot site is situated on the south side of SW Pine Street fronting Naito Parkway, and is a single taxlot currently in use as surface parking. The project’s ground level is programmed for 15,000 square feet of retail.

A single level of below grade parking will accommodate 38 spaces, resulting in a relatively aggressive residential parking ratio of 0.88 spaces per residential unit.

Total project budget is estimated at $16 million – for an all-in construction cost of about $173 per square foot (sf).

Pro forma sales and rental rates assumed are:
- Residential units – sales average of $300/sf (or $360,000 for a typical 1,200 square foot unit).
- Retail space – $21.50/sf annually triple-net (nnn).

While these rates are at the Central City market’s current high end and land acquisition costs are very low (around $72/sf), final project value falls below cost by close to $1.5 million (or close to $34,500 per unit, highest of the proposed projects). Contributing to this shortfall is the project’s low residential building efficiency of 80% combined with high construction cost per square foot – both associated with a small building footprint.

To reach financial feasibility absent special incentives, sales prices would need to reach $335 per square foot. This price is an aggressive project average for an untested residential area, and well above the average currently realized in the Pearl District (around $275/sf).

Increasing sales prices could also necessitate increased parking ratios.
NORTHEAST PERSPECTIVE

FAR: 5:2:1
MAXIMUM HEIGHT: 75'
LOT AREA: 15,000
GSF (ABOVE GRADE): 77,820
GSF (INCLUDING BELOW GRADE): 92,820

SECTION

26A.1 CONDOMINIUM AT 75'

APPENDIX 23
26A.2 CONDOMINIUM AT 75'

S.W. PINE ST.
S.W. OAK ST.

BELOW GRADE PARKING PLAN

S.W. NAITO PARKWAY

43 SPACES

S.W. NAITO PARKWAY

EXISTING BUILDINGS

RETAIL

LOBBY

GROUND LEVEL PLAN
26A.3 CONDOMINIUM AT 75'
Block 27: Condo/Retail Infill Development (On 7/16 block bounded by SW Pine/SW 1st/SW Ash/Naito Parkway):

This project involves 54 condo units on 7 floors. The 12,500 square foot, single taxlot site fronts the north side SW Pine Street between SW 1st Avenue and Naito Parkway.

As with all concepts, the ground level is programmed for retail space (12,500 gross square feet). A single level of below grade parking produces 24 spaces, reflecting a very aggressive residential parking ratio of 0.44. Condo unit prices are lower due to smaller unit sizes.

Total project budget is estimated at $14.8 million, with an all-in construction cost of $177 per square foot (on the high end, due to the building’s smaller size).

Sales and rental rates assumed are:

- Residential units – sales average of $300/sf (or $282,000 for a typical unit of 940 square feet).
- Retail space – $21.50/sf annually.

Despite high projected sales and rent values and low parking ratios, this project falls just below total development cost by approximately $350,000 (around $4,000 per unit). Its relative financial feasibility is due to a building efficiency of 86% and a very low parking ratio, helping to compensate for relatively high per-space parking construction costs and all-in construction costs.

To meet project costs, sales prices would need to increase by just 3% to $310 per square foot. However, increased pricing could conflict with the project's planned low on-site parking ratios.

<table>
<thead>
<tr>
<th>Development Program</th>
<th>Option A Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail (sf)</td>
<td>12,500</td>
</tr>
<tr>
<td>Residential (sf)</td>
<td>58,745</td>
</tr>
<tr>
<td>Subtotal (sf)</td>
<td>71,245</td>
</tr>
<tr>
<td>Structured Parking (sf)</td>
<td>12,500 One below grade level</td>
</tr>
<tr>
<td>Total Building Area (sf)</td>
<td>83,745</td>
</tr>
<tr>
<td>Residential (Owner units)</td>
<td>54 Condo units</td>
</tr>
<tr>
<td>Residential (Rental units)</td>
<td>--</td>
</tr>
<tr>
<td>Demolition (sf)</td>
<td>-- Current use is surface parking</td>
</tr>
<tr>
<td>Total Site Area (sf)</td>
<td>12,500 Tax assessor data</td>
</tr>
<tr>
<td>Floor Area Ratio (FAR)</td>
<td>5.7 Excludes below grade parking</td>
</tr>
<tr>
<td>Building Floors</td>
<td>7 Above grade</td>
</tr>
<tr>
<td>Building Height (feet)</td>
<td>75</td>
</tr>
<tr>
<td>On-Site Parking (spaces)</td>
<td>24 One below grade level</td>
</tr>
</tbody>
</table>

**Financial Pro Forma**

<table>
<thead>
<tr>
<th>Development Budget</th>
<th>Option A Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Acquisition</td>
<td>$1,057,000</td>
</tr>
<tr>
<td>Site Demolition</td>
<td>--</td>
</tr>
<tr>
<td>Site Preparation</td>
<td>$150,000</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>-- Assumed provided by City if needed</td>
</tr>
<tr>
<td>New Building Construction</td>
<td>$9,686,750</td>
</tr>
<tr>
<td>Parking</td>
<td>$750,000</td>
</tr>
<tr>
<td>Indirect (Soft) Cost</td>
<td>$3,176,000 On direct construction</td>
</tr>
<tr>
<td>Total Development Cost</td>
<td>$14,819,750 Per GSF building area</td>
</tr>
</tbody>
</table>

**Operating Budget (Rental)**

| Annual Gross Rents | $217,000 |
| less Vacancy | ($15,200) |
| Gross Operating Income | $201,800 |
| less Expenses | ($28,600) Retail at nnn rates |
| Net Operating Income | $173,200 Annually per NSF |

**Sales Revenue (Owner)**

| Unit Sales | $15,210,000 |
| less Sales Expense | ($912,600) |
| Net Sales Revenue | $14,297,400 |

**Completed Valuation**

| Capitalization Rate | 8.50% |
| Estimated Value: | |
| Rental Income Portion | $2,037,600 |
| Rental + Sales Portion | $16,335,000 |
| Cost % Supported by Value | 98% Includes 15% return on condo portion |
| Funding Gap () | $(349,600) |
27A.2 CONDOMINIUMS AT 75'

BELOW GRADE PARKING PLAN

GROUND LEVEL PLAN
27A.3 CONDOMINIUM AT 75'

APPENDIX 29
Block 28: Infill Parking Garage with Ground Floor Retail (SW Pine/SW Ash/SW 1st/SW 2nd)

Five levels of structured parking above ground floor retail on a half-block site (20,000 sf) comprise this development concept. The site fronts SW 1st Avenue between SW Ash Street and SW Pine Street.

The project site incorporates three relatively small taxlots (2,000 – 10,000 sf) held by two owners.

Project income is comprised of retail rents and parking leases, assumed at:
- Retail – $21.50/sf annually.
- Parking – one-half reserved for short-term parking at Smart Park rates, the other half for monthly office and residential rates ($85 for residential, $115 for office users).

Total development cost is $9.6 million, with an all-in construction cost of $80 per sf. The project benefits from the opportunity for low land acquisition costs ($85 per sf), given its current lack of improvements.

This project performs the poorest financially of all projects considered, supporting only 81% of its development cost through its final value. Initial project parameters result in a projected $1.9 million funding gap.

To achieve financial feasibility, parking rates would need to increase by 35% above those projected, bringing monthly residential parking to $115 and office parking to $145. These rates – and as high as $170 per month for office users – are currently being realized in the Central City retail core, but are not currently supported in the downtown waterfront area. Achieving higher rates will largely depend upon area revitalization. Short-term parking rates could also be expected to be above Smart Park rates – if the garage is privately developed and operated.

Financial assumptions also include a somewhat aggressive above ground parking construction cost of just under $18,000 per space. This cost could vary substantially depending on design requirements.

Other financial incentives that may bring this project closer to feasibility are discussed in the pro forma results section of this report.
NORTHEAST PERSPECTIVE

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FAR:</td>
<td>6.0:1</td>
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<tr>
<td>MAXIMUM HEIGHT:</td>
<td>75'</td>
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<tr>
<td>LOT AREA:</td>
<td>20,000</td>
</tr>
<tr>
<td>GSF (ABOVE GRADE):</td>
<td>120,000</td>
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<tr>
<td>GSF (INCLUDING BELOW GRADE):</td>
<td>120,000</td>
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</tbody>
</table>

SECTION

28A.1 PARKING STRUCTURE
28A.2 PARKING STRUCTURE

GROUND LEVEL PLAN

SECOND LEVEL PLAN
28A.3 PARKING STRUCTURE

APPENDIX 33
Block 34-35: Redevelopment of Fire Station 1 Block with Apartments, Ground Floor Retail (SW Ash/SW 1st/SW Ankeny/Naito):

This project proposes two options: (B) **168 rental apartments** on 6 floors, at 70 feet, and with one below grade parking level; and (C) **205 apartments** on 11 floors at 120 feet, with two below grade parking levels. Option A involves the continued use of the existing fire station and has not been evaluated in this report. Both evaluated options involve roughly 36,000 sf of ground floor retail.

Both options rely upon parking ratios less than one: 0.60 for Option B and 0.92 for Option C. Residential efficiency is roughly equivalent at 86% and 85% respectively.

Total development cost is $36.0 million for Option B, with an all-in per square foot cost of $150. The all-in per square foot cost is lower for Option C at $145. Total development cost is $45.4 million for this option.

Assumed rental rates are:
- Residential – $1.70/sf monthly, or $1,445 for an average size unit of 850 sf.
- Retail – $21.50/sf annually, nnn.

Completed project value is equal to cost for Option B, partially due to its low parking ratio and relatively high building efficiency. Current project parameters produce a funding gap of $2.2 million for Option C ($10,600 per unit). To achieve feasibility absent incentives, Option C requires a 5% increase rent increase to $1.79/sf.

Option C’s financial shortfalls are influenced by the increased cost of a second below grade parking level. However, this pro forma assumes acquisition costs for land only and not for the existing fire station, which would need to be demolished and re-sited. City site control provides this project with increased potential for financial incentives.
NORTHEAST PERSPECTIVE

FAR: 3.9:1
MAXIMUM HEIGHT: 68'
LOT AREA: 36,130
GSF (WITH FIRE 1): 141,840

SECTION

28A.3 PARKING STRUCTURE
APPENDIX 35
34A.2 EXISTING FIRE STATION 1 WITH HOUSING
34A.3 EXISTING FIRE STATION 1 WITH HOUSING
NORTHEAST PERSPECTIVE

FAR: 4.9:1
MAXIMUM HEIGHT: 70'
LOT AREA: 36,130
GSF (ABOVE GRADE): 176,380
GSF (INCLUDING BELOW GRADE): 212,510

SECTION

34B.1 APARTMENTS AT 75'

APPENDIX 39
34B.2 APARTMENTS AT 75'
**NORTHEAST PERSPECTIVE**

<table>
<thead>
<tr>
<th>FAR:</th>
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<tr>
<td>MAXIMUM HEIGHT:</td>
<td>120'</td>
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<td>LOT AREA:</td>
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<td>GSF (ABOVE GRADE):</td>
<td>240,105</td>
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<tr>
<td>GSF (INCLUDING BELOW GRADE):</td>
<td>312,365</td>
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**SECTION**

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<thead>
<tr>
<th>S.W. NAITO</th>
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</thead>
<tbody>
<tr>
<td>10'</td>
<td>RETAIL</td>
</tr>
<tr>
<td>20'</td>
<td>PARKING</td>
</tr>
</tbody>
</table>

| 120' | APARTMENTS |
| 110' | APARTMENTS |
| 100' | APARTMENTS |
| 90'  | APARTMENTS |
| 80'  | APARTMENTS |
| 70'  | APARTMENTS |
| 60'  | APARTMENTS |
| 50'  | APARTMENTS |
| 40'  | APARTMENTS |
| 30'  | APARTMENTS |
| 20'  | APARTMENTS |

<table>
<thead>
<tr>
<th>APARTMENTS BEHIND</th>
<th>COURT</th>
<th>APARTMENTS</th>
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</thead>
</table>

**34C.1 APARTMENTS AT 125’**

APPENDIX

43
34C.2 APARTMENTS AT 125'

PARKING PLAN

GROUND LEVEL PLAN

S.W. ANKENY ST.
S.W. 1ST AVENUE
S.W. ASH ST.

S.W. NAITO PARKWAY

94 SPACES/FLR

94 SPACES/FLR

RETAIL

LOBBY

RETAIL
34C.3 APARTMENTS AT 125'
### 34D.1 NEW FIRE STATION 1 AND APARTMENTS

#### Appendix 47

**NORTHEAST PERSPECTIVE**

**SECTION**

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<th>Level</th>
<th>Description</th>
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</thead>
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<td>HOUSING</td>
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<tr>
<td>65'</td>
<td>HOUSING</td>
</tr>
<tr>
<td>55'</td>
<td>HOUSING</td>
</tr>
<tr>
<td>45'</td>
<td>HOUSING</td>
</tr>
<tr>
<td>32'</td>
<td>FIRE 1 ADMIN.</td>
</tr>
<tr>
<td>19'</td>
<td>FIRE 1 ADMIN.</td>
</tr>
<tr>
<td>S.W. ASH</td>
<td>FIRE 1 RETAIL</td>
</tr>
<tr>
<td>-10'</td>
<td>PARKING 1</td>
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<tr>
<td>-20'</td>
<td>PARKING 2</td>
</tr>
<tr>
<td>-</td>
<td>COURT</td>
</tr>
<tr>
<td>-</td>
<td>FIRE 1 ADMIN.</td>
</tr>
<tr>
<td>-</td>
<td>FIRE 1 LIVING</td>
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0' - 60'
34D.2 NEW FIRE STATION 1 AND APARTMENTS
34D.4 NEW FIRE STATION 1 AND APARTMENTS
Block 38: Condos/Apartment Tower w/Ground Floor Retail (full block bounded by SW Washington/SW 2nd/SW Stark/SW 1st):

The block 38 project is adjacent to the Morrison Bridge off-ramp, and incorporates five taxlots under single ownership.

Two full-block alternatives are considered: Option A includes 279 condos on 23 floors, at 230 feet; Option B calls for 321 rental apartments within the same building envelope. Each option includes a single floor of double height retail space (for an effective 14,400 square feet of leasable space) and five parking levels, one below grade.

Residential parking ratios are relatively high: 1.38 for Option A ownership units, and 1.20 for Option B rental units. Residential building efficiencies are roughly equivalent at 88% and 87%, respectively.

Total project budget is $78.8 million for Option A and $70.3 million for Option B. All-in construction costs are higher for the ownership project, at $156 per sf; Option B comes in at $144 per sf.

Assumed sales and rental rates are:
- Residential rental - $1.85 per sf, or just over $1,580 for a typical 855 sf unit (higher due to view available).
- Residential sales - $300 per sf, or $312,000 for a typical 1,040 sf unit.
- Retail - $21.50 per sf annually.

With the projected unit sales price, Option A produces a $5.5 million deficit ($19,700 per unit). Option B fares worse with a $7.9 million budget gap ($24,700 per unit), despite project rents above the top of the current Central City market.

