

IMPACT STATEMENT

Legislation title: Amend the Central City Plan District (33.510) to increase height and floor area ratio (FAR) limits on the United States Postal Service site (USPS site).

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Purpose of proposed legislation and background information:

This ordinance will amend Zoning Code Map 510-2 to increase the floor area ratio for the United States Postal Service Processing and Distribution Center (USPS Site) at 715 NW Hoyt Street in the River District Urban Renewal Area (RD URA) from 4:1 to 7:1 and amend Zoning Code Map 510-3 to increase the base maximum building height from 75' to 400' north of Johnson Street and 250' south of Johnson Street.

This action facilitates timely implementation of development plans for the USPS Site, which has long been envisioned by the general public, elected officials, and adopted land use and development plans as one of the most significant redevelopment sites in Portland's central city. The Portland Development Commission, doing business as Prosper Portland, acquired the USPS site in September 2016 following two significant actions by City Council:

- City Council adopted the Broadway Corridor Framework Plan ("Framework Plan") (Resolution No. 37165) which was undertaken to provide greater certainty regarding Prosper Portland's and the City's development objectives and densities, desired public investments, and financial capacity to acquire and develop the USPS Site, with a particular focus on the USPS Site. The Framework Plan called for a high density mix of uses, including employment and residential uses, investments in public infrastructure such as parks and multi-modal streets, and included a proposal for increased allowance of density and height, which has been incorporated into the Recommended Draft of the Central City 2035 Plan.
- In coordination with adopting the Framework Plan, City Council also authorized an Intergovernmental Agreement to provide general fund-secured interim financing (Ordinance 187434), thereby making resources available for Prosper Portland to undertake acquisition of the USPS Site and other project priorities, and which will be repaid from River District URA program income, including amounts received from the sale of the USPS Property.

The Framework Plan and agreement for interim financing contemplated a commitment to providing affordable housing within the future redevelopment of the USPS Site. As such, the Portland Housing Bureau (PHB) contributed to the acquisition of the USPS Site and controls development rights sufficient to provide approximately 700 units of affordable housing, or thirty percent of the contemplated residential development, to be delivered via a combination of Inclusionary Housing and investment by PHB.

Fundamental to the USPS Site acquisition and redevelopment is a balance of public benefits, land value, and private redevelopment to generate sufficient value and private investment to pay for desired public improvements. In order to sustainably address CC2035 growth projections and meet financial objectives, development of the 13.5 acre USPS Site is projected to have to provide almost 4,000,000 square feet of floor space: a floor area ratio (FAR) approaching 7:1 across the site. The site is currently entitled with a FAR of 4:1 with a maximum height limit of 75 feet.

The requested increase in FAR and maximum height is included in the Recommended Draft of the Central City 2035 Plan (CC2035). CC2035 is the culmination of a multi-year effort to comprehensively update the 1988 Central City Plan. Prosper Portland is seeking early implementation of the increased entitlements in order to make timely progress with development planning for the site and to mitigate risk should the anticipated effective date of CC2035 be delayed.

Prosper Portland plans to sell or ground lease a portion of the USPS Site by FY 2021-22, to provide sufficient resources to fully repay the interim financing provided by the City and has agreed to provide to the City a first claim on gross sale proceeds until the outstanding balance of the interim financing is paid in full. Prior to this land transaction, Prosper Portland in partnership with PHB has or is intending to initiate the following activities:

- A robust community engagement process is currently underway, including seeking input from a diverse 43-member Steering Committee to inform the project priorities, evaluation criteria and selection of a development partner to advise on development planning activities and have rights to implement some portion of the redevelopment.
- A comprehensive development strategy, including a Master Plan, Community Benefits Agreement, and Disposition Agreement will commence in Spring 2018, integrating technical and financial expertise with extensive engagement of the Steering Committee and general public.

Financial and budgetary impacts:

Adoption of the proposed Ordinance does not have any direct budgetary impact or create a financial obligation for the City. However, early implementation of the recommended entitlements for the USPS Site does further redevelopment of the site and Prosper Portland's repayment of the interim financing provided by the City.