To bring projects to financial feasibility, Option A sales prices would need to increase by 8% to $325/sf. Option B rents would need to increase by 11% to $2.05/sf.
NORTHEAST PERSPECTIVE

FAR: 11.6:1
MAXIMUM HEIGHT: 230’
LOT AREA: 40,000
GSF (ABOVE GRADE): 463,585
GSF (INCLUDING BELOW GRADE): 403,585

SECTION

38A.1 CONDOMINIUMS AT 235’
APPENDIX 53
38A.2 CONDOMINIUMS AT 235’
38A.3 CONDOMINIUMS AT 235’

GROUND LEVEL PLAN

S.W. 2ND AVENUE

S.W. 1ST AVENUE

MORRISON BRIDGE

RETAIL

LOBBY

RETAIL

RETAIL

SERVICE

37 SPACES 1ST LEVEL

59 SPACES 2ND LEVEL
38A.4 CONDOMINIUMS AT 235'

PDC DOWNTOWN WATERFRONT DEVELOPMENT OPPORTUNITIES PROJECT APRIL 11, 2003 EMMONS ARCHITECTS SHIELS OBLETZ JOHNSON LANGO HANSEN E.D. HOVEE
NORTHEAST PERSPECTIVE

FAR: 11.6:1
MAXIMUM HEIGHT: 230'
LOT AREA: 40,000
GSF (ABOVE GRADE): 449,750
GSF (INCLUDING BELOW GRADE): 489,750

SECTION

38B.1 APARTMENTS AT 235'

APPENDIX 57
38B.2 Apartments at 235’ 

S.W. 2nd Avenue

112 Spaces

Below Grade Parking Plan

Morrison Bridge

S.W. 1st Avenue

0° 60°
Block 39: Condos w/Ground Floor Retail (off-ramp block bounded by SW Washington/SW 1st/SW Stark/Naito Parkway):

This project removes the south-bound Morrison Bridge off-ramp yielding a full block (48,000 sf) condo development with first floor retail. The proposed site is a portion of a larger taxlot owned by Multnomah County.

Option A involves 134 condo units on seven floors (70 feet) with two levels of above grade parking. Option B is a more ambitious 346 condo unit project on 24 floors (240 feet), with four above grade and one below grade parking levels. Parking ratios are programmed at 1.13 for Option A and 1.25 for Option B. Removal of Morrison Bridge ramps is not included with project cost estimates.

Total project cost for Option A is $44.6 million. Final project value falls below this figure by $4.1 million, or $30,700 per unit. This is despite a reasonable building efficiency of 87% and low parking construction costs. All-in construction cost is $153 per square foot.

Option B fares better on a per unit basis, with a budget deficit of $19,000. However, the total project funding gap is $6.6 million. Option B’s building efficiency is lower at 82%; all-in construction cost is $145 per square foot.

Assumed lease and sales rates are:
- Retail - $21.50 per sf annually nnn.
- Residential sales - Option A: $275 per sf, or $292,000 for a typical 1,060 sf unit. Option B: $300 per sf, or $260,000 for a typical 865 sf unit.

For feasibility, Option A pricing could increase by 13% to $310 per square foot. Option B is feasible with 10% increased price, to $328/sf. Because the site is owned by the County, land pricing flexibility (below area median site costs) also might be considered.
NORTHEAST PERSPECTIVE

FAR: 6.1:1
MAXIMUM HEIGHT: 70'
LOT AREA: 48,000
GSF: 291,270

SECTION

39A.1 CONDOMINIUMS AT 75'

APPENDIX 63
39B.1 CONDOMINIUMS AT 235’

NORTHEAST PERSPECTIVE

FAR: 10.8:1
MAXIMUM HEIGHT: 230’
LOT AREA: 48,000
GSF (ABOVE GRADE): 516,240
GSF (INCLUDING BELOW GRADE): 564,300

SECTION
39B.2 CONDOMINIUMS AT 235'

BELOW GRADE PARKING PLAN

MORRISON BRIDGE ABOVE

S.W. 1ST AVENUE

S.W. NAITO PARKWAY

134 SPACES

S.W. STARK ST.
39B.3 Condominiums at 235'
70B.4 CONDOMINIUMS AT 235'
Block 40: Condos/Townhomes with Condo Tower (¼ block fronting Naito Parkway between SW Oak & SW Stark):

Two alternative condo developments are proposed for Block 40: Option A involves 95 units on 6 floors (70 feet); Option B involves 28 townhomes and 128 condos on 17 floors (180 feet). Both concepts include ground floor retail, wrapping around an existing building at SW Oak and 1st. The site incorporates three taxlots under single ownership.

Option A includes one level of below grade parking, producing a residential parking ratio of 0.82. Option B adds a second level below grade, increasing the ratio to 1.0.

Both development options achieve financial feasibility, with final project values at 101% of total development cost. Option A total cost is $28.3 million, with an all-in construction cost of $160 per square foot. Option B total cost is $44.4 million, with an all-in construction cost of $156 per square foot.

Financial feasibility is achieved despite a relatively low building efficiency for Option A of 82%. Option B is programmed for an 89% building efficiency.

Assumed rent and sales values are:
- Retail – $21.50 per sf annually nnn.
- Residential sales – $300 per sf.
  
  **Option A:** $300,000 for a typical 1,000 sf condo.
  
  **Option B:** $247,500 for a 825 sf townhome, $276 for a typical 920 sf condo.

Project feasibility is supported by relatively low assumed land acquisition costs ($79 per sf), high building efficiency for Option B and a comparatively low parking ratio for Option A.

---

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<th>Development Program</th>
<th>Option A</th>
<th>Option B</th>
<th>Comments</th>
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<td>Retail (sf)</td>
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<td>Residential (Owner units)</td>
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<td>Option B: includes 28 townhomes</td>
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<td>156</td>
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NORTHEAST PERSPECTIVE

SECTION

FAR: 4.9:1
MAXIMUM HEIGHT: 70'
LOT AREA: 30,000
GSF (ABOVE GRADE): 147,000
GSF (INCLUDING BELOW GRADE): 177,000

40A.1 CONDOMINIUMS AT 75'
40A.2 CONDOMINIUMS AT 75'

S.W. OAK ST.

S.W. NAITO PARKWAY

S.W. STARK ST.

78 SPACES

EXISTING BUILDING

LOBBY

RETAIL

S.W. 1ST AVE.

S.W. NAITO PARKWAY

S.W. STARK ST.

BELOW GRADE PARKING PLAN

GROUND LEVEL PLAN

0' 60'

60'

90'

PDC DOWNTOWN WATERFRONT DEVELOPMENT OPPORTUNITIES PROJECT APRIL 11, 2003 EMMONS ARCHITECTS SHIELS OBLETZ JOHNSEN LANGO.HANSEN E.D. HOVEE
UPPER LEVEL PLANS

S.W. OAK ST.
S.W. 1ST AVE.
S.W. STRARK ST.
S.W. NAITO PARKWAY

EXISTING BUILDING
COURT
SERVICE
COURT

40A.3 CONDOMINIUMS AT 75'
APPENDIX 75
NORTHEAST PERSPECTIVE

FAR: 7.4:1
MAXIMUM HEIGHT: 180'
LOT AREA: 30,000
GSF (ABOVE GRADE): 187,850
GSF (INCLUDING BELOW GRADE): 247,850

SECTION

40B.1 CONDOMINIUMS AT 180'

APPENDIX 77
BELLOW GRADE PARKING PLAN

GROUND LEVEL PLAN

40B.2 CONDOMINIUMS AT 180'
PDC DOWNTOWN WATERFRONT DEVELOPMENT OPPORTUNITIES PROJECT APRIL 11, 2003 EMMONS ARCHITECTS SHIELS OBLETZ JOHNSEN LANDO.HANSEN E.D. HOVEE
SECOND AND THIRD LEVEL PLAN

UPPER LEVEL PLANS

40AB.3 CONDOMINIUMS AT 180°
Generic Condo w/Ground Floor Retail & Below Grade Parking (on ½ block site – no specific location):

The generic program offers two prototypical, half block project concepts: Option A includes 60 condo units on seven floors (75 feet); Option B includes 84 rental apartment units within the same building envelope.

The Option A ownership project calls for two floors of below grade parking, producing a healthy residential parking ratio of 1.4, and a retail parking ratio of 1 space per 1,600 sf. Option B reduces parking to a single level for a residential ratio of 0.55, and no on-site retail parking.

Total development cost is $24.7 million for Option A, with an all-in cost of $156/sf. Option B comes in at $20.9 million, or $149/sf.

Assumed sales and rent levels are:
- Retail – $21.50 per sf annually.
- Residential rental – $1.70 per sf, or $1,600 for a typical 940 sf unit.
- Residential sales – $300 per sf, or $379,200 for a typical 1,264 sf unit.

These project prototype values, like the majority of site-specific proposals, fall below cost. The rental project (B) comes closer to financial feasibility with a $900,000 gap ($11,000 per unit). Option A falls $2.9 million short ($49,000 per unit).

The Option A gap is relatively high due to low building efficiency (77%), high parking ratios and costs ($33,000 per space). Condo sales pricing would need to increase by 17% (to $350/sf) to achieve project feasibility. Option B also is programmed at a relatively low efficiency (79%), but is helped by lower parking ratios and construction costs. It requires a 5% increase to rents of $1.78/sf.
FAR: 5.9:1
MAXIMUM HEIGHT: 75'
LOT AREA: 20,000
GSF (ABOVE GRADE): 118,700
GSF (INCLUDING BELOW GRADE): 158,700

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GENERIC 1/2 BLOCK CONDOMINIUM

BELOW GRADE PARKING PLAN

GROUND LEVEL PLAN
UPPER LEVEL PLANS

GENERIC 1/2 BLOCK CONDOMINIUMS

APPENDIX 83
FAR: 6.0:1
MAXIMUM HEIGHT: 75'
LOT AREA: 20,000
GSF (ABOVE GRADE): 119,750
GSF (INCLUDING BELOW GRADE): 139,750

SECTION

GENERIC 1/2 BLOCK APARTMENTS

APPENDIX 85
GENERIC 1/2 BLOCK APARTMENTS

APPENDIX 87
At the request of the National Trust for Historic Preservation’s Community Partners Program, the Trust’s State and Local Policy Office prepared this paper on local preservation incentives and regulations for the Portland Development Commission (PDC). Community Partners is under contract with the PDC to:

- examine Portland’s existing financial and regulatory tools and strategies for protecting historic resources and promoting adaptive reuse of the historic resources located within the Study Area; and
- recommend tools that the City of Portland should consider adding to its preservation program.

This paper is not a comprehensive, in-depth survey and analysis, but rather a reconnaissance conducted within a short time frame. The research emphasizes incentives for commercial, rather than residential properties because of the contract’s focus on the Study Area, which is primarily commercial in nature. Much of the information contained herein came from telephone interviews with developers, architects, structural engineers, preservation advocates, city officials, state officials and others. Of those interviewed, 13 are residents of the City of Portland; 29 reside in other communities around the country. (See Appendix A.)

PORTLAND’S PRESERVATION POLICIES

DESIGN REVIEW AND DEMOLITION CONTROLS FOR HISTORIC BUILDINGS

Under Portland’s existing Historic Resources Code:

- Proposals to alter the exterior of designated Historic Landmarks, Conservation Landmarks – and buildings that contribute to the significance of Historic Districts and Conservation Districts – are subject to design review by the Portland Historic Landmarks Commission. ("Design Review")

- Proposals to demolish designated local Historic Landmarks and Conservation Landmarks are automatically delayed for up to 120 days. The delay is intended to give the community an opportunity to explore alternatives to demolition. ("Demolition Delay")

- Proposals to demolish properties listed in the National Register of Historic Places – and properties that contribute to the significance of National Register historic districts – may be delayed for up to 300 days. ("Extended Demolition Delay")

- Proposals to demolish designated Historic and Conservation Landmarks, buildings in Historic or Conservation Districts, and buildings listed in Portland’s Historic Resource Inventory may be denied, but only if the property owner has voluntarily signed a preservation covenant agreeing to “demolition review.” At present, only one property in the City of Portland has such a covenant protecting it. ("Demolition Review")

At the heart of a strong historic preservation ordinance is the power of a local landmark commission to deny, not merely delay, demolition permits for historic buildings unless the withholding of such permits creates an economic hardship for property owners. In Portland, however, the local landmarks commission may exercise this authority only if the property owner has voluntarily entered into a preservation agreement with the city. To date, only one owner has chosen to do so. Portland’s ability to provide strong protection for historic structures is further hobbled by a state law that prohibits local governments from designating properties as historic unless the property owner consents to such designation.

Few cities link demolition denial authority to a property owner’s willingness to enter voluntarily into a preservation covenant. On the other hand, many jurisdictions – federal, state and local – require conservation or preservation covenants as a condition for acceptance of grant funding for preservation or restoration projects. Most cities with preservation ordinances do not link demolition controls on a building-by-building basis to incentives. That said, many cities also recognize the importance of providing incentives to historic property owners, especially when historic properties are strictly regulated. But in most cases, there is no "quid pro quo." It is also much more common for cities to attach preservation regulations to locally designated historic properties than to properties listed on the National Register. Should local regulation be carried out by reference to National Register status, an important consideration is to make sure that procedural safeguards designed to ensure fairness to property owners and communities alike are adhered to.

Incentives are generally linked to efforts to rehabilitate or otherwise improve historic sites that would otherwise fall into disrepair. Historic property owners may be eligible for special tax benefits, but the rationale behind these incentives is to encourage rehabilitation and the viable use of historic properties rather than to provide compensation for regulation.
To put Portland’s resource protection program in perspective, the National Alliance of Preservation Commissions’ 1998 national survey found that 350 local commissions held the power to deny demolition permits for historic structures while 271 commissions could merely delay such permits. Examples of cities with the power to deny demolition permits include Seattle and Tacoma, Wash.; Sacramento, San Diego, Santa Barbara, and San Francisco, Calif.; Boise, Idaho; Annapolis, Md.; Denver, Colo.; Lake Forest, Ill.; Lowell, Mass.; Mobile, Ala.; Salt Lake City, Utah; Charleston, S.C.; New York, N.Y.; and Minneapolis, Minn.\(^5\)

The proposal to extend Portland’s demolition delay period from 120 to 300 days, approved in June 2002, significantly strengthens protection for the city’s historic landmarks by allowing more time for the City and property owners to explore alternatives to demolition when demolition is proposed. Such protection remains weaker than that provided by many cities, however.\(^6\)

Portland’s overall planning policies have earned national recognition for their creativity and effectiveness. Indeed, Portland’s downtown ranks among the nation’s most attractive in large part because of these policies. When it comes to historic preservation, however, many cities have taken a more comprehensive, aggressive approach. Cities have done so for various reasons: to create downtown housing through the reclama-
tion of vacant or underused historic buildings; to enhance the quality of life; to generate economic benefits through “heritage tourism”; or to become economically competitive by differentiating themselves from other cities. As Denver Mayor Wellington E. Webb has written: “The preservation of Denver’s history is as much a part of my economic development strategy as are the arts, business retention and expansion, sports venues, and tourism. For without preserving a critical mass of historic buildings...there would be no uniqueness to Denver to attract the other activities.” To an outside observer, Portland’s collection of historic buildings contributes significantly to the City’s unique character and differentiates it from cities dominated by bland architecture.

**CONSEQUENCES OF NATIONAL REGISTER LISTING**

A word on the consequences of listing buildings on the National Register of Historic Places:

Contrary to popular understanding, the owners of properties listed on the Register are not automatically subjected to federal regulations. Listing on the Register is primarily honorific. It does, however, provide eligibility for the federal rehabilitation tax credit, which permits historic property owners to claim a tax credit equal to 20% of the expenses they incur in rehabilitating income-producing National Register properties (or properties that contribute to National Register districts).

The regulations associated with National Register listing are imposed on *federal agencies, not private property owners*. Under Section 106 of the National Historic Preservation Act, federal agencies that fund, license or otherwise support projects that could harm National Register properties (or properties that are eligible for the Register) must give the federal Advisory Council on Historic Preservation an opportunity to comment on the project and then consider those comments. The comments usually suggest ways to avoid or mitigate harm to the historic resources at risk.

If a property owner chooses to take advantage of the federal rehabilitation tax credit (or of certain financial assistance programs administered by the U.S. Department of Housing and Urban Development), the rehabilitation work on a National Register building must comply with design guidelines set forth by the U. S. Secretary of the Interior. In addition, some local governments have linked local regulations to National Register properties, and many states and localities give priority to National Register properties in their allocation of grants, loans, or other assistance. (If the State of Oregon were to pass a state historic tax credit, eligibility for the credit might be tied to National Register listing if the experience of other states is any guide.\(^7\)) These links with the Secretary’s standards are *indirect* consequences of listing, however.

**Regulatory Relief for Historic Buildings**

Some types of regulatory relief conferred on historic buildings in Portland are meaningful; others are relatively meaningless.

Under certain circumstances, owners of Portland’s Historic and Conservation Landmarks are allowed to use their properties more intensively than is otherwise allowable. For example, landmarks located in single-dwelling zones may be used as multi-dwelling structures. Landmarks in multi-dwelling zones are exempt from otherwise applicable limits on density. And landmarks in residential zones may provide day care. These alternate land uses do not require special review.

In addition, Portland’s existing Historic Preservation Incentive allows landmarks in the Central Residential (RX) zone to include otherwise disallowed retail, office, entertainment, manufacturing and other uses through a “conditional use” review approved by the City.

Still other “conditional uses” are permitted for landmarks under certain circumstances. For areas outside the Study Area, some preservation developers believe that an improved “conditional use” review process might allow the Historic Preservation Incentive’s flexibility to be more readily applied. They argue that, while the conditional use provisions appear to provide...
additional flexibility, as a practical matter, they provide very little because it takes so much time and money to get conditional uses approved. Some uses, such as residential, are not allowed in industrial zones. In these cases, historic renovations for residential use can be done only through a comprehensive plan map amendment and zone change – a process that includes a hearing before city council. In the words of one developer who would have liked to convert a historic industrial building that is no longer suitable for industrial uses into a residential structure: “We would have had to get a comprehensive plan amendment and a zoning code change. That would have taken us between six and eight months and cost us $35,000 to $40,000.”

Conditional uses are not “bankable.” Developers seeking to purchase and rehabilitate a historic building cannot persuade banks to lend them money on the off-chance that they might win approval in the future for a conditional use. To go forward, therefore, the developer must obtain an option and delay the project until the conditional use is approved. Given the need to move quickly in the real estate world, the City should review the extent to which conditional uses could be converted to automatic waivers or exceptions in specific geographic areas where the alternate uses would not have adverse impacts on surrounding neighborhoods and property owners. Alternatively, an expedited process for reviewing conditional uses might be considered.

To qualify for the above types of regulatory relief incentives, the property owner must agree not to demolish the historic resources without the city’s approval and the review of the Portland Landmarks Commission.

ZONING INCENTIVES: TRANSFERABLE DEVELOPMENT RIGHTS AND DENSITY Bonuses

Zoning laws, which typically place height and bulk limits on buildings, can greatly influence the fate of historic buildings. Zoning laws that permit property owners to build new structures that are significantly larger than historic buildings already in place may create tensions between new development and preservation. The bigger the gap between existing and allowable building heights, the greater the tension between a property owner’s perceived and/or actual right to maximize profits and the likelihood of preserving the historic buildings. Development potential in several of Portland’s historic districts, including the Yamhill and Skidmore-Old Town districts within the Study Area, was consciously limited in the 1970s and ’80s.

In Portland, the City has wisely concentrated its tallest buildings along the transit corridors at Fifth and Sixth Avenues, where allowable Floor Area Ratios (FARs) range from 12:1 to 15:1 and buildings as tall as 460 feet are permitted. But as one approaches the Willamette River, allowable FARs and heights decline.

The Floor Area Ratios in the PDC Study Area vary between 4:1 and 9:1. The FARs for structures located between Naito Parkway and First Avenue north of Madison Street are set at 4:1. Outside the Yamhill and Skidmore/Old Town Historic Districts, allowable FARs climb to 9:1 west of First. For the area near the Steel Bridgehead at the north end of the Study Area, the FAR is 6:1.

Property owners may increase these “base FARs” by a maximum of 3:1 FAR by providing various amenities desired by the City. “Density bonuses,” which allow for increased FARs, are awarded for housing units created in commercial or employment zones, day care, retail uses, rooftop gardens, art work, public fountains or other water features, locker rooms, eco-roofs, middle-income housing, and contributions to the City’s Affordable Housing Replacement Fund.

Height limits in the Study Area vary, but in general they protect views of Mount Hood and, as one approaches the Willamette River, they step down in scale from the taller buildings in the Central Business District. In the Yamhill and Skidmore/Old Town Historic Districts, the height limit for buildings is generally set at 75 feet. At the edges of these districts, allowable heights rise to 130 feet.

If allowable heights in the historic districts were significantly increased, the character of the area, as defined by the historic buildings, might change significantly. These changes could include both a change in the district’s character, as tall buildings are set amid three-to-five story vernacular structures, as well as a change in the number of historic buildings, as the potential profitability of redevelopment is increased. Tensions between preservation and new construction could increase if property owners found it more lucrative to demolish historic structures in favor of larger new buildings. In addition, vacancies in existing buildings elsewhere in the city could increase unless the market were able to absorb the new space created by increasing height limits.

In theory, property owners may transfer development rights from historic building sites (“sending sites”) to other “receiving sites” in the City. In reality, however, this transfer-of-development-rights (TDR) ability is undermined by the fact that property owners can obtain similar density bonuses more easily through other means. For example, they can provide bicycle locker rooms, build fountains, or create eco-roofs – all without the landmarks commission’s review and approval of any future demolition proposals. Thus while property owners have an incentive to transfer...
unused development rights from historic “sending sites” to “receiving sites” elsewhere in the Central City, those in need of extra floor area are not motivated to take advantage of the TDR program. Only one TDR transaction is reported to have occurred in Portland.

**TAX INCENTIVES**

Historic property owners in Portland can – and do – take advantage of federal and state tax incentives.

**Federal Rehabilitation Tax Credit for Historic Structures.** Under federal law, historic property owners who substantially rehabilitate buildings that are individually listed on the National Register of Historic Places (or that contribute to the significance of National Register districts) may claim a 20% credit against eligible rehabilitation expenses. This credit is available for income-producing projects – e.g., multi-family housing, commercial offices, retail operations, and industrial projects – but not for owner-occupied homes. To qualify for the historic rehabilitation credit, rehabilitation expenses must exceed the “adjusted basis” of the building or $5,000, whichever is greater. Finally, projects seeking to claim the 20% credit must complete the rehabilitation in accordance with standards set forth by the Secretary of the Interior. The standards are intended to ensure that the rehabilitation work preserves the character-defining features of historic buildings.

A 10% rehabilitation tax credit is available under the federal tax code for non-residential, non-historic buildings constructed before 1936. No historic certification is required for these buildings. Indeed, the 10% credit is not available for certified historic structures or for buildings located in a National Register district unless they are certified as not contributing to the district.

A total of 84 federal historic tax act projects have been completed or are under way in Portland. Another 15 are inactive.

Some building owners appear to be unaware of the tax credit’s existence, while others are daunted by the complexities of building codes and IRS rules. The underwriting costs associated with syndicating tax credits can also seem high unless the project involved is a major one. Finally, some developers/property owners have found it difficult and costly to comply with the Interior Department standards applicable to tax-act projects.

Under Oregon’s Special Assessment Program, owners of properties listed on the National Register – and of buildings that contribute to the significance of National Register districts – may undertake major improvements to their properties without seeing an increase in property taxes attributable to the improvements. This “freeze” on property taxes lasts for 15 years and is available to residential as well as commercial properties, but it can be renewed for another 15 years in the case of income-producing properties. There are 825 active Special Assessment projects in Portland.

Recent curbs on property tax increases in Oregon have reduced the perceived relative value of the Special Assessment Program to owners of historic residential properties. The program still provides a significant preservation incentive for owners of historic commercial properties, however.

**SEISMIC AND OTHER CODES**

Seismic code requirements rank high on the list of barriers to renovation in general and historic preservation in particular. Local developers use such terms as “deal breaker” and “a killer” to describe the seismic and other codes applied to historic properties. No one argues that historic buildings should not be as safe – or as accessible – as possible, but a number of developers and preservationists believe that the triggers for compliance with the latest codes are generally too low. In addition, they express frustration over the fact that the code regulations sometimes change and are interpreted differently by different building inspectors.

The Oregon State Structural Specialty Code and Portland’s Interim Seismic Design Requirements for Existing Buildings govern changes to old and historic buildings in Portland. The former is essentially the Uniform Building Code (UBC) with certain modifications by the state. Under these codes, seismic requirements for unreinforced masonry (URM) buildings are triggered by such factors as changes in occupancy (with increased loads) and rehabilitation work exceeding $15 a square foot.

Although the state legislature has considered providing financial assistance to help property owners pay for needed seismic improvements, Oregon’s budget problems have stymied the enactment of such legislation.

**SEISMIC LOANS: Through a Seismic Improvement Loan Program, the Portland Development Commission has provided loans to help property owners fill the financial gap between monies available and monies needed to complete a project. The program has emphasized safety upgrades for Class B and C commercial buildings in the Central City. The loans are available to properties in the Downtown Waterfront, River District, and South Park Blocks Urban Renewal Areas.

Buildings eligible for these loans include unreinforced masonry (URM) properties or structures listed on the National Register of Historic Places. The program helps property owners determine the magnitude and feasibility of needed seismic improvements in addition to
providing loans. Loan amounts and interest rates vary, but the term is set at no longer than ten years. Seismic improvements costs can range from $10 to $50 a square foot.

Although this program is expected to be funded again during the coming year, its new budget level is not known at this time. This program appears to be very helpful to the extent that it has been used, but its usage has not been extensive, in part because of challenges faced by developers in procuring tenants for rehabilitation projects.

EASEMENTS
The Historic Preservation League of Oregon is empowered to accept easements on historic buildings, but limited staff and financial resources have hindered HPLO’s ability to conduct a more active easement program.

Because the PDC and the Bureau of Planning expressed an interest in understanding the effect of stronger demolition controls on easement values, the National Trust consulted with several nationally recognized experts on this question. The consensus view to emerge from this research is that strong preservation controls are a factor that must be considered along with many others in the appraisal of easement values. Although each appraisal must reflect the characteristics of a specific piece of property, strong preservation controls typically have only a minor, if any, impact on the value of a potential easement donation. Façade easements on historic buildings are generally appraised at between 10% and 20% of the fair market value of the property. If a property is already protected by a strong historic preservation ordinance (i.e., an ordinance giving the city an absolute right to deny demolition or to exercise strict controls over building additions and other exterior changes), the value of a façade easement is typically between 10% and 15% of the fair market value of the property.

Local interpretation of historic preservation ordinances, however, can affect the value of easements. Easement values can exceed the 10% to 15% range in cities where a preservation commission allows numerous additions or demolitions, establishes a very low threshold for granting economic hardship, or has been challenged on the legal basis of local designation.

It is essential to recognize that the easement value is related to the individual piece of property. For example, if the easement includes the forfeiture of development rights, the easement’s value may increase dramatically. Similarly, the value of the land underneath a historic building can be so much greater than the value of the building itself that the gift of an easement may result in a substantial donation value.

HISTORIC RESOURCE INVENTORY
The last comprehensive survey taken of Portland’s historic resources took place in 1984. It is seriously outdated. Moreover, some people describe the survey as a “windshield” survey that did not reflect high standards in the first place. Because real estate investors want and need certainty, the City should update its Historic Resource Survey as soon as possible.

STOREFRONT IMPROVEMENT PROGRAM: The Portland Development Commission (PDC) administers a Storefront Improvement Program with funding from the Bureau of Housing and Community Development, tax increment financing, and other sources. The program’s purpose is to help property and business owners spruce up their storefronts, revive neighborhood commercial areas, and reduce blight. Under this program, the PDC offers matching grants of up to $20,000 to property owners and business lessees to improve their building facades. (Lighting grants of up to $27,500 are available in the West End/South Park Blocks and Old Town/Chinatown areas.) Eligible projects include cornice, gutter, and downspout repairs; signs and graphics; new windows; exterior lighting; canopies and awnings; and painting and masonry cleaning. In addition to the grants, the PDC provides up to 30 hours of free architectural services to assist property/business owners with their storefront improvements. These services are delivered by a pool of pre-qualified architects that the PDC keeps on retainer.

The storefront improvement program is very popular. At this writing, it has provided almost 450 grants to property owners in 19 neighborhoods. Many buildings assisted through the program were once vacant but have now become occupied because the improvements helped property owners attract new tenants. Although the program is not considered a decisive factor by developers who are considering undertaking major rehabilitation projects, the storefront improvement grants appear to be well-received by smaller businesses and certainly by those who have used them. The current budget for this program is approximately $1.2 million.

REVOLVING LOAN FUND: Inactive.

PRESERVATION INCENTIVES AROUND THE COUNTRY
To determine how other cities have addressed challenges facing Portland, the National Trust contacted local preservation officers, developers, architects, structural engineers and other experts in over 25 jurisdictions around the country. In selecting jurisdictions for this study, the authors sought out localities whose programs, size, and culture seemed most relevant to Portland’s current effort to balance preservation incentives and regulations. Noted below are findings from
SEISMIC CODES AND HISTORIC BUILDINGS

California. In California, historic property owners enjoy a statutory right to use the State Historical Building Code (SHBC), which offers alternatives for meeting seismic, accessibility, and life safety requirements. Instead of relying on prescriptive formulas to ensure life safety, the SHBC allows engineering principles and expert judgments to be used in evaluating the safety of archaic building materials and methods. The SHBC is a performance-based, mandatory code. Local jurisdictions are required to administer and enforce it. They may not prohibit the SHBC’s application to a historic structure.

The SHBC’s treatment of seismic issues raised by historic, unreinforced masonry (URM) buildings is governed by an appendix to the Uniform Code for Building Conservation (UCBC). The SHBC has adopted this appendix by reference.

In contrast to other codes, the SHBC does not use “triggers” to mandate compliance with specific requirements. According to the California State Historical Building Safety Board, which oversees the SHBC’s implementation:

Triggering mechanisms, routinely found in many codes, pose an unwarranted threat to the continued existence of [historic] properties and are thus categorically excluded [in the SHBC].

The Safety Board also takes the view that “the ‘earthquake-proof building’ is essentially nonexistent.” The Board’s web site states:

Building codes must be updated in order to keep abreast of new materials and new technology. Consequently, every three years, all the buildings built under the now obsolete code join the ranks of all other buildings as “code deficient.” Yet these “substandard” buildings remain in service for decades. The SHBC recognizes this common practice as a...non-life-threatening situation which is clearly also appropriate for the preservation of historic resources.

Everything we inhabit – structures, ships, automobiles or aircraft – involve[s] a cost/benefit ratio in which risk is a factor. That some people choose not to fly, while others refuse to ride in an economy car, does not negate the “public good” that these means of travel engender.

St. Helena, California. In 1994 St. Helena adopted a “Seismic Hazards Mitigation Program for Unreinforced Masonry Structures.” The program reflects recommendations made by a special committee created by the city building department to explore ways to help historic property owners meet seismic requirements without destroying the city’s historic fabric. The committee included all the relevant stakeholders, including property owners, lenders, and code officials, but it also drew from the expertise of outside experts. An early step was to hire two structural engineers as consultants to help the city develop a program tailored to the specific needs of property owners. Elements of St. Helena’s program include:

- architectural and engineering (A & E) grants for seismic upgrading. Under this program, up to $1 per square foot of eligible building area may be granted to a building owner to help pay for architectural and/or engineering fees incurred in seismic upgrades;
- listing of the St. Helena Historic Commercial District on the National Register of Historic Places. By creating this district and getting it listed, the city enabled property owners to qualify more easily for the federal rehabilitation tax credit. (Individual property owners had found it difficult to get their buildings listed individually on the National Register and thus could not gain access to the federal tax credits);
- design review alternatives. Property owners may choose among three entities (city planning, state preservation office, or Napa County Landmarks or another qualified historical consultant) to review their seismic retrofit work. The idea here is to simplify and streamline the review process. Local design review requirements were waived for property owners whose projects are subject to review by the SHPO in connection with rehabilitation tax credit projects;
- fee waivers. These include waivers of design review fees by the city planning commission and of plan check fees by the city building department. Building permit fees for seismic retrofit work were cut in half;
- Mills Act tax abatement. Under California’s Mills Act, localities may abate local property taxes on rehabilitated historic structures for up to ten years. St. Helena’s “incentives package” includes “Mills Act” abatement for unreinforced masonry (URM) buildings that are listed on the National Register, contribute to the St. Helena Historic Commercial District, or are listed on the state or local inventory of historic resources.

Under St. Helena’s program, the incentives were “sunsetted” after the first three years to give property owners an incentive to comply with a mandate for the retrofit of URM buildings in ten years. The city also created a Building Conservation Advisory and Appeals Board to help property owners resolve problems that might arise.

Buildings that have been seismically retrofitted since 1980 and that comply with the standards in effect at the time are exempt from newer URM requirements (see p.2-3 of ordinance). No URM building that has been seismically retrofitted to the standards required by the ordinance shall, within a period of 15 years after the completion of the work, be identified as a “seismic hazard to
life.”

Other Cities. Many cities exercise flexibility in the application of building, seismic, and accessibility codes to historic buildings. Among these cities are: Seattle and Spokane, Wash.; Portland, Maine; Sacramento, Calif.; Boise, Idaho; Park City, Utah; and Denver, Colo. Denver allows historic residential structures to meet the code in effect at the time of construction. Historic commercial structures in Denver must meet current life safety codes, but code officials exercise flexibility with respect to them.

Seattle’s building code permits the city’s Department of Design, Construction, and Land Use to modify specific code requirements for historic landmarks. The DCLU director has discretion to require alternate requirements that afford reasonable safety and uses this flexibility on a regular basis. Virtually none of Seattle’s historic buildings can meet the seismic standards of the Uniform Building Code, according to local officials. Thus a structural engineer evaluates the deficiencies of buildings and the DCLU works with property owners to correct the most serious ones. The DCLU director sees this approach as crucial to the feasibility of most preservation projects.

Easements
Many cities have promoted easement programs to protect historic buildings and sites against demolition, neglect, or defacement. In some cases, a municipal agency is empowered to purchase or accept easements; in other cases, the city uses a quasi-governmental agency to handle easement transactions; in still others, city agencies have created nonprofits to carry out easement functions — or nonprofits themselves have established easement programs.

An easement is a preservation tool that falls in between land-use regulations and outright property ownership. Under the easement concept, a property owner voluntarily relinquishes certain property rights by selling or donating an easement to a nonprofit organization or governmental entity. This "easement holder" enforces the terms of the easement, which typically imposes restrictions on what the property owner may do with that portion of the property covered by the easement. If the easement is donated, the value of the easement (for tax purposes) is the difference between the property’s value before and after the easement was sold or donated.

Easement terms may vary, but if the owner wishes to take advantage of certain federal tax benefits, he/she must:
• donate the easement to a “qualified organization” for “conservation purposes.” “Qualified organizations” include governmental agencies and tax-exempt nonprofit organizations. “Conservation purposes” include the preservation of a historically important land area or a certified historic structure.
• donate the easement “in perpetuity.” The easement must be permanent. Its restrictions must bind all future property owners as well as the current owner.

If the easement donor meets these primary conditions and certain other requirements, Section 170(h) of the Internal Revenue Code allows him/her to claim a tax deduction for a charitable contribution on his/her federal income tax return. Deductions thus claimed may not exceed 30% of a donor’s Adjusted Gross Income (AGI) in the year of the gift, but unused deductions may be carried forward for up to five years until they are used up.

Only buildings that are listed on the National Register of Historic Places — and structures that contribute to National Register districts — may qualify for federal tax benefits available through preservation easements.

Easements offer several advantages:
• The costs to government are significantly lower than they would be if the government had to purchase a property outright to protect it.
• The property can stay in private hands and remain on local tax rolls.
• The property owner continues to enjoy use of
his property.

- Strategically placed easements can discourage land assembly that would enable the construction of incompatible developments.
- Within certain limits, the terms of the easement can be tailored to the needs and wishes of the property owner.
- Property tax savings may also be recognized in some jurisdictions.

Noted below are some cities and nonprofit organizations empowered to hold preservation easements. This list emphasizes easements on commercial properties given the PDC’s request for strategies appropriate to the Study Area, but it should be understood that easements have been widely used for residential properties as well.

- **Mobile, Alabama:** The Mobile Historic Development Commission (HDC) holds some 150 easements on historic properties. Approximately one-third of the easements are on commercial properties. The HDC is a city agency but also has a §106 (3) tax exemption under the Internal Revenue Code. The agency began as an independent nonprofit, but the city decided that it received sufficient state and city funds to warrant its incorporation into the city government.

- **Alexandria, Virginia:** The City of Alexandria holds approximately 30 easements on historic properties. Most of these are façade easements combined with easements on historic interiors and/or open spaces surrounding the historic property. The city does not, as a rule, accept façade easements only on historic buildings.

- **Boise, Idaho:** Local law permits the city to acquire easements by purchase or donation. The city holds three façade easements on historic commercial properties. Local property taxes are adjusted to reflect the effect on property values of the easements.

- **Spokane, Washington:** Spokane holds 10 easements on historic properties. All the easements are on commercial buildings, including the Davenport Hotel, Marlboro Apartments and Avenida Apartments. (Spokane also provides zoning flexibility and allows non-conforming land uses in the case of historic structures in addition to providing code relief.)
- **Sacramento, California:** Easements on historic properties are held by Sacramento Heritage (SH), a quasi-governmental body created by the local redevelopment authority a number of years ago. Board members of SH are appointed by the city council. (Some believe this fact means that SH cannot function effectively as a preservation advocacy organization.) Because SH does not have enough staff to monitor and enforce easements, however, the easement program is not as strong as it could be. Some consideration is being given to spinning SH off completely from the city as a §106(3) tax-exempt organization.
- **Historic Charleston Foundation:** HCF holds protective covenants on 130 structures and 200 easements on commercial and residential structures in and around Charleston. Its program has been nationally recognized.
- **Historic Savannah Foundation:** HSF holds 205 covenants and easements, ten of which are on commercial properties.
- **Preservation Alliance for Greater Philadelphia:** The Alliance holds easements on 160 historic properties, including such major commercial properties as the historic Drake Tower, the Alden Park Apartments, and the Bell Telephone Building, now known as the Lofts.
- **Utah Heritage Foundation,** which acquires easements as gifts or as part of its revolving fund loan program. Property owners who receive low-interest loans for rehabilitation are required to grant easements.

One final note on easements: Some easement programs, particularly those administered by nonprofits, require property owners to contribute to an endowment fund to cover the costs of monitoring and enforcing the easement. 21

**ZONING-BASED PRESERVATION INCENTIVES AND DEMOLITION DISINCENTIVES**

**Zoning Tools in Seattle.** Seattle discourages the demolition of historic landmarks by prohibiting buildings that replace demolished landmarks from gaining additional floor area through FAR bonuses or the transfer of development rights. In the city’s downtown retail core, property owners seeking to build a structure taller than a historic building already in place must preserve the structure’s façade. If the structure is a designated landmark, the Seattle Landmarks Preservation Board must approve any modifications to the building.

The Director of Seattle’s Department of Design, Construction and Land Use may authorize land uses for designated landmarks that would not otherwise be permitted. She may also waive otherwise applicable zoning requirements, such as standards for open space, setbacks, parking and landscaping, for historic buildings.

Seattle has had a transfer of development rights (TDR) program for many years but has rarely used it. Only three transactions involving downtown landmarks have been consummated. The city recently revised its TDR program in the hope of encouraging wider usage of this tool. Under the revised program, developers can purchase and transfer unused development rights from sites in most downtown zones occupied by designated landmarks. The TDR from a landmark is one of a
limited number of options available to a developer for gaining a portion of the total floor area that can only be added to the project through the prescribed use of floor area bonuses or TDR. To facilitate the use of landmark TDR, the city is authorized to operate a TDR bank, where development rights purchased from landmark sites can be “banked” and sold to developers as needed. Use of Landmark TDR is further promoted by a requirement that a specified percentage of the floor area added to a project through TDR and bonus incentives must be gained through Landmark TDR if any such development rights are available in the city’s Landmark TDR bank. The value of these development rights is negotiated between the owners of the sending and receiving sites. The transfer of development right from the sending lot to the receiving lot lasts for the life of the property on the receiving lot.

Zoning Tools in Los Angeles. Los Angeles adopted an adaptive reuse program in 1999 to facilitate the conversion of older commercial buildings in the downtown to housing by cutting regulatory red tape and providing flexibility in the application of building and fire codes to historic structures. The program includes an ordinance and adaptive reuse construction guidelines. The ordinance was expanded to include additional neighborhoods in 2002. Among other things, the program:

- Mandates that adaptive reuse projects are “by right” projects;
- Allows the zoning administrator to waive public hearings on certain adaptive reuse projects;
- Waives residential density requirements;
- Permits existing conditions for yards, height, parking and floor area, even though they do not meet current residential code requirements (no waivers required);
- Does not require disabled access upgrades in the private residential areas of the building; and
- Allows flexibility in the application of structural and life safety requirements to historic buildings.

Buildings eligible for these kinds of regulatory relief include vacant or underused structures built before July 1974 and buildings listed on national, state, or local historic registers.

Zoning Tools in Tacoma, Washington. Tacoma’s 2000 zoning code permits developers who renovate historic buildings (or who contribute an amount equal to one percent of their project costs to a renovation project) to build taller new buildings than would otherwise be allowed. When new development abuts historic structures, its rooflines, windows, and other features must harmonize with the latter.

TAX RELIEF

Denver created a Downtown Historic District comprised of non-contiguous historic structures located throughout the downtown in 2000. Buildings in the district are eligible for property tax rebates for up to 20 years. The rebates equal the local portion of property taxes to the extent these taxes exceed their 1999 level. To qualify for the rebate, the building must be in good repair and resemble its original appearance. The district is sometimes referred to as the “Chocolate Chip District” because the historic buildings “dot” the area the way chocolate chips dot a cookie. Local officials believe the District’s success lies in the fact that new construction in the downtown is highly regulated and must meet design standards established for new buildings. There are no parking requirements for historic buildings. Forty-three historic buildings are in the Downtown Historic District. All are subject to demolition denial review.

Seattle takes advantage of Washington State’s Special Tax Valuation Program, which allows lower property tax valuations for historic buildings. Under this program, increased property values attributable to major renovations are excluded from property tax assessments for up to ten years. Thus property owners are not penalized for renovating historic structures. To qualify, rehabilitation costs must equal at least 25% of the assessed value of the building prior to renovation. (Tacoma and Spokane also use this program.)

Dozens of cities in California use the so-called Mills Act, which also permits lower property taxes on historic buildings. Examples include San Diego, Sacramento, and Los Angeles.

Twenty-one states now offer rehabilitation tax credits to offset state income taxes. See www.nthp.org/help/taxincentives.pdf

FINANCIAL ASSISTANCE: GRANTS, LOANS, REDUCED FEES

Phoenix, Arizona. Properties with historic preservation zoning (i.e., properties for which demolition requests are subject to a one-year delay) are eligible for assistance made possible by the city’s historic preservation bond funds. Under the city’s Exterior Rehabilitation Grant Program, which was created to benefit historic neighborhoods, proceeds from the sale of facade easements to the city from these historic buildings are used by property owners to finance rehabilitation projects. The city can purchase a facade easement with a term of 15 years, thereby providing up to $10,000 for exterior rehabilitation improvements. The city funds must be matched, 50-50. The minimum easement purchase considered by the city is $2,000. Since 1990, over 230 houses have used this program. Under a larger “Demonstration
Projects Program, the city can purchase easements on commercial properties. This program provides up to $350,000 in matching funds. In addition to the Exterior Rehabilitation Grant Program, historic preservation bond funds support neighborhood surveys, land acquisition, and other preservation activities.

Park City, Utah. Through its Historic District Grant Program, Park City offers matching grants of up to $20,000 to help property owners rehabilitate historic structures. (A landmark grant of $50,000 is awarded to one recipient each year.) Other preservation incentives include reduced or waived building permit fees for work on historic properties that receive grants through this program.

Sacramento, California: Sacramento not only uses the California State Historical Building Code and the Mills Act property tax abatement program (see earlier discussion), but it also has a Fainted [sic] Ladies Loan Program that provides loans for the acquisition and rehabilitation of rental and owner occupied housing that is 50 years or older. The program was originally funded at $835,000. The Exterior Rebate and Commercial Loan Program provides rebates for qualified exterior improvements and loans for acquisition, rehabilitation and new construction. The city’s preservation office expects to have $125,000 available this year to conduct a historic resource survey.

Mobile, Alabama; Portland, Maine; Lake Forest, Illinois; and Sacramento, California, are among many cities that authorize municipal agencies to craft incentive packages for historic property owners when the denial of a demolition permit would cause economic hardship to the owner.

The language in Mobile’s local preservation ordinance is illustrative of this approach:

[The Architectural Review Board and Historic Preservation Commission] may explore [with the owner] alternatives that will assure reasonable use of the property including, but not limited to, loans or grants…acquisition by purchase or eminent domain, building and safety code modifications to reduce the cost of maintenance, restoration, rehabilitation or renovation, changes in applicable zoning regulations, or relaxation of the provisions of [the preservation ordinance] sufficient to allow reasonable use of the property.

Tacoma, Washington, provides loans of up to $50,000 for code-related repairs to owner-occupied homes in the city. Loans bear interest rates ranging from zero to 6% for up to 20 years.

**PROGRESS REPORTS**

Knoxville, Tennessee adopted a city charter amendment on Nov. 5, 2002 under which the mayor will require the Metropolitan Planning Commission to prepare annual reports on the status of the preservation of Knoxville’s historic structures and districts. The report is due by May 1 of each year. The mayor, in turn, will report to the city council on the status of historic preservation in Knoxville by July 1 of each year. This report must include a summary of legislation and actions taken to promote historic preservation during the preceding year, recommendations and goals for the coming year, and a five-year plan to promote historic preservation.

**SPECIAL MERIT PROJECTS**

Portland, Maine’s preservation ordinance contains a somewhat unusual, but not unique, provision allowing for projects of special merit. Where new construction is proposed that cannot comply with the ordinance, but provides significant compensating benefit to the city, the city council may approve a “project of special merit.” Such projects must: (1) be consistent with the city’s comprehensive plan; (2) provide significant public and civic benefits. Such benefits must substantially outweigh the loss of the historic resource and not be considered principally on the basis of their economic development, property taxes, or other financial return to the city or other parties; (3) be of exceptional design; and (4) if demolition of a landmark is required, reasonable efforts must have been made to relocate the landmark. Prior to the issuance of a demolition permit to allow a project of special merit to go forward, the developer must demonstrate binding financial commitments and provide performance guarantees to ensure that proposed project is completed.

**POLICY AND TECHNICAL ASSISTANCE OPTIONS**

1. Update Portland’s Historic Resource Inventory.

2. Determine which historic properties should be subject to demolition denial review on their merits, irrespective of whether they have preservation covenants. After creating a category of historic properties subject to demolition denial, consider changes to the use of the preservation covenants for some or all of the City’s preservation incentives.

3. Add provisions to Portland’s Historic Resource Code to address the problem of “demolition-by-neglect” through affirmative maintenance requirements, as is standard for any state-of-the-art preservation ordinance.

4. Retain – and expand – if possible, the storefront improvement program. Target historic properties with this program by offering enhanced terms and conditions to buildings and districts that the City wants to save.

5. Retain and, if possible, expand the seismic loan program, providing enhanced terms and conditions to encourage developers to upgrade historic buildings that the City wants to save.
6. Given that Portland has the most to gain from the enactment of a state historic tax credit, develop a proactive lobbying strategy that involves other stakeholders.

7. Develop plain-English brochures and web-site materials to simplify and clarify information on the availability of the 20% and 10% federal rehabilitation tax credits.

8. Provide technical assistance to property owners and developers to help them understand the benefits, regulatory requirements, review processes and tax syndication possibilities associated with the 20% and 10% federal rehabilitation tax credits.

9. Provide debt financing products that make it easier for developers to work with syndicators of the historic tax credit. Bridge financing that provides upfront capital to developers and reduces the tax credit investor’s risk would be especially helpful.

10. Make site visits to successful historic districts in other cities that have successfully met challenges facing Portland’s Study Area. Alternatively, invite experts from these cities to meet with Portland city officials to describe the processes they followed and to explain how they addressed issues facing Portland.

11. Ask the state legislature to enact a smart codes program similar to those in New Jersey, Maryland, and North Carolina. Alternatively, develop a state historic building code akin to that in California.

12. Streamline reviews for historic building rehabilitation projects, especially those pertaining to conditional use permits. Consider making conditional uses permitted uses for historic structures.

13. Provide more flexibility in land uses, perhaps through creation of a special historic 20.

Increase the potential for property owner façade easement donations (and corresponding tax deductions) either through support of the Historic Preservation League of Oregon or through a city-based program.

21. Facilitate the strengthening of the local preservation advocacy capacity.

APPENDIX A

Listed below are public officials and rehabilitation/preservation/building code/other experts interviewed and contacted for information. In addition, various publications and web sites were reviewed:

Residents of the City of Portland
Graham Clark, Portland Development Commission
Dana DeKlyen, Storefront Program Coordinator, Portland Development Commission
Art DeMuro, Broker, Venerable Properties, Inc.
Rob Dortignacq, Architect, Dortignacq Associates
Amy Dowell, Senior Project Coordinator, Portland Development Commission
Paul Falsetto, Architect, FFA Architects & AIA Historic Resource Committee
Cathy Galbraith, Director, Architectural Heritage
Patrick Gortmaker, Kalberer Company
Cielo Lutino, City Planner, Portland Bureau of Planning
Rob Mawson, Principal, Heritage Consulting Group
Peter Meijer, Architect, Sera Architects
Richard Michaelson, President, Inner City Properties
Ross Plambeck, Department of Development, Portland Development Commission
Jed Sampson, Bureau of Buildings & Structures
David Skilton, Tax Incentives Coordinator, Oregon State Preservation Office

Public Officials/Preservation-Development Experts Outside Portland
Jody Brown, Phoenix Historical Commission
Mike Buhler, Regional Attorney, National Trust for Historic Preservation, Western Ofc.
Kerry Buckley, Attorney for Denver Historic Landmarks Commission
Pratt Cassity, National Alliance of Preservation Commissions
Anne Crutcher, Mobile (Ala.) Historic Development Commission
Courtney Damkroger, Preservation Officer, City of San Jose
Karen Gordon, Preservation Officer, City of Seattle
Jean Federico, Director, Office of Historic Alexandria (Virginia)
Cindy Heitzman, Building Official/Fire Marshal, City of St. Helena, California
Donna Hole, Preservation, Annapolis, Md.
Ellen Ittleson, Director of Planning Services, Community Planning, Denver, Colorado
Angeles Leira, Preservation Office, San Diego, Calif.
Nelson Knight, Salt Lake City Historic Landmark Commission
John Mann, Historic Spokane (Wash.)
Vincent Marsh, Preservation Officer, Sacramento, Calif.
Thompson Mayes, Associate General Counsel, National Trust for Historic Preservation
Jeffrey Neberman, Preservation Official, City of Boise
Bill Needleman, Preservation Official, City of Portland, Maine
APPENDIX B
INFORMATION USED TO EVALUATE ECONOMIC HARDSHIP CLAIMS

Noted below are examples of the kinds of information that local preservation commissions often request in order to evaluate economic hardship claims. This is a composite list. In other words, a single commission would not necessarily request all of the items noted below.

1.2.3. At least three estimates of the cost of the proposed construction, alteration, demolition or removal and an estimate of any additional cost that would be incurred to comply with the recommendations of the historic preservation commission for changes necessary for the issuance of a certificate of appropriateness.

4. A report from a licensed engineer or architect with experience in rehabilitation on the structural soundness of any structures on the property and their suitability for rehabilitation.

5. Estimated market value of the property in its current condition; after completion of the proposed construction, alteration, demolition or removal; after any changes recommended by the historic preservation commission; and, in the case of a proposed demolition, after renovation of the existing property for continued use.

6. In the case of a proposed demolition, an estimate from an architect, developer, real estate consultant, appraiser, or other real estate professional experienced in rehabilitation as to the economic feasibility of rehabilitation or reuse of the existing structure on the property.

7. Applicant may demonstrate with factual data/evidence that the hardship is not self-created. If the property is income producing, the applicant may provide detailed annual income and expense reports for the property for the last two years, rent rates and capitalization rates for the property and comparable properties, and any other pertinent information that would substantiate the applicant’s claim concerning economic hardship.

8. Appraisals obtained within the previous two years by the owner or applicant in connection with the purchase, financing or ownership of the property.

9. Any listing of the property for sale or rent, price asked and offers received, if any, within the previous two years.

10. Assessed value of the property according to the two most recent assessments.

11. Real estate taxes for the previous two years.

12. Form of ownership or operation of the property, whether sole proprietorship, for profit or not for profit corporation, limited partnership, joint venture, or other.

APPENDIX C
HISTORIC RESOURCE CODE AMENDMENTS PROJECT

TYPES OF DEMOLITION REVIEWS

Source: Portland Bureau of Planning

DESTRUCTION DELAY REVIEW

The purpose of demolition delay review is to
consider the alternatives to demolition, such as restoration, relocation, or architectural salvage.

Demolition delay review is a ministerial (not a land use) review. Permits to demolish or relocate a historic resource that is subject to demolition delay will not be issued until 120 days after the permit is requested.

DEMOlITION DELAY EXTENSION REVIEW
The purpose of demolition delay extension review, which may extend the demolition delay period is to allow time for consideration of alternatives to demolition, including relocation, restoration, and other uses. The review allows discussion of whether extending the delay period for a particular resource is likely to result in preservation or relocation.

The demolition delay period may be extended by up to 300 days, calculated from the date the application is determined to be complete.

Demolition delay extension reviews are processed through a Type III procedure.

DEMOlITION REVIEW
The purpose of demolition review is to protect Historic Landmarks and Conservation Landmarks that have taken advantage of an incentive for historic preservation and historic resources that have a preservation agreement.

Demolition reviews are processed through a Type III procedure.

Proposals to demolish a historic resource will be approved if the review body finds that the following approval criteria are met:
1. Relocation opportunity: Opportunities to relocate the historic resource have been explored, and there is no practical opportunity to relocate the resource to another site; and
2. Denying demolition of the resource prevents:
   a. Any substantial beneficial use of a site owned by a government agency or non-profit organization;
   b. Any viable economic use of a site not owned by a government agency or non-profit organization.

FOOTNOTES
1. The Study Area is the area bounded by SW Naito Parkway and SW 2nd Avenue between SW Market and NW Glisan Streets.
2. Building interiors are subject to design review only if they have been designated as historically significant.
3. For information on the kinds of information that local preservation commissions around the country sometimes request to evaluate economic hardship cases, see Appendix B.
4. The notice requirements for the National Register are different than those typically found in a local ordinance.
5. The National Alliance of Preservation Commissions and the National Trust for Historic Preservation estimate that between 2,300 and 3,000 local preservation ordinances are in place around the country. Many of these ordinances, too, provide for demolition denial authority, but they are not reflected in the NAPC’s figure of 350 simply because many municipalities did not respond to the 1998 survey. The NAPC plans to update the survey in 2003.
6. In one illustration of the problem, a local developer recently made a reasonable offer to purchase an attractive historic but deteriorated building, but was turned down in favor of an offer for more money from someone who proposes to demolish the building.
7. The expenses must be “qualified,” as defined by the Internal Revenue Code.
the National Trust for Historic Preservation (visit www.preservationbooks.org).

14 The term “active” in this context means properties that currently have frozen assessments. There are an additional 285 “inactive” properties in Portland that have run a full 15-year term under the program and that have not reapplied for a second 15-year term. The Special Assessment Program is more heavily used in Portland than anywhere else in the state. The figure of 825 is comprised of property ownerships or property tax accounts, including 308 condominiums in 12 buildings. Thus 529 buildings are involved in the program.

15 Richard J. Roddewig, Esq., Principal at Clarion Associates in Chicago; Stefan Nagel, Esq., with the Law Office of Stephen J. Small in Boston; Thompson Mayes, Esq., Associate General Counsel of the National Trust for Historic Preservation; and Richard Nettler, Esq., with Robins, Kaplan Miller & Ciresi of Washington, D. C.

16 Lessees must provide written authorization of the property owner for any proposed storefront improvements.

17 Triggers are considered a threat because they discourage property owners from making small, incremental (and sometimes even major) improvements to historic properties. This, in turn, leads to building deterioration, increased safety problems, and the loss of historic structures.

18 At this writing, eight cities, including Durham, Greensboro, and Raleigh, and three counties, have elected to participate in North Carolina’s “rehab code” program. For details on the North Carolina initiative, visit www.ncrehabcode.com/.

19 In some cases, easement donors may donate up to 50% of their AGI, provided the deduction is limited to the donor’s basis (usually the purchase price for the property).

20 These covenants are legal restrictions added to the title of a property by the owner upon the sale of the property. Historic Charleston Foundation and Historic Savannah Foundation add protective covenants to all the properties bought and sold under their revolving loan fund programs. The covenants state that the new owner must obtain permission from HCF and HSF before altering the façade of the property.

21 “Bargain sales” also offer special tax and other advantages.

22 Curiously, individually listed historic buildings in Denver outside historic districts are subject only to demolition delays for up to 12 months.

23 The first bond, for $15 million, passed in 1989; the second, for $14.2 million, passed in 2001.

24 The easements in the Phoenix program are not permanent and thus would not qualify for the federal tax deductions discussed elsewhere in this paper.

25 Candidate sites would include Denver’s Lower Downtown Historic District and St. Paul’s Lowertown District, both of which have undergone significant revitalization and which faced property rights, zoning, code and other issues comparable to those facing Portland’s Study Area today.

Examples of cast iron facades.
Historic district guidelines are available from Portland’s Bureau of Planning.
FAR maps can be found in Title 33, available from Portland's Bureau of Planning.
Height and Bonus target maps can be found in Title 33, available from Portland's Bureau of Planning.
The following studies were used as references and incorporated into the recommendations.

- Northwest Broadway Urban Design Master Plan, DRAFT August 8, 2002
- Old Town/Chinatown 3rd and 4th Streetscape Plan: DRAFT Executive Summary, August 2002
- Downtown Portland Retail Strategy, April 2002
- Portland Business Alliance/Portland Development Commission Greater Downtown Portland Housing Study, 2002
- Waterfront Park: An Assessment of Conditions and Uses, April 2001
- Portland Oregon Facts, Spring/Summer 2001
- Downtown Portland Housing Inventory, August 2000
- Downtown Development Strategy Workbook, August 2000
- Downtown Portland Development Capacity Study, May 26, 2000
- Central City Plan, March 24, 1988
- Downtown Waterfront Park: Analysis of Commercial Feasibility, May 1976
- Downtown Waterfront Park, Appendix to Final Report, August 1975
MEMORANDUM

TO: Amy Miller Dowell, Portland Development Commission

FROM: David Knowles, Shields Oblera Johnson
Stuart Emmons, Emmons Architects
Eric Hovee, E.D. Hovee & Company

DATE: December 3, 2002

SUBJ: Downtown Waterfront Development Project – Summary of Stakeholder Comments
Including a summary of written comments from the November 20 Public Meeting

METHODOLOGY

The consultant team interviewed nine stakeholders about development related issues within the study area. We prepared questions in advance (copy attached) but did not rigidly follow them. Instead, we sought to touch on most topics in each interview. The results of our conversations have been organized by topic. This information will be shared with the Stakeholder Advisory Committee and with the consultant team in advance of the Teams design workshop.

STUDY AREA CHARACTER

Stakeholders felt the character of the study area was defined by Waterfront Park, the Skidmore Fountain area and the area's historic structures, all of which were viewed as major assets. Still, none of the stakeholders viewed the area as a "complete" neighborhood. Essential elements of an urban neighborhood are missing, especially permanent residents and supportive retail. "This area has bones and could have character." What is missing now is a vision and a plan to implement that vision.

HISTORIC CONTEXT

The historic structures were viewed by stakeholders as assets and challenges. They are an asset from a place-building perspective because they offer neighborhood identity and establish a development pattern that is people-friendly. All stakeholders supported the retention of the historic character of the district, though not necessarily every building. One stakeholder characterized historic preservation as a two-edged sword, particularly when the expectation is restoration, not rehabilitation. Rehabilitation or adaptive re-use may be feasible in situations where a complete restoration is not. Several stakeholders commented upon the code upgrade requirements that are triggered by a change in use of a historic structure. These stakeholders felt the City was going further than it needed to in addressing seismic and fire safety requirements. When asked about incentives for historic building rehabilitation, two stakeholders noted that most of the buildings have been fixed up at least once and have already used the state property tax freeze. Additional federal income tax credits through the federal tax credit program may not be available for new work in rehabilitated buildings. This is an issue that will be explored with the historic consultant. Developers were split on the current height limitations. Some felt the current limit of 75 feet important to maintain the scale set by the historic structures. Others felt that more height was needed to make development viable perhaps through a system of height transfers within the area.

WATERFRONT PARK

The park is viewed as a wonderful, though under-performing, asset for the district. Stakeholders with residential development experience feel that the park can be a strong attraction for residential development. As one put it, "I can talk about the benefits of stepping out the front door and having the park and the river at my doorstep." However, there are some existing negative aspects to the park that serve to reduce its value to the district. Most frequently mentioned were public safety concerns and the heavy use by festivals. The public safety problem is partly perception and partly real. There are homeless who sleep under the Burnside Bridge in the park each evening. During the day and into the evening, young people, many associated with drug transactions, litter around the Japanese Memorial and the Ankeny Pump Station (Note: the pattern of this activity may change when the area is fenced off for construction of the Southwest Interceptor line beginning next spring). With respect to festivals, stakeholders most frequently mentioned the carnival type atmosphere as being a deterrent to residential development. Said one interviewee, "who wants a ferris wheel outside their front window?" The opinions about festivals are decidedly mixed. Some view them as generally an asset because they bring people into the area. The proposed plan for Waterfront Park would address the festival issue by concentrating the use in a hard space area between the Morrison and Hawthorne Bridges, leaving the space between the Morrison and Burnside Bridges for more passive activities more appropriate to residential uses. Finally, stakeholders uniformly noted that the Naito right-of-way as currently configured impedes connections between the study area and the park and consequently reduces the value of the park as an attractor for residential development. Changes suggested for Naito include reducing or eliminating the trees in the median and the west side of the street, adding parking on the west side and increasing the number of crossings. Some of these issues are addressed in the Waterfront Park and Naito Parkway planning efforts, but few stakeholders had detailed knowledge of either of these plans.

NAITO PARKWAY

As noted above, stakeholders mentioned Naito Parkway most often as an impediment to accessing Waterfront Park. Stakeholders also mentioned that the lack of parking on the westside of Naito is an impediment to the development of retail uses along the Parkway. Interviewees
would like to reduce the volume of traffic and noise associated with the street. Some suggested re-directing truck traffic and reducing the street to one lane each direction. City stakeholders agree with the goal of reducing the negative impacts but noted that the current function of the street requires two lanes and accommodation of some trucks. They do support the addition of parking and more signalized crossings. The budget for the re-build of the parkway is very limited and will not permit major changes in the configuration. In addition, preliminary design is beginning. Changes in the design become more expensive and problematic as time passes.

DEVELOPMENT—RESIDENTIAL

Residential development is seen as a very important component of adding vitality to the study area. More important, the study area is viewed as a good location for residential development. Most frequently mentioned as qualities supportive of residential development was Waterfront Park and the number and scale of the historic buildings in the area. There was a mixed view on the many events in the area such as Saturday Market and the festivals. Some viewed them as an attraction—the type of urban activity that many people seek. Others viewed them as a nuisance and a deterrent to residential development.

Residential developers and other interviewees were less upbeat about the economics of housing at this time. If there is a market now, it is modestly sized condominiums for double income households with no children. Market rate rental housing is viewed as more challenging. Rental rates can't currently support the cost structure of rental housing in this location. A major impediment to any type of development in the study area will be site size and assemblage. Interviewees felt that new development required at least ½ block as a minimum—at least in the early stages of new development in the area. Within the study area, few blocks are under single ownership.

DEVELOPMENT—COMMERCIAL OFFICE

Typical new office construction requires a ½ to full block site and a high-rise configuration. The only site within the study area that appears viable for full block new development is Block 38 between 2nd and 3rd and Stark and Washington. There are a few blocks with ½ to ¾ block sites that may be able to be utilized for new office. Most other sites within the study area have multiple ownerships and/or historic structures and are seen as not viable for new office construction. Stakeholders do see the potential for more office use within renovated historic structures. For example, the block between Naito, 1st Avenue, Burnside and Couch, which includes the Blagen Block and the former offices of H. NAITO CORP, might be capable of renovation into office use. Other, smaller historic structures are or could be in office use for a niche market that is attracted to older buildings and can effectively work with smaller floor plates. Interviewees noted that the current market for commercial office is very poor, with significant vacancies in all classes of office space. Public safety issues were mentioned as a deterrent to some office users. At least one owner reported that a major tenant was eager to relocate because of neighborhood drug problems and had stayed only to keep costs low in a weak business climate. With respect to both office and residential uses, some stakeholders with development experience expressed concern about the current height and FAR limits. Condominium developments will need a minimum of 75 feet in height. Commercial office would typically require even greater heights to be viable.

DEVELOPMENT—PARKING

The study area has a fair amount of short-term and monthly surface parking, but very little of it is dedicated to specific uses. The only structured parking in the area, the city-owned Old Town garage is underutilized. Still, lack of parking is perceived to be a problem for visitors to Saturday Market and other retailers and restaurants. MAX has service through the area, but has poor service late at night when the bars and restaurants along Second Avenue are most active. New residential and office development will require dedicated parking on site or immediately adjacent. Residential ratios for downtown housing range from 1 3/4 spaces per unit to 1 2/4 spaces per unit. New parking should be developed below grade. Several interviewees said it would be "short-sighted" to put parking on the ground floors of any new development because of the impact to the pedestrian environment. In addition, parking requirements put additional pressure on height limits if it must be accommodated above ground. Interviewees acknowledged that below grade parking is more expensive and identified this as an appropriate item for some form of support or incentives from the public side.

DEVELOPMENT—RETAIL

Most interviewees felt the current retail environment in the study area is poor. The only retail type businesses that appear to be thriving are restaurants and bars. Second Avenue north of Burnside has recently experienced added entertainment activity. Saturday Market draws retail customers to the area, but it is episodic and inadequate to help sustain full time retail uses. The negative factors most frequently mentioned were the pedestrian environment and public safety issues. There is optimism among most stakeholders that retail can be viable in the area. The area needs "character" retail said one interviewee. Another stated that the goal should be for "destination" retail. Yet another said that retail should be "evolutionary". Beginning with retail to support new residential uses in the area.

PUBLIC SAFETY

Almost every stakeholder mentioned public safety as a major concern and impediment to new development. However, there were a variety of characterizations of the problem that make it difficult to pinpoint specific solutions. Most property owners and retailers believe that the large homeless population in the area is the cause of much of the criminal activity and that the homeless create the perception among visitors that the area is not safe. They point to the large number of social service agencies in the area that attract lines of people waiting for meals or a bed. In addition, the operations of the Portland Rescue Mission at 1st and Burnside block the...
sidewalk with delivery trucks and hide activity under the bridge from the view of pedestrians and business. Others acknowledge that the homeless may cause visitors to be uneasy, but make the case that the real criminal activity is caused by drug dealers in the vicinity of the Burnside Bridge. There has also been an influx of young people into the Park around the Ankeny Pump Station and the Japanese Memorial. According to police, there is a lot of drug traffic that occurs in this area. Several interviewees felt that the behavior of these young people had gotten increasingly aggressive.

CONCLUSION
There was an overall positive tone to all the discussions. People feel the area has enough basic character that new development will be attractive if some basic deterrents change through public action or through the evolution of the private market. Change will come, said one interviewee, when there is a vision and a critical mass of at least two projects. How change happens is important. One property owner felt strongly that the key to success in this area would be maintaining a high standard of quality for future development. The comments of all the stakeholders have provided a useful starting point for the consideration of specific development opportunities and the compilation of a list of both private and public actions to make change happen.

NOVEMBER 20 PUBLIC MEETING COMMENTS
On November 20, 2002, PDC, PDOT and the Bureau of Parks hosted an open house to present information and receive comments on three projects: the Downtown Waterfront Development Project; the Waterfront Park Masterplan; and the Naito Parkway re-build. The public was invited to submit written comments. This is a summary of the major themes from those comments:

- Development on Naito facing the park should emphasize retail and restaurants on the ground floor.
- Residential development is desirable above the ground floor, especially between the Morrison and Burnside Bridges.
- Historic buildings should be preserved and more fully utilized.
- Naito has too much traffic. The volumes should be reduced.
- Naito should have more and better crossings to provide better access to the Park.
- Naito should have parking on the Westside to serve the adjacent retail activities.
- The Morrison Bridge ramps are an obvious development opportunity.

- There are too many surface parking lots.
- But, there needs to be parking for people going to the park.
- The homeless population in the area is big problem. People feel unsafe. The City should do something about it.
Bureau of Planning Response

This memorandum contains the Portland Bureau of Planning's comments on the draft report of the Portland Development Commission's Downtown Waterfront Development Opportunities Project (Waterfront DOS). The memo includes Planning's recommendations on the approach and the steps necessary to the Waterfront DOS proposals.

The project study area includes two national register historic districts and numerous landmarks, as well as many opportunities for sensitive in-fill development and downtown revitalization. We find that the project is clearly supportive of a number of established policies and goals for Central City development. The project's overall direction toward mixed-use but largely residential in-fill could strengthen the area and better capitalize on the tremendous amenity of Tom McCall Waterfront Park immediately to the east, and of the downtown retail and office core immediately to the west.

Comments on Key Recommendations

While the Waterfront DOS proposes a full program of recommendations, three actions appear to form the core of the proposal:

1. Residential development of Block 34 (Central Fire Station block)

Planning supports this action as a catalytic step in the revitalization of the district. This action is predicated on the relocation of the Central Fire Station. We believe the Block 34 recommendation would be strengthened with the inclusion of two components:

a) The Waterfront DOS should recommend that, as part of Phase 1, Planning, PDC, POOT and Parks prepare a detailed urban design strategy for the "Northern Bookend" four blocks (10, 11, 33, and 34) surrounding Skidmore Fountain / Ankeny Plaza. Redevelopment of Block 34 and the other buildings surrounding the plaza must only be done in the context of improving the design, definition, activation and success of Skidmore Fountain / Ankeny Plaza.

b) The Portland Public Market Feasibility Study, completed in summer 2002, identified Block 34 as one of two front-runners for the location of the James Beard Public Market. The Waterfront DOS recommends consideration of Block 10, the lot north and east of the Skidmore Building, for the public market. This interesting proposal could work well with the redevelopment of Block 34, the Skidmore Building and Ankeny Plaza. Planning and PDC should move the idea to the next level through more specific evaluation of the feasibility of the proposed site for the market.

2. High-rise residential development of Block 40

Planning supports the idea that residential development of the "Southern Bookend" beginning with Block 40 would be catalytic for the revitalization of the entire study area. We appreciate the importance of defining a development program for Block 40 that shows sufficient economic returns to be financed privately.

The point tower development described in the report would require a change to maximum building height limits and possibly floor area ratio limits and other zoning regulations. Development of a tower on this site, which forms the southern edge of the Skidmore/Old Town Historic District, would have to be done in a way that protects the character and scale of the historic district. Also, development of a tower on this site (as well as on the Morrison Bridge sites) requires a change or reinterpretation of the established Central City Plan policy that calls for building heights to step down toward the waterfront.

Urban design issues must be considered in a geography that addresses the proposed height change in the context of the Central City waterfront and into the Downtown core. Our approach to Morrison Bridgehead heights will consider the waterfront from Terminal One South to the South Waterfront Sub-district.

Later in this memo, we propose an approach for considering a height change proposal for these and possibly other blocks as part of a broader assessment of Central City issues. Adoption of any changes for the Waterfront DOS area would require a legislative action approved by the City Council with Planning Commission, Landmarks Commission and Design Commission review as well as a public review process. This program of work could begin this fiscal year.

3. Naito Parkway On-street Parking

The Waterfront DOS proposes on-street parking for the reconstructed west side of SW Naito Parkway. This action is to be coupled with an evaluation of on-street parking (through the removal of a northbound travel lane) on the east side of the Parkway.

Planning strongly supports the Waterfront DOS recommendation that Naito Parkway be rebuilt with on-street parking along the southbound lanes, from SW Ankeny to Stark streets. On-street parking along these blocks will work to buffer the pedestrian, and will provide increased opportunities for retail-serving "impulse parking."

Planning also supports study of the potential for parking on a portion of northbound Naito Parkway. On-street parking on the east side could have positive benefits, but, as representatives of the City’s industrial districts have made clear, the decision to introduce parking must fully consider the impacts on truck access to the Guilds Lake and Central Eastside industrial districts. The work currently underway in the I-5/I-405 Freeway Loop study could complement this assessment of Naito Parkway.
Comments on other Recommended Project Elements and Policies

1. Residential Development

The recommendations for residential mixed-use development in the Waterfront DOS study area are supported by or are consistent with several important downtown policy objectives:

- The Central City Plan, Policy 3 (Housing).
- The City’s commitment to residential production in the Central City through the No Net Loss of Housing resolutions;
- Implementation of the 2040 Regional Framework Plan;
- Downtown Retail Strategy (completed last Spring); and
- The Central City Transportation Management Plan goals for workplaces near jobs.

2. Historic Preservation

Several Waterfront DOS recommendations are consistent with Central City policies regarding historic preservation.

- Sensitive redevelopment of surface parking lots within the Skidmore/Old Town and Yamhill historic districts can help to “Preserve the visual quality of historic districts . . . in keeping with the historic character (Central City Plan Policy 11, Historic Preservation).”
- The recommendation to “brand” the Skidmore/Old Town Historic District as a residential address could help to “. . . promote the City’s historic sites and districts (ibid).”
- The Downtown Plan describes the goals for the area’s desirable character as, “. . . creating new developments which are complimentary to the old in scale and texture” (Downtown Plan, Planning District # 5). Planning recommends that the Waterfront DOS more aggressively link new development to a reinvestment strategy for the study area’s historic structures. The Waterfront DOS estimates that a significant amount of tax increment financing proceeds could be generated by the proposed catalytic projects. While it was beyond the scope of the Waterfront DOS to identify specific reinvestments in historic properties, the report should acknowledge that, as in the Pearl District, retaining historic character and bringing new life to the existing historic structures is essential to the catalytic strategy. The DOS area strategy should identify a meaningful portion of URA budget for investment in historic structures starting with Phase 1 of the project.

3. Reconstruction of SW Yamhill Street for Through-vehicle Travel

Waterfront DOS also proposes the realignment of eastbound MAX Light Rail tracks on SW Yamhill Street between Third and First avenues. While Planning supports improved connections between the Downtown retail core and the Willamette River, we believe that the combination of this proposal’s cost, service disruption, and impact to a historic building within the Yamhill Historic District could easily prove unacceptable. The Waterfront DOS does not make a sufficient case to support its recommendation concerning SW Yamhill.

To consider such an expensive and disruptive change, a clear statement of the problem that is being addressed by the change and a more complete evaluation of alternative approaches is required. Without a clear problem it is impossible to evaluate the costs and benefits of different viable approaches that may address the problem for the same amount or less money. For instance, it is not so clear that providing vehicular access is a sufficient solution. One block away is Morrison Street, Downtown’s other primary east-west retail connection. Morrison Street includes full vehicle access connecting Naito Parkway to the retail core and still is considered to have shortcomings similar to those of SW Yamhill Street.

Less-disruptive and less-costly approaches that should be investigated include trimming and possible removal of some street trees, tenant incentives, storefront enhancements, and investments in existing buildings. These could be dramatically less costly and potentially more fruitful steps toward improving connections between downtown and the river along the Morrison-Yamhill retail spine.

4. Urban Design: Height and FAR

The Waterfront DOS concludes that current building height and FAR regulations are appropriate within most of the study area. This finding is supportive of Central City Plan Policy 12, Urban Design, which directs that the Central City be enhanced “. . . as a livable, walkable area which focuses on the river and captures the glitter and excitement of city living . . .” and for development patterns that “. . . step density down toward the Willamette River . . .”.

The Waterfront DOS also recommends that the maximum building height and FAR limits be increased for three blocks at the Morrison Bridgehead. This recommendation is potentially in conflict with the Central City Plan policy that calls for heights and building intensities to “step down toward the river” (Central City Plan, Policy 12).

To resolve this conflict with the Central City Plan, Planning recommends that an assessment of these urban design issues be undertaken that considers the proposed changes in the context of the height, FAR and other urban design issues for the entire downtown waterfront and across the Central City. The assessment could resolve the policy conflict in a number of ways including the following:

- an interpretation of the “Stepdown to the River” policy that demonstrates that the policy’s intent and history of application could allow for increased height directly on the waterfront in certain locations; or
- a reevaluation and revision of the “Stepdown to the River” policy, based on a more comprehensive analysis and public outreach.

It is important to note that the “Stepdown to the River” policy affects not just an abstract notion of attractive building massing and relationships between the heart of the Central City and its edges. The policy also helps protect views and, by extension, property values from Downtown’s office tower concentration along the Fifth and Sixth Avenue transit spine.

5. Downtown Living

Residential development may help activate portions of the Waterfront DOS study area that today are perceived as unsafe, especially at night. This would help fulfill the development of
a "vital 24-hour city which encourages the presence of people and decreases the likelihood of crime" (Central City Plan Policy 6, Public Safety).

Successful introduction of market rate housing into the northern "bookend" around Skidmore Fountain will likely require collaboration with the area's human service providers. Central City Plan Policy 5, Human Services, includes a policy statement that reads, "Reduce conflict between members of special needs populations and other residents, workers and visitors to the Central City." While it was not the focus of the Waterfront DOS, efforts to implement the study's recommendations will inevitably need to address how the design and development of improvements in the area interacts with well established human service operations.

Waterfront DOS Recommendations: Implementation Steps

1. Historic District Guidelines and Investment Strategy

The Waterfront DOS area contains two historic districts, the Skidmore/Old Town and Yamhill historic districts, that are of paramount importance in Portland's desires to preserve the best of its architectural and cultural heritage. The Skidmore/Old Town Historic District is one of only two National Historic Landmarks in all of Portland. Planning recommends that the rehabilitation and reuse of historic buildings in the Waterfront DOS area be considered a core element of the strategy. Phase 1 activities should include development of a program of investment in historic properties and amendments to historic district regulations including the following:

- Review and update, if necessary, the districts' design guidelines to make them more effective and more responsive to the Waterfront DOS strategy of promoting new residential development in the area.
- Consult with the State Historic Preservation Office (SHPO) and the Federal Department of the Interior to prescreen design approaches for introducing major new buildings into the districts.
- Identify historic property redevelopment opportunities and structure financial or other incentives to leverage private investment, and set an investment target that links public investment in new development with investment in historic properties.
- Examine the impact of zoning, building codes and other regulations on the developability of specific historic properties in the districts.

In the context of a historic district, regulations (design guidelines and zoning) often ensure that new development complements the historic character. Zoning has been used to limit new development (height and FAR) in historic districts thereby increasing the attractiveness of reinvestment in existing structures and to limit new buildings to a scale similar to that of existing structures.

There are non-regulatory means that could be used to promote historic reuse and rehabilitation. As part of the Waterfront DOS, the National Trust for Historic Preservation identified ways Portland could enhance its financial and other non-regulatory incentives for preservation and reuse of historic structures. The City's Historic Resources Code Amendments process, now at City Council, may recommend some of these approaches.

Historic preservation should be considered a core part of the Waterfront DOS strategy. Specifically, the overall project budget should explicitly include funds for investment in historic properties in proportion to the funds allocated to new development.

2. Zoning and Comprehensive Plan Changes

Zoning and Comprehensive Plan changes to allow taller and larger buildings along the waterfront can only be adequately evaluated and defended by looking at the implications for more of the Central City and downtown waterfront. Planning recommends that the City undertake this analysis as part of a Central City Assessment described below.

3. Street Direction Changes

The project recommends that three east-west streets be changed to two-way vehicular travel flow. Changes to the function of Ash, Pine, and Oak streets may improve the perceived accessibility of the area to vehicle drivers, and may mitigate for the diminished access caused by removing the First Avenue MAX light rail alignment. Two-way vehicle travel is said to improve retail performance.

The Bureau of Planning believes these measures require further study and recommends that a one-block stretch of SW First Avenue, between Salmon and Main streets, also be considered for two-way travel. This change would increase vehicle accessibility into the Yamhill Historic District from the Hawthorne Bridge, and mitigate some of the impacts of the vehicle prohibition on SW Yamhill Street between Third and First avenues.

4. Naito Parkway Truck Study

The Waterfront DOS proposes redevelopment of the Morrison Bridgehead. Possible long-term removal of one or both ramps that connect the Morrison Bridge with SW Naito Parkway will have wide-ranging transportation impacts that must be fully analyzed. Similarly, the design of northbound functions on Naito Parkway include complex and much broader transportation issues. While desires for residential development in the study area are clearly assisted by a "calmed" Naito Parkway, these advantages must be balanced with regional travel concerns.

The Bureau of Planning believes the Waterfront DOS approach of designing the northbound side of the Parkway for two through travel lanes with the possibility that one lane be replaced with parking in the future is a measured approach.

5. The Central City Assessment

As part of the FY 2003/04 budget, Planning intends to undertake an assessment of the Central City, updating our baseline understanding of Central City conditions, issues, progress, trends, development opportunities and development potential. On a regular basis we are faced with questions about development of individual properties in the Central City that could have implications for the entire Central City. The lack of an updated comprehensive assessment of the Central City has hampered our ability to make decisions about these questions. We are hampered by unresolved technical planning and design issues as well as by not having the information to answer public and stakeholder concerns.

The products of the Central City Assessment are intended to accomplish the following:
Compilation and assessment of the cumulative effect of past, current and planned development including private projects, PDC projects and other public sector activities.

Consideration of current and prospective market conditions and how they could affect the shape and the pace of central city change.

Evaluation of the continued relevance and effectiveness of central city development tools and regulations.

Provision of information in support of PDC's consideration of the future of central city urban renewal districts.

Key deliverables include:
- Analysis of change since the creation of the first Central City Urban Renewal area and adoption of the 1988 Central City Plan
- Analysis of market conditions and trends
- Analysis of urban design issues
- Analysis of zoning bonus system
- Coordination w/ update of CCTMP and the Freeway Loop Study
- Coordination w/ and analysis of transit and other infrastructure projects
- Analysis of options for phase out or extension of Central City Urban Renewal Areas
- Analysis of need for and alternative approaches to updating Central City Plan

While the Central City Assessment will be a study of the entire Central City, we will be able to simultaneously consider the specific issues raised in the Waterfront DOS. Planning proposes to undertake a legislative process that would allow consideration of some version of the changes recommended by the Waterfront DOS at the same time we undertake the Central City Assessment. Essentially, the timing of the Waterfront DOS legislative project would run coincident with the Central City Assessment. Legislative projects of this magnitude typically take twelve to eighteen months. Planning understands the time sensitivity of the development proposals recommended in the Waterfront DOS and would work with PDC to compress the project as much as possible.

The interim deliverables of the Central City Assessment could be designed to provide the necessary input to evaluate the Waterfront DOS height and FAR issues and design alternative height and FAR proposals. The ultimate timing of the legislative project will depend on several factors: public support, progress on the historic district issues, project resources, coordination with related projects such as the design of Naito Parkway and the Central City Transportation Master Plan update.

Planning recommends that PDC and Planning complete definition of a scope of work and commence a jointly funded effort to undertake the Central City Assessment, the Waterfront DOS legislative project, and related work on the Waterfront Historic Districts strategy and regulations.

Summary of Implementation Actions

The following table summarizes Planning's understanding of the key elements of the Waterfront DOS, the next step projects that are needed to implement those recommendations, and the agency roles and responsibilities for those projects.

<table>
<thead>
<tr>
<th>Waterfront DOS Implementation Actions with Bureau of Planning Lead</th>
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<tr>
<td><strong>Area of Focus</strong></td>
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<td>Historic Design Guidelines and Investment Strategy</td>
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<tr>
<td>Northern Bookend - Blocks 10, 11, 33, and 34</td>
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<td>Southern Bookend - Blocks 2, 30, and 39</td>
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<td>Waterfront DOS Area Urban Design Study</td>
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### Historic Preservation

**Historic District investment strategy:**
- Identify target sites for investment in historic reuse/rehabilitation.
- Seek commitment to a multi-year level of investment in historic projects with funds resulting from new development in district.
- Design solutions to assure compatibility of new with old.
- Address SHPO and Federal Landmarks requirements.

**Invest in specific adaptive reuse projects**

### Waterfront Park/Naito Parkway Edge

**Contribute to design of Ankeny and other high-quality pedestrian crossings of Naito Parkway**

**Coordinate urban design of Ankeny Plaza with design development and implementation of Waterfront Park improvements, especially the near-term efforts at Ankeny Pump Station.**

### Downtown Living

**Collaborate with human service providers on a strategy to address the relationship and impacts between the design and development of area improvements and the human service operations in the district.**

**Undertake strategies**

### Conclusion

The Portland Bureau of Planning supports the direction and general recommendations of the Downtown Waterfront Development Opportunities Project. The study area contains some of Portland's finest historic buildings, and real opportunities exist for new development that improves the area. To capitalize on proximity to both Tom McCall Waterfront Park and the downtown core, the report recommends the development of a residentially-focused district, with 1,000 residential units as an important threshold. The market for new residential development is to be proved by two catalysts projects, along with on-street parking on SW Naito Parkway’s west side. Taken together, these actions represent a bold step in rekindling market interest in the area. Allocating public resources to support these steps will be a key component of the strategy.

The Bureau of Planning is eager to assist in moving these and other actions forward. Several project proposals are contingent on an urban form analysis and recommendations for change that are embodied within Planning’s Central City Assessment. Other Bureau of Planning actions, including revisions to historic district design guidelines, may be found to be necessary.

We believe Downtown’s eastern edge can and should be the focus of new vitality with a residential emphasis, as recommended within the Waterfront DOS. We are eager to assist in making this vision a reality.
The following memorandum is intended to provide background information on Naito Parkway and general comments on the transportation recommendations in the Downtown Waterfront Development Opportunities Project Report. This information identifies previous efforts to examine transportation system issues that impact the current and future character of SW Naito Parkway, and have been incorporated into the Transportation System Plan (TSP). The following memorandum also provides for an overview of transportation policies for SW Naito Parkway. This memorandum supplements the information from my March 25, 2003 memorandum.

Summary and Recommendations

The history of SW Naito Parkway, formerly known as Front Avenue, is linked to the evolution of the City of Portland. The public discussion over the character and appearance of the waterfront and Naito Parkway is as old as the city. The desire to improve the linkage between downtown and the waterfront and across SW Naito Parkway relates to the transportation connections to this facility. Or, more important, the lack of adequate connections to freeway system from areas outside the downtown core. To reduce the through traffic or the non-downtown traffic on SW Naito Parkway will require transportation system improvements from eastside, southwest, and northwest parts of Portland. The following summarizes the key freeway system improvements:

- From the Central Eastside, the following transportation projects are needed to provide alternative northbound I-5 access and result in less reliance on the Morrison Bridge and Naito Parkway for this access:
  - Southern Triangle Improvements: Improve local street network and regional access routes in the area.
  - Improve freeway access route from Camas-Fairview Industrial District to I-5 southbound via Ross Island Bridge.
  - SE 39th Commission: Construct new street connection from 7th to 8th Avenue at Division Street.
  - Water Avenue Extension: Construct new two-lane extension of street with sidewalks, bicycle lanes, and landscaping to improve access to the Willamette River Greenway.
  - Ross Island Bridge: Improvements, US 26 interchange improvement on east approach to Ross Island Bridge.

- A large percentage of the traffic on SW Naito Parkway has a Southwest Portland origin. The South Portland Circulation Study identified the following transportation improvements to reduce regional traffic on SW Naito Parkway:
  - Direct ramp connections from Ross Island Bridge to northbound I-405.
  - Direct ramp connections from southbound I-405 to the Ross Island Bridge.
- An issue identified in the Downtown Waterfront Development Opportunities Project is the traffic from the Northwest Industrial area. There has not been a study to evaluate the traffic patterns and transportation system deficiencies to address this issue. This study should recommend and fund such a study.

Recommended actions for the Downtown Waterfront Development Opportunities Project are:

- As part of any process to consider the potential removal of the Morrison Bridge Ramps, the report needs to acknowledge transportation system improvements identified in the TSP as important complimentary actions that need to occur prior to the ramp removal. These include the project identified above for both the Central Eastside and the South Portland area.

- Northwest Front Avenue transportation study will need to be completed to evaluate travel patterns and identifies transportation deficiencies between the Northwest Industrial area, the freeway system, and Naito Parkway. This study would identify measures to provide alternative access to the regional transportation and meet the street classification objectives in the TSP. The Portland Office of Transportation is undertaking the Truck Access and Circulation Study that would examine overall truck access issues for the Northwest Industrial area.

Historical Growth and Development of Front Avenue

Front Avenue, renamed to Naito Parkway in 1958, was the place of Portland's genesis. Since the City's beginning, the character of this street has been linked to the development of downtown waterfronts. In the very early years, it was the microcosm of today's city where one could find residences, wholesale and retail businesses, governmental and social gathering places, and the port all within an area two blocks wide. By 1851, when the City was incorporated, the townsite extended from the river to 5th Avenue. Portland's first sawmill opened near Front Avenue and Jefferson Street, and the first eatery, the "Columbian," opened at the corner of Front Avenue and Washington Street. By 1855, a building and private dock was constructed on the east side of Front Avenue, surviving challenges for public access to the river which culminated in an 1890 court decision declaring that public rights to waterfront were invalid.

As Portland grew, the character and rate of Front Avenue changed. By 1870, the City's population increased to 13,000. The majority of retail activity had shifted to First Avenue and one and three-story brick and iron structures were built. This pattern was reinforced by the Portland's first homecar line along First Avenue. Front Avenue became a linear wholesale district, moving freight with the loading and unloading of bulk goods. Portland's harbor stretched along Front Avenue from Jefferson to Everett Street.

By 1907, the waterfront along Front Avenue had decayed and become unsightly. Frequent flooding occurred and public concerns were raised to address problems with the antiquated sewers. In 1921, a waterfront plan was developed by City Engineer Olaf Laurgaard, which recommended removal of aging piers and construction of a seawall and sewer interceptors. By that time, the existing port facilities had been outgrown and were being relocated to Northwest Portland and the Rivergate area. The 1921 plan proposed removal of all structures along the east side of Front Avenue, widening the street, and construction of a freight train and interurban bypass of the downtown core. (The United Railways interurban line was located down Front Avenue from 1906 to 1945.) The plan also proposed a 25-foot wide public levee along the seawall, a public market between the Morrison Bridge and Hawthorne Bridge, an infill commercial terminal between Morrison and Alder Streets, and a warehouse and warehouse between Oak Street and the Steel Bridge.
The Lausana plan enjoyed widespread support and the sewer and sewerside portions were completed in 1929. The project sparked a lengthy debate over how the and between the seawall and Front Avenue should be used-some supporting improvements to create an efficient transportation system, and others supporting the development of an expanded waterfront park. The idea of an urban bypass was eventually dropped. The suggestion for the public market took hold and this facility was opened in late 1933. Between 1935 and 1940, attention shifted to ways of dealing with the rising popularity of the automobile. The idea of developing the seawall as a transportation corridor and a rail bypass of downtown congestion as first suggested in the 1921 Lausana plan was reborn this time as a roadway. Between 1940 and 1943, Harbor Drive was constructed as a separated expressway linking Harborside Boulevard and Interstate Avenue via the Steel Bridge. The remaining buildings between Front Avenue and the seawall were torn down. Front Avenue was widened to become a frontage road, distribution traffic in and out of the city core. At the same time, the bridge approaches were grade separated to allow for smooth traffic circulation. The seawall esplanade remained 25 feet wide and the area between Front Avenue and Harbor Drive was landscaped.

In 1958, the former public market building was purchased by the City and demolished. Shortly thereafter, a City Council Committee on the waterfront published a report recommending the expansion and improvement of the park without widening Front Avenue. A nine-member study group was appointed by Governor Tom McCall to evaluate the future of Harbor Drive. In 1967, the Governor decided to close Harbor Drive and expand waterfront park to encompass the entire area between the River and Front Avenue. With the completion of the Interstate Freeway System around the City Core, the bypass function of Harbor Drive could be eliminated.

By 1975, two plans had been developed to guide the future of Front Avenue. The Downtown Plan and the Regional Transportation Policy suggested that Front Avenue be closed between Taylor Street and Stark Street. The Waterfront Plan, however, recommended that Front Avenue become a "tree-lined boulevard and thus becoming part of the park.” Subsequently, Front Avenue was improved as a boulevard and the idea of breaking Front Avenue between Taylor and Stark Streets was dropped.

Additional modifications to Front Avenue occurred as a result of two separate projects. The Rainier LRT Project removed the southbound ramp connecting the Steel Bridge to Front Avenue. The Portland Development Commission working with the Portland Office of Transportation removed the Kelly Street Ramp between Front Avenue and Harbor Drive as part of the first phase of the South Waterfront Project. Both of these ramps were part of Harbor Drive.

Policy Analysis

Today, Front Avenue and the Morrison Bridge provide for important links to the regional freeway system. The present configuration of the freeway system does not provide for a complete set of on and off-ramps. Access to I-405 and I-5 is provided at the east end of the Morrison Bridge, in the Central Eastside. This results in traffic from the Northeast and Southwest Portlands using SW Naito Parkway and the eastbound ramp to access I-405 or I-5 North. The Morrison Bridge provides for the most direct route to access I-5 South from the Centennial Eastside, close to Southeast Portland neighborhoods, and the NW Front Avenue industrial area. The removal of Harbor Drive did not address these system deficiencies. The highway design and engineering occur prior to the development of the 1972 Downtown Plan.

Since the adoption of the Downtown Plan, there have been numerous plan policies and studies that affect the route and function of Front Avenue. With the elimination of Harbor Drive, the overall assumptions for Front Avenue have been the main focus of these plans policies, and studies. The Transportation Systemwide improvements that occurred to implement these assumptions have been limited and of the size of the issue. The following summarizes the policy and plan context for Front Avenue.

As mentioned in the previous section, the Downtown Plan and the Downtown Parking and Circulation Policy (DPCP) envision a strong pedestrian environment or vehicular traffic between waterfront and the retail core. The Waterfront Plan that was adopted and implemented established Front Avenue as a linear "boulevard" in the downtown core area. The next upgrade of the DPCP designated Front Avenue as a Traffic Access Street which was intended to provide for access to the downtown and therefore not a route for through traffic. The DPCP was replaced in 1996 by the Central City Transportation Management Plan (CCTMP). The CCTMP retained the Traffic Access Street classification for Front Avenue. The Morrison Bridge Ramps are included as part of this designation. The CCTMP was most recently incorporated into the City of Portland’s Transportation System Plan (TPS) in 2002. Changes to the bridge ramps will require a comprehensive plan amendment to the TPS.

In 1995, the Portland City Council rejected a resolution to accept Waterfront On-ramp Project. This project would have provided for a direct southbound I-5 freeway access from the Central Eastside. This would have replaced the need for eastbound traffic using the Morrison Bridge to Naito Parkway to access I-5 South. Alternative freeway access and street improvements were identified. These improvements were incorporated into the TPS. The following are the transportation projects intended to improve access from the Central Eastside to the freeway system:

- Southern Triangle Improvements: Improve local street network and regional access routes in the area. Improve freeway access route from Central Eastside Industrial District to I-5 southbound via Ross Island Bridge.
- SE 7th St Connection: Construct new street connection from 7th to 9th Avenues at Division Street.
- Water Avenue Extension: Construct new two-lane extension of street with sidewalks, bicycle lanes, and landscaping to improve access to the Willamette River Greenway.
- Ross Island Bridge Improvements: US 26 interchange improvement on east approach to Ross Island Bridge.

In 2001, the Portland City Council adopted the South Portland Circulation Study recommendation. This study provided for a long-term vision for the portion of SW Naito Parkway between Barbur Blvd. and downtown. Recommendation called for Naito Parkway to resemble a neighborhood collector that would fit within the character of the Corbet/Lair Hill Neighborhood. An important part of the recommended plan was to take non-local, regional traffic out of the heart of Lair Hill Neighborhood by providing for improved connections between the Ross Island Bridge, I-405, and downtown. The recommendations for Naito Parkway include a roadway with one lane in each direction, parallel on-street parking, and feasible reconnecting east-west streets with Naito Parkway. This study revised the 1978 South Portland Circulation Study that recommended the closing of Front Avenue, but did not receive City Council approval. The following are recommended transportation projects identified by this study that would improve regional connections and remove regional traffic the Lair Hill Neighborhood:

- Direct ramp connections from Ross Island Bridge to northbound I-405.
- Direct ramp connections from southbound I-405 to the Ross Island Bridge.
- On-street ramp connections between I-405 and Macadam.

There have been no studies to evaluate the transportation issues related to SW Front Avenue and Naito Parkway. The Northwest Industrial Neighborhood Association voiced concerns when on-street parking was added to SW Naito Parkway in the Steel Bridge to the Broadway Bridge and the impacts to freight traffic number of lanes were reduced on Naito Parkway through the downtown core. NINA requested that SW Front Avenue be part of a larger study to evaluate its long-term needs for freight movement.

The Regional Transportation Plan RTP. Freight Designations acknowledges that an "Interstate truck access from the Central Eastside Industrial Area to Southbound Interstate 5 shall be provided along the Morrison Bridge to Naito Parkway until an improved connection is constructed. Naito Parkway is designated as a Collector of Regional Significance in the RTP. The Federal Highway Administration designates facilities of federal and regional significance for freight mobility the National Highway System (NHS). The Morrison Bridge is designated as NHS Connector Route.
As a result of issues raised by the Association for Portland Progress regarding their concern on lost of capacity in and out of the Central City, PDOT has adopted a Central City Portal Capacity Policy. Projects that impact Central City portals may document the impacts of the lost capacity, look for possible mitigation efforts, and involve the public in the project design. This policy applies to all projects on a portal that:

- Results in a permanent loss of a general purpose traffic lane.
- Results in substantial modal trade-offs.
- Results in substantial change in managing traffic operations or signalization.
- Results in a temporary loss of capacity that is expected to last more than one year or where separate temporary activities have a significant cumulative effect on a portal.

If you have any questions on the information and recommendations in this memorandum please call me at 503 823-7734.

References:
The following documents were used as information sources.

- Planning Guidelines/Downtown Downtown Plan, City of Portland, February 1972
- Downtown Parking and Circulation Policy, City of Portland, February 26, 1975
- Downtown Parking and Circulation Policy, City of Portland, October 1986
- Central City Transportation Management Plan, City of Portland, December 1995
- Transportation System Plan, Policies and System Improvements, City of Portland, October, 2002
- Regional Transportation Plan
- Central City Porta Capacity Procedure, Vic Rhoods, PDOT Director, May 31, 2001
Date: April 11, 2003
To: Amy Miller Dowell
Portland Development Commission
From: Jillian Detweiler
Subject: Comment on March 28, 2003 Draft of PDC Downtown Waterfront Development Opportunities Project

Thank you for the opportunity to comment on this draft report.

The report recommends a bold future for the study area. Beautifully presented ideas and images illustrate the rich opportunities identified for the district in a way that even the less visionary among us can get excited about these possibilities.

TriMet is particularly supportive of suggestions for enlivening the Skidmore Fountain plaza and MAX station. As a short-term measure, we have increased our transit police and security presence to address undesirable behavior at the station and on the MAX. We also plan to install security cameras on the platform. TriMet supports the proposal to develop an active use such as a health club that puts eyes on the station and activates the plaza more hours of the day. This would clearly provide a more lasting improvement for the area. Housing would significantly reinforce this change in character.

Page 59 of the draft recommends that, “TriMet consider a reconfiguration of the MAX tracks on Yamhill between First and Second to allow for vehicular traffic to go through on Yamhill.” TriMet has already submitted to you a preliminary analysis of this proposal. As was noted in my March 18, 2003 memo, TriMet has serious concerns that the significant costs and disruption that would be incurred would outweigh the benefits of a reconfiguration. If this proposal continues to be of interest to PDC, PDC needs to identify funding sources and lead the discussion of impacts on the downtown.

Page 59 also suggests studying stop locations. This recommendation was not previously discussed with TriMet. We have no analysis of this proposal, but it would appear that the Morrison Bridge location could replicate the undesirable environment at the Burnside Bridge. As the text suggests, discussion of station consolidation would probably be more fruitful when more is known about the character of development on blocks 2 and 39.

Thank you for your consideration of these comments.
MEMORANDUM

To: Amy Miller Dowell AIA
Portland Development Commission

From: Jim Emerson
Multnomah County Facilities and Property Management

Date: April 4, 2003

RE: County Staff Comments on March 28, 2003 Draft
DOWNTOWN WATERFRONT DEVELOPMENT OPPORTUNITIES PROJECT

Thank you for facilitating the participation of the County in the preliminary planning for improvements to Portland's downtown waterfront. Through time spent by Doug Butler on the Stakeholder Advisory Committee and myself on the Technical Advisory Committee, we have gained added appreciation for both the positive outcomes awaiting development actions in this vital part of the City, and the complexities of aligning the interests of many private and public partners.

This memorandum conveys comments from County staff in the Transportation (Bridges, Roads, Bicycle/Pedestrian) Fleet (Motor Pool, Parking, Fueling,) and Facilities (Real estate/asset management) Divisions. While we all find the potentials for City improvement interesting and positive, our role is to point out our understanding of the County's generic initial position as well as areas of uncertainty or concern in the Draft document. Hopefully, these comments along with those of other reviewers will lead to a stronger document and a strategy without significant pitfalls.

An official County position with respect to the generic Downtown Waterfront Development Opportunities Project, or on any specific action item within it, is the responsibility of the Board of County Commissioners. We anticipate that PDC will be presenting the final version of this document to all affected elected officials over the next several months.

Please contact me at 503-988-3322 ext. 26246 if you would like to discuss any of these comments. Thank you.

cc: Doug Butler
Michele Gardner
Stan Ghazi
Tom Gunney
Karen Schilling
Duke Shepard
April Siebenaler
R. Peter Wilcox

1. Generic County Position:
   a. Project Multnomah County's ability to operate, maintain, and improve the three County bridgeheads in the Study Area: Burnside, Morrison, and Hawthorne.
   b. Ensure adequate study and public input regarding the transportation value of the Morrison Bridgehead ramps, including the circular ramps.
   c. Ensure availability of satisfactory and economical options for Motor Pool Operations, including pool parking, fueling and County required downtown parking.
   d. Replace the revenue stream from Morrison Bridgehead parking (approx. $500,000/year today, plus approximately $150,000/yr. projected upcoming) with an equivalent financial benefit to County.
   e. Receive market value for any County property sold or leased.
   f. Allow for viable County Board of Commissioners influence on the target housing mix in the Study area, especially when County properties are incorporated into an action plan.

2. LAYOUT - MAP
   a. Move "Block Numbers" map (p. 9) to inside front cover. Entire report relies on block number references, must have easy access for repeated reference.
   Contents and Introduction can both fit on next page easily (p. 3)

3. TYPOS
   a. "Parks" pages 13 and 14
   b. "potential" page 25

4. MAKIE REFERENCES CONSISTENT
   a. "Skidmore Fountain Plaza" pages 7, 12, 60, 62, 68, 77 ... same photos as "Ankeny Plaza" pages 10, 16, 70, 71
   b. Height limit increases for Blocks 2 and 39 show 240' on pages 22 and 32, but 250' on page 31.
   c. Schedule and Phasing for Blocks 2, 39, and 16 (County blocks)

Pages 18/19 - Chart shows "Short-term Phase I" while Text is "Phases 2 and 3" Page 20 - Timeline shows Blocks 2, 39, and 16 as "Short to Mid-Term" Pages 24 and 31 show these blocks as "Phase 3" County needs to know PDC's intent and realistic projection of schedule!
5. Principle comments re County property

Participation:
   a. Chart page 18: Include County as a supporting participant in
      - height increase blocks 2 and 39
      - development of Blocks 2, 39, and 16
      - address public safety under Burnside Bridge

Potential Ramp Removal:
   b. Ramp removal (Morrison) as a near-term "Feasibility Study" as shown on Page 18 is OK. It is important for multiple parties to coordinate in determining what mitigating actions are needed to enable a viable ramp removal, and beginning that study is timely. As a "Removal Process" shown in the Short Term on Page 26, it is not OK since that terminology presumptively labels an outcome.

c. Note that Multnomah County is proceeding with a Bicycle/Pedestrian Improvement project for which Phase 1 funding, including a Federal component, has been secured. This will affect and improve the South ramp onto the Morrison Bridge.

d. If either of the circular ramps are removed, the remaining ramp structure will need structural modifications. PDC's financial analysis should include an estimate of these costs appurtenant to development of Blocks 2 or 39.

e. Text on Morrison Ramp removal, Page 47, makes no mention of the Light Rail crossing issue if traffic is brought off the Bridge to 2nd Ave. and has to recross 1st Ave. to reach Naito Parkway - along with consequent stacking problems on 2nd. This issue will become much more prominent when the Interstate LRT is operating next year and train frequency is increased.

Similarly, Note on Page 50 lists ramp removal as Positive, with no reflection on consequences (possibly negative) via traffic diversion to alternative routes - including, ironically, through the heart of the very neighborhood this Project seeks to create.

Team should consider whether, if Morrison sites are appropriate for "Point Towers" as claimed, one such tower on each ramp block could be placed within the circle, with the ramps still in place.

Building under bridges:
   f. "Under the Burnside Bridge" development (Health Club or otherwise) as stated on Pages 19 and 63 needs to explicitly recognize the County's need for maintenance access to the Burnside Bridge approach ramp structures, drains, etc. - which would be greatly complicated by a building there.

5.f continued

Do not preclude the eventual Phase 2 Seismic Upgrade work to these approach structures (columns, footings, pilings) which is necessary for the Burnside Bridge to fulfill its role as a "Regional Lifeline Route" in local multi-agency emergency response planning. Please note that ODOT does not allow buildings to be constructed or sited under State bridges and their approaches. This team may need to develop an alternative concept for dealing with today's negatives in the under-bridge space.

Construction on Motor Pool Lot (Block 16)
   g. In addition to comments under 5.c and e above, note that Motor Pool is an essential downtown function supporting multiple County programs, and cannot be moved far or to a high-cost alternative. Also, the fuel supply at Block 16 is the County's only Westside emergency fuel cache.

6. OTHER SUBSTANTIVE COMMENTS

a. Page 13, Amusement Park as "obstacle" ... Considering the long history of the Rose Festival, the availability of ship docking at Waterfront Park, and the positive connection to Downtown vitality, it may be better to recognize that this festival (and a few others, like Cinco de Mayo) is part of the ambience of this location. It is a short-term disruption, and if limited to 2 or 3 principle festivals, probably not fatal to the proposed uses. It may even attract some residents.

b. Page 27, about terminating the tax-exempt status of 4 properties: one of these is apparently Fire Station No. 1. It may not be replaced within this Study Area, but this Report should recognize that wherever it goes, it will remove a parcel from taxable status (although probably a low-value parcel). Net change is therefore 3 properties in the downtown area.

c. Pages 35 and 39: a Key presumption is ability to park one level, or in some cases, two levels, below grade. For this area of the city near the bend in the river, PDC needs to ensure that preliminary geotech data will support this idea. This is mostly old riverbed and fill area, possibly with a high winter water table.

d. Pages 36 43: the Case Study pro formas are optimistic, in my opinion, regarding both costs (slightly optimistic) and initial rents (substantially optimistic). But more troubling to economic viability are two specific assumptions:
   i. Parking ratios as low as 0.6 spaces per residential unit - I can't see this attracting the demographic of either condo owners or renters needed to support the price/rent assumptions. These folks will have at least one car even if they want to live on the river.
   ii. Both retail and housing vacancies are assumed to average 7%. That rate will probably take 3 - 5 years to achieve on an overall development of this size, especially the retail component. The pro-forma needs to recognize the extended-startup financial effect.