As modelled in the Framework Plan, acquisition and redevelopment of the USPS site at increased entitlements has the capacity to provide additional resources for a range of public investments, including streets, open space, and affordable housing. Public investments will be implemented in phases in coordination with private development and land sales transactions.

As modelled in the Framework Plan, public investments, which could occur via tax increment financing (TIF), property income, related System Development Charge generated from on-site

and adjacent development, or other affordable housing resources include the following baseline benefits:

Multi-Modal Streets on Johnson Street and Park Avenue	\$14.0 million
Extension of two North Park Blocks	\$16.5 million
Regional Green Loop pedestrian and bicycle connection	\$4.5 million
Delivery of approximately 700 units of affordable housing (represents 30% of modelled residential units) via direct investment and Inclusionary Housing	\$53.0 million

Urban design details and cost estimates for the above public investments – and additional public benefits to be provided – will be further refined in the forthcoming development and Master Plan plan.

Community impacts and community involvement:

The Framework Plan was developed with significant public and partner engagement. A Technical Advisory Committee composed of City staff participated to provide technical information and perspective based on multiple City and other interests in the area. A Stakeholder Advisory Committee, composed of public, nonprofit, and private partners, provided community and regional insight to ensure that future development serves both the adjacent neighborhoods and broader Portland interests.

Input was also sought through a series of regional public engagement efforts, including public open houses; online and social media advertising; a series of online surveys; and one-on-one interviews conducted regionally at major public transportation stations. These interviews aimed to capture a broader range of feedback on the project, particularly from those communities who may be underrepresented in traditional public participation forums. Through various forums, tools, and techniques, approximately 1,000 points of engagement occurred resulting in feedback on the Framework Plan. Key themes highlighted through this process include:

- Allow more height to gain more density and absorb growth: In general, public feedback supported pursuing higher density development, including a tower at the northern end of the site and balancing denser development with public spaces that engage Union Station and the North Park Blocks.
- Provide good bicycle/pedestrian connections: Strong support was received for ensuring a “green loop” connection from the site to the Broadway ramp “Y” and maintaining accessibility through the private development parcels with bike and pedestrian pathways.
- Create visual and physical links to Union Station and activate under the Broadway Bridge: Johnson Street was highlighted as an important connection visually and physically between Union Station and the Pearl District park series include Jamison Square, Tanner Springs, and Fields Park.
- Ensure new public spaces are comfortable for all Portlanders: It was emphasized that the site should serve a mixed-income community to create a safe and welcoming environment that could serve as an attraction for the broader region in addition to the immediate neighborhood.

A preferred development framework for the USPS Site, including phasing, development program, density, and urban design was prepared based on stakeholder input together with the financial feasibility and transportation impact findings in order to inform the financial viability of acquiring and developing the site – and the City’s authorization of interim financing. Key attributes of the preferred concept include:

- **Program Mix:** The Framework Plan’s total forecasted development is 3,800,000 gross square feet and is split one-third commercial, two-thirds residential. Thirty percent of residential square footage is reserved for affordable housing to be delivered through Inclusionary Housing and direct PHB investment. All parking is assumed to be above-grade to minimize risk and expense associated with environmental remediation.
- **Development Entitlement:** The preferred concept reflects an increased FAR from 4:1 to 7:1; and increased height in certain portions of site from 250 feet to up to 400 feet.
- **Urban Design:** The proposed public realm includes two new park blocks (65,000 square feet); extension of Johnson Street and a portion of Park Avenue through the site (80-foot width; 104,000 square feet); access from the Broadway Bridge into the site via extension of the Green Loop bike and pedestrian path through the site; and activation of the Broadway bridgehead, viaducts, and Union Station public space.

The forthcoming development and Master Plan and associated community engagement will continue to evaluate and refine these foundational assumptions, and clearly articulate additional public benefits to be delivered with redevelopment of the USPS site.

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Budgetary Impact Worksheet

Does this action change appropriations?

☐ **YES:** Please complete the information below.

☒ **NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount