

ORDINANCE NO.

An Ordinance approving granting of a tax exemption for property located on portions of Blocks 110, 111 and 318 Couch Addition, making certain findings establishing conditions for qualification for the tax exemption, directing the Bureau of Planning to determine the administrative costs of the exemption to the Multnomah County Assessor, and ~~declaring an emergency.~~

The City of Portland ordains:

Section 1. The Council finds:

1. The Norcrest China Company has applied for a Tax exemption pursuant to Section 3.104.010 (3) (b) for property located between the Broadway and Steel bridges east of Northwest Front Avenue, the legal description of which is as follows:  
  
Tax Lots 1 and 2, Block 110 and 111 and Tax Lots 3 and 4, Block 318, Couch Addition.
2. The real property and proposed project are owned by the Norcrest China Company, 55 West Burnside Street, Portland, Oregon 97209.
3. The applicant proposes to build the following described eligible project: New multiple unit rental housing designed for approximately 300 units ranging in size from 635 to 962 square feet each, located in clustered 3½ story buildings.
4. The subject property is eligible property as prescribed by Section 3.104.010 (3) (b).
5. That the Portland Development Commission at its meeting of December 11, 1979 recommended approval of this application for tax exemption. The Portland Development Commission reviewed the applicant's financing plan and found it to support eligibility for tax exemption.
6. That the Portland City Planning Commission at its meeting of January 15, 1980 recommended that the City Council approve the application for tax exemption with the condition that public benefits and compliance actions be provided as follows:

~~(1) Donation to the City of the Waterfront Park at the southern end of the project;~~

*(1) (2)* Continuous Waterfront walkway and bike pathway system (Greenway) *with* ~~with two~~ major Front Avenue-to-Waterfront public pathway easements; ~~three~~

*(2) (3)* Greenway and ~~Park~~ donation to be maintained by the developer for the duration of the tax abatement;

*(3) (4)* Approximately <sup>5%</sup> 10% of the units designed for access and use by people with physical handicaps;

*Done at*

(5) Housing to be maintained as rental units for at least the duration of the 10 year tax abatement.

7. That the City Council should approve the application based on the findings and recommendations of the Portland Development Commission and the Portland City Planning Commission.

NOW, THEREFORE, the Council directs:

Section 2. That the application of the Norcrest China Company for the property tax exemption provided by Section 3.104.010-100 of the Code of the City of Portland and ORS 307.600-690 is hereby approved for the following property:

Tax Lots 1 and 2, Block 110 and 111 and Tax Lots 3 and 4, Block 318 Couch Addition subject to the following conditions:

That the following public benefits will accrue to the City of Portland from this project:

(1) ~~The Waterfront Park at the southern end of the project will be donated to the City;~~

(2) A continuous waterfront walkway and bike pathway system (Greenway) with two major Front Avenue-to-Waterfront public pathway easements will be created and donated to the City;

(3) Greenway and ~~Park donation~~ will be maintained by the developer for the duration of the tax exemption;

(4) Approximately 10% of the units will be designed for access and use by people with physical handicaps;

(5) The housing will be maintained as rental units for at least the duration of the 10 year tax exemption.

Section 3. That the Bureau of Planning provide copies of this ordinance to the applicant and the county Assessor as prescribed by Section 3.104.050 (1) (d) of the Code of the City of Portland.

**ORDINANCE No.**

Section 4. Because the applicants financing commitments may depend upon prompt action on this application, an emergency is hereby declared to exist and this ordinance shall be in force and effect from and after its passage by the Council.

Passed by the Council,

Mayor of the City of Portland

Attest:

Auditor of the City of Portland

*adopted*

Changes which should be made in the McCormick Pier ordinance to make the public benefit statements conform to the final Planning Commission recommendations.

In both Section 1,6 and Section 2:

- (2) Continuous waterfront walkway and bike pathway system (greenway) with three [two] major Front Avenue-to-Waterfront public pathway easements;
- (4) Approximately 5% [10%] of the units designed for access and use by people with physical handicaps;

Note: Material in brackets to be deleted.

*also motion adopted  
removing park requirement  
and emergency clause  
off.*

exclusive importers of

149385



REG. U. S. PAT. OFF.

# NORCREST CHINA CO.

MAILING ADDRESS: P.O. BOX 3458 PORTLAND, OR. 97208  
MAIN OFFICE & SHOWROOM  
55 W. BURNSIDE ST. PORTLAND, OREGON 97209  
(PHONE 503 - 228-7404 Cable: NORTRAD)

March 19, 1980

Anniversaryware  
Mugs and Steins  
Cups and Saucers  
Plates  
Oil Lamps  
Teapots  
Hand Made Flowers  
Sugar and Creamers  
Figurines  
Souvenir Items  
Religious Items  
Music Boxes  
Vases  
Fuzzy Animals  
and Peppers  
Birds and Animals  
Glassware  
Kitchenware  
Bon Bon Dishes  
Brassware  
Planters  
Crystalware  
Woodenware  
Miniatures  
Christmas Line  
English Bone China  
Novelty Banks  
Wall Plaques  
Motto Plaques  
Ashtrays  
Bells  
Pitcher and Bowl  
Egg Plates

Mr. Bruce Martin  
Bureau of Planning  
620 S.W. 5th Avenue, Suite 604  
Portland, Oregon

Dear Mr. Martin:

I am enclosing our application for tax abatement for the McCormick Pier housing development. The economic feasibility of the project is dependent on the granting of this exemption. Also, tax abatement will be required by the project's financing under the Government National Association (GNMA) Targeted Tandem 27 Program.

The plans for the McCormick Pier development respond to economic conditions which serve to constrain the production of new rental housing in downtown Portland. These conditions are high downtown land costs, high construction costs, high interest rates and limited availability of long-term mortgage financing, high operation costs, and finally, market rents which could not sustain these development costs. Of course, high land costs constraint is unique to downtown and is most restrictive factor in downtown housing.

## RENTS:

One economic variable that developers cannot control is the market rent for middle income downtown housing. The middle income households have discretion in choosing between urban and suburban housing alternatives. Rents for downtown apartments have been too low to stimulate the construction of new, conventionally-financed, unsubsidized housing in the downtown area. Recently, however, rental rates for downtown middle income apartments have been rising but not yet sufficiently to encourage rental housing without public subsidy.

Reply Here



\*All projected new downtown housing are condominiums except Clay Towers (Section 8 with tax abatement) and Parkside (built on \$3 square foot South Urban Renewal Land with tax abatement).

*Norcrest Keeps Selling*

ORIGINAL

A survey taken as part of the market analysis for McCormick Pier indicates that demographic trends and economic forces in the marketplace are acting to increase the demand for downtown housing. While the birthrate is down, the number of households is increasing, creating more demand for one and two bedroom housing units. Proximity to work is becoming an important factor in choosing the location of housing in increasing numbers of households where more than one person works. Rising energy costs impact commuting costs for suburban households and increase the attractiveness of living close to the workplace. The number of downtown workers continues to increase, and can be projected to reach 78,700 in 1982.\*\* This downtown workforce is the primary market for McCormick Pier.

Assuming continued rental increases averaging 9 to 11 percent annually, McCormick Pier's 1982 monthly rents ranging from \$335, for a one-bedroom unit, to \$550,\* for a two-bedroom, two-bath townhouse, will be affordable to that segment of the middle income market seeking rental housing. (Comparable rents in today's market would be \$294 for a one-bedroom unit and \$455\* for a two-bedroom, two-bath townhouse unit.)

Without tax abatement, rents are pushed beyond the reach of the largest potential market for downtown rental housing. Without the tax abatement, the rents required to meet project expenses would not be competitive either with existing downtown housing or with suburban alternatives.

Under the terms of the regulatory agreement between the Department of Housing and Urban Development and the project owner, during the life of the mortgage the owner cannot realize other than normal profits from the ownership and operation of the development. In practice this means that rent increases must be documented by actual operating cost increases. Thus, public subsidy to the project through tax abatement directly benefits the project's residents. The entire value of the public subsidy will be applied to project rents during the term of the mortgage and regulatory agreement with HUD.

\*These rent figures are based on tax abatement being granted.

\*\*Leland study, 1978

COSTS:

Rising market rents for downtown housing and the strong and growing market support the feasibility of the McCormick Pier. However, the challenge is still to overcome problems of high land cost, high construction costs, high interest rates, and high operating costs. The solution which evolved is a model for low-rise high-density urban housing. Estimated construction costs equal \$38 per net rentable square foot of housing. High density was required in order to spread the land cost over as many units as possible. Careful planning and design resulted in a density of 44 units per buildable acre while maintaining a feeling of spaciousness by designing to maximize river views and open space. However, even with the high density of the development, the land cost is \$6,525 per unit. This is far above suburban land cost.

Application for GNMA Targeted Tandem 27 mortgage funds will be made upon receipt of a conditional commitment from HUD. Tandem 27 program is targeted by GNMA only for non-Section 8 HUD projects and only in cities that meet the criteria for certain federal assistance programs. Portland is the only city in Oregon where this 7-1/2% long-term financing is available, because of the City's past and continuing commitment to housing. HUD has issued a Site Appraisal and Market Analysis letter accepting the proposed rent structure and marketability of the project. Without subsidized long-term mortgage interest rates available under this program, combined with tax abatement, the project would not be feasible. It is the intention of the developer, Norcrest China Company, to own and manage the development during the entire term of the mortgage (40 years and longer). Further, it is the developer's intention that the apartments shall remain rental units and shall not be converted into condominium units at any time in the future.

The City Council has set a goal of 2,500 new downtown housing units through the year 2000. McCormick Pier would fulfill almost one-eighth of this goal by 1982. The project complements the City's proposed South Waterfront housing component, the Waterfront Park, and the Willamette River Greenway. Located within the Downtown Waterfront Urban Renewal Area, the project

will generate tax increment funds at the end of the abatement period through the increase in assessed value. Finally, this development will clean up a terrible blight on Portland's beautiful waterfront.

I am looking forward to working with you on the application for tax abatement. I hope the above information is useful in outlining the position of Norcrest China Company, and its perception of the City's role in the McCormick Pier housing development.

Very Truly Yours,

NORCREST CHINA COMPANY

  
William S. Waito  
Vice-President  
WSN/fer



PROJECT DESCRIPTION: Architect's Statement

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McCORMICK PIER DEVELOPMENT

We are convinced that it is time to offer the citizens of Portland alternatives to the trends of the recent past, the move away from the city, with its emphasis on freeways and bedroom-suburbia on the one hand, and elevator highrise development on the other. The alternative we propose is a more human scale, not designed for automobiles, but for people. The site is unique as a living environment. It is on the waterfront, close to the amenities of a beautiful city and its unexcelled Waterfront Park with winding walkways, open green spaces, proposed marinas and a view over the harbor, city and mountains beyond. Particularly noteworthy is the variety, quality and affordable nature of the housing. Designed for young families as well as singles, couples, mature families and the elderly, McCormick Pier provides an ideal choice for Portland.

The project is a middle income rental apartment complex located between the Steel and Broadway Bridges on Northwest Front Avenue. This project will create attractive housing at median rents and will fulfill a major portion of the City's housing goals for downtown. It will improve public access to the river by extending the Willamette Greenway system the entire length of the site to its planned northern terminus at the Broadway Bridge. Working with the Housing and Urban Development (HUD), City bureaus and State agencies, the project has passed through extensive review and approval processes.

McCormick Pier provides a major concentration of housing at the northern end of the Waterfront Park, complementing the City-proposed housing component with the South Waterfront Renewal Plan at the southern end of this major recreation facility. The development is within two blocks of Old Town, a historic district of shops and restaurants, as well as easy walking distance to retail and office districts of downtown by way of the Waterfront Park esplanade.

The housing units are buffered from Front Avenue by an existing warehouse used as a parking structure for tenants. Approximately 1.1 parking spaces per unit are provided on-site, with additional public parking provided off-site. Tenant indoor recreational facilities are developed within a portion of the warehouse. Outdoor recreation is provided through the Willamette Greenway extension which links this site to the entire greenway park and trail system.

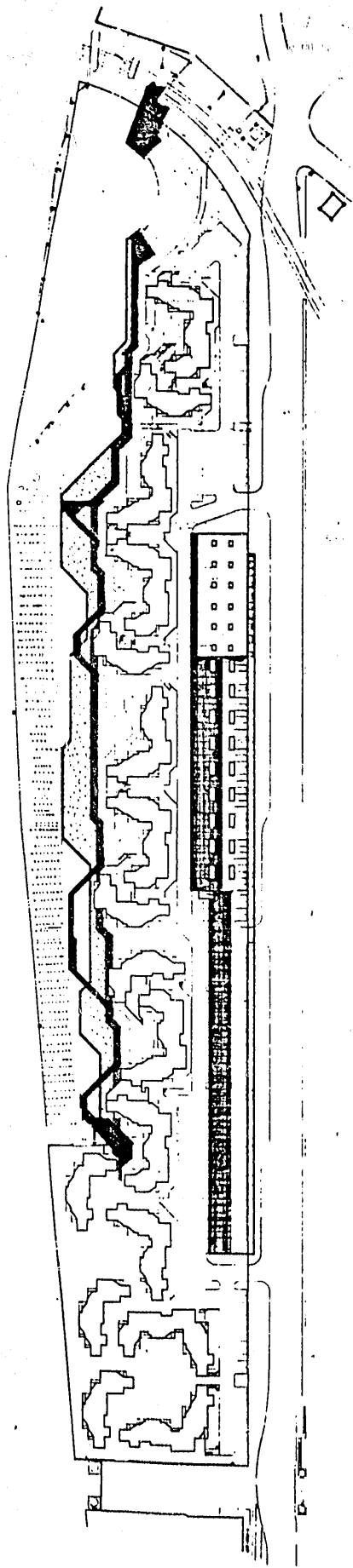
The 3<sup>1</sup>/<sub>2</sub> story walk-up units are wood frame buildings in a cluster configuration allowing views up and down the Willamette River and into private courts which are open to the river and the greenway trail system. Acoustical and

visual privacy is carefully planned into each unit with entry and kitchen spaces adjacent to the public entry courts and living spaces oriented to the private court spaces. Townhouse units are placed over flats in order to access most units a half story above or below the entry court levels. Balcony and rooftop decks provide an abundance of private outdoor space and extensive landscaping, site lighting and architectural detailing will create a housing complex compatible with Portland's objective to create quality downtown housing.

McCormick Pier provides 302 apartments which range in size from 696 to 1,134 gross square feet each, planned as one bedroom flats and one and two-bedroom townhouses. The apartments are clustered into small scale structures varying in size from approximately 34' x 100' to 105' x 170'. The parcel size measured at mean high water is 8.45 acres and results in a lot coverage of approximately 45% for residential and parking structures, 39% open landscaped space and 16% for automobile circulation and parking. Construction is wood frame Type V (one hour) for the housing units, and masonry and steel for the existing warehouse parking structure.

Public and private access is from N.W. Front Avenue and from the Waterfront Park. Public parking for approximately 46 cars is provided on street for access to the greenway path through five dedicated easements through the project. Private parking for 330 cars is provided on-site from an interior street running the length of the site which provides fire and service access to the front residential units. City of Portland water is available in N.W. Front Avenue and is adequate for the development. A private sanitary sewer will be built to the City of Portland's interceptor in Glisan Street for sewage disposal and gas and electricity is available on N.W. Front Avenue. Extensive landscaping improvements in both public and private areas will be coordinated with the City Forester, Street Tree Committee and Park Bureau. Residential, recreational and management support facilities are the land uses in McCormick Pier development.

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**MCCORMICK PIER** APARTMENTS WITH CLUBS  
FOURTH AND FIFTH FLOORS  
NEW YORK CITY  
PROPERTY OF THE MCCORMICK PIER TRUST  
DESIGNED BY THE ARCHITECTURAL FIRM OF

As outlined in the project description, McCormick Pier is a 302-unit middle income apartment complex located between the Broadway and Steel Bridges on Northwest Front Avenue. The site at present serves no productive use and has in fact been vacant for over 14 years. It is a blighted area today. Several commercial developments have been proposed during this period, but none have proven feasible. McCormick pier is the first proposed residential use for the property. The project responds to the strong market demand for downtown housing as well as the objectives of the City's Downtown Plan. The Plan specifically identifies the area around Union Station as suitable for new housing development.

The challenge facing the developer is to respond to the economic conditions which have constrained the production of new, rental housing in downtown. These conditions are high downtown land cost, high construction costs for Class A buildings, high interest rates and limited availability of long-term mortgage financing, and high operating costs. The low rise, high density project design using wood frame Type V (one hour) construction partially offsets the high land cost and high construction cost. However, the tax abatement requested in this application is necessary for the project to be feasible. At the expiration of the exemption, the value of the improvements would be added to the tax rolls. Through the increase in assessed value, the project would generate substantial tax increment funds sufficient to repay the public investment many folds.

The proposed development will provide quality, affordable rental housing during a period when the interest in living in the innercity, close to work and to downtown's shopping, entertainment, and cultural amenities, has never been greater. In addition the project will result in a number of long-term public benefits to the City.

Moderate Income Rents

McCormick Pier housing will be affordable to a broad segment of the middle income market if tax abatement is granted. That market in Portland is described as having annual household incomes ranging from \$10,000 to \$27,000 in 1978. Assuming only a 7 percent annual increase in household income, the range of middle incomes projected to 1982 would be \$13,000 to \$35,100 in the Portland area. A household with two persons working, each earning income at the bottom of this range, and allocating 25 percent of their combined incomes toward rent, could afford the most expensive two-bedroom, two-bath townhouse at McCormick Pier. Alternatively, based upon today's medium household income of \$16,500 (January 1, 1979), and using the same 25 percent of income formula, 93 percent of the 302 units in McCormick Pier would be affordable to median income households today. The Department of Housing and Urban Development has examined the marketability of the proposed development and accepted the rent schedule submitted for the Site Appraisal and Market Analysis.

McCORMICK PIER HOUSING DEVELOPMENT

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Role in the Revitalization of Downtown

The McCormick Pier will add a middle income housing component to the Skidmore-Old Town historic district. This will add both to the diversity and to the vitality of the neighborhood. The level of activity in the evenings and on weekends will increase, not just in the Skidmore-Old Town area, but in the entire downtown. Commercial development in the area will be encouraged by the market created by the residents of McCormick Pier for personal goods and services. The development's housing complements the housing component of the South Downtown Waterfront Development and residents of both will increase use of the Waterfront Park.

Waterfront Improvement

The project features waterfront improvements that will benefit the general public. These improvements are set forth by the Willamette River Greenway guidelines and will provide a valuable public recreational amenity in downtown.

Public Temporary Moorage Facility

The Oregon State Marine Board has identified a public need for more public temporary moorage space on the Willamette River. The facility at McCormick Pier would help alleviate this shortage, and the developer is prepared to provide an easement for its development.

Facilities for the Handicapped

Twenty apartment units, five percent of the total development, will be equipped with handicapped facilities. Level, ongrade entryways, special bathroom fixtures, and lowered kitchen counters and cabinets are among the features that will be provided to meet the special needs of the handicapped resident.

Affirmative Fair Housing Marketing Plan

An affirmative program to attract prospective tenants of all minority and non-minority groups to McCormick Pier has been developed and will be undertaken when marketing begins in 1982 and will continue during the lifetime of the project mortgage. The Affirmative Fair Housing Marketing Plan will be supervised by the Equal Opportunity Office of the Department of Housing and Urban Development.

Local Employment

The construction of the development will provide a substantial

McCORMICK PIER HOUSING DEVELOPMENT

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number of jobs in the construction trades in the Portland area. This may be especially important during the next several years should a recession affect construction in the City. Additional new jobs will be created in leasing, management, maintenance and landscaping during the lifetime of the development.

Energy Conservation

McCormick Pier will provide urban housing within walking or bicycling distance of the downtown retail and office core where over 78,000 persons will be employed by 1982. Residents of McCormick Pier can save both the energy that would be expended commuting to suburban housing and the time spent commuting on crowded, rush-hour roads and freeways. Construction of the housing units and accessory buildings will meet the latest insulation and energy conservation standards.

Conservation of Scarce Public Resources

The public investment in utilities, streets, public transportation, schools, fire protection, police services, etc. has already been made in downtown Portland. The development places a relatively small additional burden on these services and utilities.

Encourage Further New Housing Development

Construction of McCormick Pier will encourage additional new housing construction in downtown Portland. The development's 302 housing units, combined with those of other housing developments being planned for the core will replace housing lost in Portland in the last 35 years.

Removal of Blight

The site is a blighted area today, serves no productive use and has been vacant for 14 years. Several commercial developments have been proposed during this period, but none has proved feasible. McCormick Pier is the first proposed residential use for the property.

PROJECT COST ANALYSISMCCORMICK PIER PROJECT

(West Side Willamette River  
Between Broadway & Steel Bridges)

Total Gross Area Apartment Buildings (Not including balconies or patios)	248,648 sq. ft.
Total Gross Area Recreation, Laundry and Management Building	11,116 sq. ft.
Total Gross Area Parking Structure	56,190 sq. ft.

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Building Cost 259,764 @ \$35.57 (Apartment and Recreation Buildings)	\$ 9,239,326	
Site Improvements (Parking structure rehab, surface parking, landscaping, roads & walkways, site utilities)	947,839	
CONSTRUCTION COSTS INCLUDING PARKING	\$10,187,165	
Land Cost (Including fill removal) \$6,805/unit	\$ 2,055,388	
TOTAL CONSTRUCTION COSTS - BUILDING & LAND		\$12,242,553
Interest During Construction	\$ 1,098,700	
Other Carrying Charges & Financing Fees (Minimum)	744,782	
TOTAL - INDIRECT COSTS		<u>1,843,482</u>
TOTAL PROJECT COSTS		\$14,086,035 **
Mortgage Amount		<u>12,677,300</u>
Equity Investment		\$ 1,408,735

\*\* This amount represents the estimated maximum project costs supportable by rents considered feasible for middle-income housing at this location.

PRO FORMA INCOME/OPERATING STATEMENT  
WITH TAX ABATEMENT

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McCORMICK PIER PROJECT

(West Side Willamette River  
Between Broadway & Steel Bridges)

INCOME:

Annual Gross Rental	\$1,551,900
Miscellaneous	25,272
Parking	<u>110,544</u>
TOTAL INCOME	\$1,687,716
Less: Vacancy Allowance (7%)	<u>118,140</u>
TOTAL EFFECTIVE ANNUAL RENTAL INCOME	<u>\$1,569,575</u>

OPERATING EXPENSES:

Administrative	\$ 92,631
Operating	78,811
Maintenance	69,720
Reserve for Replacement	<u>46,000</u>
TOTAL OPERATING EXPENSE	\$ 287,162
TAXES (Land Only) \$1,376,433 @ \$20.46 (Current Assessed Valuation at Current Rate)	<u>28,161</u>
TOTAL EXPENSES (With Tax Abatement)	<u>\$ 315,323</u>
NET OPERATING INCOME (Before Debt Service)	\$1,254,252
Debt Service	
\$11,468,200 @ 7 1/2% 40 yrs = \$962,967 8.4K	
\$ 1,209,100 @ 7 1/2% 10 yrs = <u>\$178,272</u> 14.75K	<u>\$1,141,239</u>
<u>\$12,677,300</u>	

CASH FLOW

\$ 113,013

Return on Equity -  $\frac{\$ 113,013}{\$1,408,735}$  -

8.02%



PROFORMA INCOME/OPERATING STATEMENT  
WITHOUT TAX ABATEMENT

149385

McCORMICK PIER PROJECT  
(West Side Willamette River  
Between Broadway & Steel Bridges)

INCOME:

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TOTAL OPERATING EXPENSE	\$ 287,162

TAXES:

Land \$1,376,433 @ \$20.46 (current assessed valuation at current rate)	\$ 28,161
Building \$8,713,567	<u>178,280</u>
TOTAL TAXES (WITHOUT TAX ABATEMENT)	<u>\$ 206,441</u>
TOTAL EXPENSES (WITHOUT TAX ABATEMENT)	<u>\$ 493,603</u>
NET OPERATING INCOME (Before Debt Service)	\$1,075,972
Debt Service (\$12,677,300 @ 7½% 40 yrs = 8.4K)	<u>1,064,494</u>
CASH FLOW	<u>\$ 11,478</u>

Return on Equity  $\frac{11,478}{1,408,735} = 8/10$  of 1%

An unacceptable investment both to HUD/FHA as insurer and to the developer.

FEASIBILITY COMPARISONTAX ABATEMENT/WITHOUT TAX ABATEMENT

Following is a comparison of rents based on a mortgage interest rate at 7 1/2%:  
 (1) rents without tax abatement; (2) proposed rents with tax abatement savings spread over a 40-year term; (3) rents reduced by tax abatement for ten years only.

<u>No.</u>	<u>Units</u>	<u>Average Rentable Sq. Ft.</u>	<u>Rents without tax abatement</u>	<u>Proposed Rents</u>	<u>Rents reduced by tax abatement for ten years only</u>
97	1 Br	696	383	355	343
67	1 Br	696	426	395	381
29	1 Br	785	464	430	415
25	1 Br	785	491	455	439
27	2 Br 1 B	921	529	490	473
57	2 Br 2 B	1047	593	550	530

If taxes are not exempted, they would have to be borne by the renters and the rents would be above the range for middle-income rental housing as projected for 1982, therefore making the project infeasible.

With tax abatement there would be an average annual savings of \$590.33 per unit (\$49.20 per month). However if the total savings were applied to rents during the ten-year term, there would have to be an immediate jump in rents at the end of the abatement period, and tenants during the first ten years would be the only beneficiaries.

To equalize the tax savings over the full 40-year term of the loan, HUD/FHA requires that all of the savings from tax abatement are to be used to pay off a portion of the total debt over the initial ten year period. The balance of the debt is amortized over 40 years. Thus, when the project goes on the tax rolls, the short term debt is paid off and tax payments can begin without any increase in rents. These additional payments during the first ten years have the effect of reducing total mortgage payments over the 40-year term of the loan and when this savings is added to the tax savings, there is a total savings to all tenants in excess of \$4.8 million spread equally over 40 years.

A Regulatory Agreement between FHA and the owner sets the allowable maximum rents at first occupancy and regulates increases, as approved by FHA, based on substantiated increases in taxes and operating and maintenance expenses.

PUBLIC IMPROVEMENT COSTS RELATED TO THE  
McCORMICK PIER PROJECT

To be Provided by Developer

Three (3) Greenway access easements, sewer, and waterfront easements.....	\$ 150,000
Greenway land.....	720,928
Greenway improvements.....	661,980
Greenway maintenance - \$15,785 per year for 10 years.....	<u>157,850</u>
TOTAL	\$1,690,758

To be Provided by City with Tax Increment

Greenway connection to Waterfront Park.....	\$ 10,000
Traffic modification and signalization at N.W. Front and N.W. Glisan Avenues.....	<u>215,000</u>
TOTAL	\$ 225,000



**OREGON**

Connie McCready

Mayor

BUREAU OF  
PLANNING  
424 S.W. MAIN STREET  
PORTLAND, OR 97204

Frank Frost

Director  
248-4253

CODE  
ADMINISTRATION  
248-4250

LONG RANGE  
PLANNING  
248-4260

SPECIAL  
PROJECTS  
248-4509

TRANSPORTATION  
PLANNING  
248-4254

October 25, 1979

MEMORANDUM

TO: Portland City Planning Commission  
FROM: Frank N. Frost, Acting Planning Director *FMF*  
RE: McCormick Pier Comprehensive Plan Conformance Determination

William S. Naito, Vice President, Norcrest China Company, has applied for property tax exemption to support a new 404 unit rental housing development to be located on a tract bounded by the Broadway and Steel Bridges, NW Front Avenue and the Willamette River. Consideration for such tax abatement, for a ten year period, is authorized by ORS 307.600 through 307-900 and Title 3, Administration, of the Code of the City of Portland, Oregon. The City's legislation authorizing such procedures was adopted by Ordinance No. 140867 on November 12, 1975, and amended by Ordinance No. 148331 on August 22, 1979, extending the required completion date of housing developments.

Section 3.104.010(3), of the City Code of Portland, requires that a project meet either one of two listed location criteria. The proposed McCormick Pier project qualifies because of its location within an Urban Renewal Area—the Downtown Waterfront Urban Renewal Project.

Section 3.104.050(b) specifies that the Planning Commission must first determine whether a project is consistent with the City's Comprehensive Plan and then report such findings to the Portland Development Commission.

The Development Commission then reviews the application and transmits their recommendation back to the Planning Commission.

Thereupon, the Planning Commission is required to transmit an approval recommendation (subject to any appropriate conditions) to the City Council and specify the scope and nature of public benefit recommended for the proposed project. The City Council then takes action on the request. If approved, the Office of Planning and Development transmits the City Council decision to the County Assessor.

COMPREHENSIVE PLAN CONFORMANCE DETERMINATION

The adopted document, Planning Guidelines/Portland Downtown Plan, constitutes the City's basic land use policy directive to guide development in the Downtown area, and therefore, is a component of Portland's Comprehensive Plan and development strategy.

Planning Commission/Frost  
October 25, 1979  
Page Two

Other City actions recently undertaken in support of the basic land use development objectives specified in the adopted "Downtown Plan" include the Downtown Development Regulations adopted as Ordinance No. 147239 on March 19, 1979, and the Downtown Housing Policy and Program, adopted by Resolution 32514 on October 3, 1979, and the Urban Renewal Plan for the Downtown Waterfront Urban Renewal Project as amended in September 1979. An evaluation of project conformance with these adopted documents is as follows:

#### Downtown Plan Conformance

The proposed project and public participation is consistent with several "Downtown Plan" goals and guidelines regarding use, location and public actions indicated in the adopted document. These include:

#### Housing

To give high priority to increasing the number of residential accommodations in the Downtown area for a mix of age and income groups, taking into consideration differing life styles; and to provide a "quality" environment in which people can live recognizing that residents of Downtown and adjacent areas are essential to the growth, stability and general health of a metropolitan city.

One specific goal is to coordinate and better organize the efforts of all agencies that are involved in the provision of housing (both public and private, including Portland City Planning Commission, Portland Development Commission and Housing Authority of Portland). Specifically:

Develop economic or other incentives to reduce the slippage rate of existing housing units from the market in the Downtown area and encourage the building of additional housing units.

Encourage the fullest use of public and private programs to ensure that future Downtown housing accommodates a mix of low, moderate and high-income people.

Another specific goal is to specifically encourage the development of new housing units in the following locations:

Union Station-Railyard Area. An economic feasibility study prepared for the railroad property suggests a re-use potential for mixed income housing, offices, and commercial facilities. The area is large enough, approximately 26 acres, so that housing of various types and income levels can be developed.

#### Development Regulations

The project is located in an area now designated as C1Z Central Commercial Zone. The purpose of this zone reads:

Planning Commission/Frost  
 October 25, 1979  
 Page Three

"The regulations permit a broad range of uses including, but not limited to, office, retail, entertainment, housing and supporting institutional and service uses which will maintain downtown as Portland's cultural and governmental center in furtherance of planning goals and public policies."

Specifically, the zone permits development of residential uses, including apartment dwellings and boarding and rooming houses and parks.

#### Downtown Housing Policy and Program

This document under Policies and Objectives specifies:

Create middle-income housing: The City recognizes the desirability of an economically and socially balanced Downtown which is now predominantly low-income. It also recognizes the significant and growing demand for smaller housing units which are especially suitable Downtown. Therefore, the City is committed to the creation of new housing for small middle-income households.

#### Objectives:

1. To provide 2,500 new housing units primarily for middle-income by 1985.
2. To emphasize assistance which contributes to middle-income ownership in new units as well as assures the availability of rental housing.
3. To support and create amenities which assures Downtown's appeal to a wide variety of households, i.e., parking security, convenience shopping, parks, cultural facilities, etc.
4. To assure that middle-income units will not be created at the expense of existing low-income housing, unless replacement of that housing consistent with Downtown's low-income housing policy is assured.
5. To assure that adequate land is reserved for new housing development.
6. Assist in property acquisition.

#### Downtown Waterfront Urban Renewal Project

Specific public objectives listed in the adopted document include:

To maintain existing and promote additional new housing serving mixed income groups.

#### CONCLUSION

The foregoing references indicate that the proposed housing development is consistent with and supportive of adopted downtown policies.

#### STAFF RECOMMENDATION\*

That a finding be transmitted to the Portland Development Commission that is determined that the proposed development is consistent with the City Comprehensive Plan.

FNF/RO/lb

THE CITY OF  
PORTLAND



OREGON

MEMORANDUM

DEPARTMENT OF  
DEVELOPMENT AND  
CIVIC PROMOTION

PORTLAND  
DEVELOPMENT  
COMMISSION

Allison Logan Belcher  
Jerry G. Jones  
Gary W. Masner  
Walter C. Mintkeski  
Louis Scherzer

J. David Hunt  
Executive Director

1500 S.W. First Avenue  
Portland, Oregon 97201  
(503) 248-4800

DATE: December 26, 1979

TO: City of Portland Planning Commission

FROM: J. David Hunt, Executive Director

SUBJECT: Application for Property Tax Exemption Under City Code Chapter 3.104 for the McCormick Pier Downtown Housing Development, Downtown Waterfront Urban Renewal Project

The Portland Development Commission at its meeting of December 11, 1979, reviewed the application by Norcrest China Company (William Naito) for property tax exemption under City Code Chapter 3.104 for the proposed development within the Downtown Waterfront Urban Renewal Project known as the McCormick Pier Project. The Commission has authorized me to forward our recommended approval of this application. The developer's financing plan forwarded by you has been examined and found to support its eligibility for tax abatement established in ORS 307.600-690 as well as the additional requirements established in City Code Chapter 3.104.

Specifically the project's location within the Downtown Waterfront Urban Renewal Project and its conformance with the adopted Downtown Waterfront Urban Renewal Plan makes it consistent with the basic eligibility requirements established for such exemption. In addition, we find that the application of savings to be provided through abatement to project financing as proposed by HUD/FHA, the involved commercial lender (First National Bank of Oregon), and the Government National Mortgage Association will have the effect of reducing rents for the forty year life of project financing. It also has the effect of leveraging the tax benefits to effect a net savings to all renters in excess of \$7 million. We find this design of the application of abatement to be an effective mechanism for multiplying the benefits of limited assessment in a way which maximizes the advantages to renters intended by the law. The initial impact of this is to reduce rents which the project must charge by between \$33 and \$51 per month or approximately 10 percent below what would be required without abatement. This broadens the market for potential renters and meets the public benefit of providing rents which are accessible to a broad income range of the general public.

City of Portland Planning Commission  
December 26, 1979  
Page 2

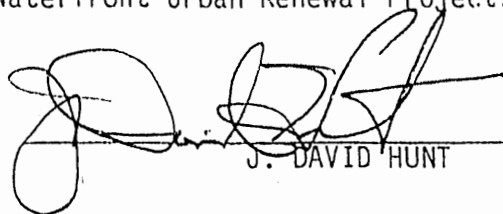
Other public benefits which the project will provide include the provision of recreation open space facilities, facilities for the handicapped, and dedications for public use. Specifically, the developer will be donating land for park purposes as well as easements to all land along the river front plus three easements through the project from Front Avenue to assure continuous public access. The estimated value of these donations is \$967,200. The developer will also make improvements to the land donation and easements for public open space use assuring that it will be a useable and accessible extension of Downtown Waterfront Park and the City's Greenway Program. The estimated value of these improvements is \$662,000. In addition, the developer will maintain these improvements for the duration of the tax exemption. The estimated value of this is approximately \$158,000. Also, twenty units in the project will be for handicapped persons as will the Greenway Park improvements.

Based on the developer's estimated project value of \$12,640,000 and a projected tax rate of \$25 per \$1000, the total tax saving for the ten year abatement period will be \$2,795,250. However, downtown tax rates have been declining in recent years. Some estimate the rate may drop as low as \$18.50 per \$1000 of value during the time of the abatement. This means that the development's tax savings could be as much as twenty percent less. In return the public benefits to be provided by the developer are estimated to have a 1980 value of \$1,787,030.

We are assured by HUD/FHA and GNMA that their annual auditing of project cost and expenses will provide effective controls to assure that the benefits of tax abatement are passed on to renters and do not result in adding to the profits of the developer.

For your information the Development Commission has also authorized me to include capital expenditures totaling \$225,000 in the Downtown Urban Renewal Tax Increment budget to reflect the cost of improved traffic access and signalization to N. W. Front Avenue and Glisan Streets. These improvements would have benefits beyond the McCormick Pier Project. They would increase traffic safety at the railroad grade crossing at Glisan and Front Avenue and generally improve access to N. W. Front Avenue from the Broadway, Steel and Burnside Bridges and the Skidmore/Old Town area.

RECOMMENDATION: The Portland Development Commission recommends approval of the application by Norcrest China Company (William Naito) for property tax exemption under City Code Chapter 3.104 for the McCormick Pier Downtown Housing Development in the Downtown Waterfront Urban Renewal Project.

  
J. DAVID HUNT



December 11, 1979  
Date

TO: The Commissioners

FROM: J. David Hunt

Commission Reports & Documents No. 79-125

SUBJECT: Recommendation to City Planning Commission on Tax Abatement for  
McCormick Pier Project

Norcrest China Company (William Naito) has made application for property tax exemption under City Code Chapter 3.104 for the McCormick Pier development in the Downtown Waterfront Urban Renewal Project to be constructed on the east side of Front Avenue between the Steel and Broadway Bridges. As provided under City Code, this application has been reviewed and approved by the City Planning Commission with respect to conformance to City plans including the Downtown Plan and the Downtown Housing Policy and Program. The application has been transmitted to the Development Commission for recommendations to be considered by the Planning Commission in making its final recommendations to City Council. City Code provides that, "The Portland Development Commission shall review the application and the Planning Commission's findings and recommend to the Planning Commission that the application be approved, denied, or approved subject to conditions."

The code further provides that to qualify for exemption the applicant must propose and agree to include in the project a public benefit which may consist of, but is not limited to among other things; rents which are accessible to a broad income range of the general public, recreation facilities or space, open spaces, facilities for the handicapped, or dedications for public use.

The developer's plans and proposed uses have been found to be consistent with the Downtown Waterfront Urban Renewal Plan. Additionally, project cost and financing information provided by the developer support the need for tax abatement in order to produce housing units affordable by a broad income range including families of moderate income. Also, the project will provide recreation facilities and open space, access to and apartments for the handicapped and dedicated space for public access and Greenway improvements. Information supporting these conclusions is attached as Exhibit A to this CRD.

Information contained in Exhibit B, Public Improvement Costs Related to the McCormick Pier Project, indicate public costs and their source of financing which support the project and help achieve one of the major goals of the Downtown Waterfront Urban Renewal Plan which is to promote additional new housing serving mixed-income groups. In addition, these improvements will extend and improve the Waterfront Park from the Steel to Broadway bridges and assure public access, improve traffic access to Northwest Front Avenue, and extend sanitary sewers. Public expenses totaling \$225,000 of the total public improvement cost of \$2,012,030 are identified in Exhibit B to be funded by Tax Increment Bond proceeds of the Downtown Waterfront Urban Renewal Project. Other costs will be born by the developer.

Letters in support of the project from City Housing Development, Inc., the Downtown Housing Advisory Committee and Burnside Consortium are attached as Exhibits C, D and E.

- Recommendation #1: Authorize Executive Director to prepare a recommendation to the City Planning Commission consistent with this report encouraging approval of the application by Norcrest China for tax exemption provided under City Code Chapter 3.104.
- Recommendation #2: Authorize Executive Director to include in the Downtown Waterfront Urban Renewal Tax Increment Budget those capital expenditures noted in this report totaling \$225,000 in support of this development which help achieve objectives of the Downtown Waterfront Urban Renewal Plan.

---

Executive Director

ACTION:



**OREGON**

Connie McCready  
Mayor

BUREAU OF  
PLANNING  
424 S.W. MAIN STREET  
PORTLAND, OR 97204

Frank Frost  
DIRECTOR  
248-4253

CODE  
ADMINISTRATION  
248-4250

LONG RANGE  
PLANNING  
248-4260

SPECIAL  
PROJECTS  
248-4509

TRANSPORTATION  
PLANNING  
248-4254

January 8, 1980

MEMORANDUM

TO: Portland City Planning Commission

FROM: Frank N. Frost, Acting Planning Director *JNF*

RE: McCormick Pier Tax Abatement Application

William S. Naito, Vice President, Norcrest China Company, has applied for property tax exemption to support a new 404 unit rental housing development to be located on a tract bounded by the Broadway and Steel Bridges, NW Front Avenue and the Willamette River. Consideration for such tax abatement, for a ten year period, is authorized by ORS 307.600 through 307-900 and Title 3, Administration, of the Code of the City of Portland, Oregon. The City's legislation authorizing such procedures was adopted by Ordinance No. 140867 on November 12, 1975, and amended by Ordinance No. 148331 on August 22, 1979, extending the required completion date of housing developments.

These ordinances require that a project meet either one of two listed location criteria. The proposed McCormick Pier project qualifies because of its location within an Urban Renewal Area—the Downtown Waterfront Urban Renewal Project.

These ordinances further specify that the Planning Commission must first determine whether a project is consistent with the City's Comprehensive Plan and then report such findings to the Portland Development Commission.

On November 6, 1979, the Planning Commission completed the first step of the tax abatement application review process as required by City Ordinance by taking the following action:

"That a finding be transmitted to the Portland Development Commission that it is determined that the proposed development is consistent with adopted City Plans and Policies."

Other passages from these ordinances read:

"(b) The Portland Development Commission shall review the application and the Planning Commission findings and recommend to the Planning Commission that the application be approved,

Planning Commission/Frost  
January 8, 1980  
Page Two

denied, or approved subject to conditions. The Portland Development Commission shall send its recommendation to the Planning Commission within 60 days following receipt of the application and findings of the Planning Commission.

"(c) Within 30 days of receipt of the recommendation of the Portland Development Commission, the Planning Commission shall recommend to the City Council that the application be approved subject to conditions which the Commission deems appropriate to achieve the purposes of this chapter. The Planning Commission shall specify in its recommendation to the City Council the scope and nature of public benefit recommended for the proposed project."

At its December 11, 1979, meeting, the Portland Development Commission adopted the following recommendation:

"The Portland Development Commission recommends approval of the application by Norcrest China Company (William Naito) for property tax exemption under City Code Chapter 3.104 for the McCormick Pier Downtown Housing Development in the Downtown Waterfront Urban Renewal Project.

Ordinance Section 3.104.040, Public Benefits, specifies:

"3.104.040 Public Benefits.

In order to qualify for the exemption provided by this chapter, the applicant must propose and agree to include in the proposed project a public benefit which may consist of, but is not limited to:

- (1) rental units at rental rates which are accessible to a broad income range of the general public;
- (2) recreation facilities or space;
- (3) open spaces;
- (4) public meeting rooms;
- (5) day care facilities;
- (6) facilities supportive of the arts;
- (7) facilities for the handicapped;
- (8) service or commercial use which is permitted and needed at the project but not available for economic reasons;
- (9) dedications for public use; and
- (10) other public benefits approved by the Planning Commission and City Council.

The Portland Development Commission Document 79-125, dated December 11, 1979, verifies that the project will provide several of the above listed benefits and thereby qualifies for tax abatement. (i.e., items 1, 2, 3, & 7, above.)

Staff Recommendation: It is recommended that the City Council approve the William S. Naito property tax abatement application under City Code Chapter 3.104 for the McCormick Pier 404 rental housing unit project in the Downtown Waterfront Urban Renewal Project area.

FNF/RO/lb



**OREGON**

CONNIE McCREADY  
MAYOR

OFFICE OF  
PLANNING AND  
DEVELOPMENT

BUREAU OF  
PLANNING  
424 S.W. MAIN ST.  
PORTLAND, OR 97204

FRANK FROST  
ACTING DIRECTOR  
248-4253

CODE  
ADMINISTRATION  
248-4250

LONG RANGE  
PLANNING  
248-4260

SPECIAL  
PROJECTS  
248-4509

TRANSPORTATION  
PLANNING  
248-4254

March 19, 1980

City Council  
Portland, Oregon

RE: McCormick Pier Housing Tax Abatement Application

Members of the Council:

William S. Naito, Vice President, Norcrest China Company, has applied for property tax exemption to support a new rental housing development to be located on a tract in the north end of the Downtown area along the Willamette River.

Consideration for such tax abatement, for a ten year period, is authorized by ORS 307.600 through ORS 307.900 and Title 3, Administration, of the Code of the City of Portland, Oregon. The City's legislation authorizing such procedures was adopted by Ordinance No. 140867 on November 12, 1975, and amended by Ordinance No. 148331 on August 22, 1979, extending the required completion date of housing developments.

On January 15, 1980, the Planning Commission took the following action on this application:

Finding that the proposed project has the necessary public benefits to qualify for tax abatement, it is recommended that the City Council approve the William S. Naito property tax abatement application, under City Code Chapter 3.104 for the proposed McCormick Pier 405 rental housing unit project, located between the Broadway and Steel Bridges east of NW Front Avenue and within the Downtown Waterfront Renewal Project area, with the condition that the following public benefits and compliance actions be provided:

- a. Donation to the City of the Waterfront Park at the southern end of the project;
- b. Continuous Waterfront walkway and bike pathway system (Greenway) with three major Front Avenue-to-Waterfront public pathway easements.
- c. Greenway and Park donation maintained by the developer for the duration of the tax abatement period;
- d. Approximately 5 percent of the units designed for access and use by people with physical handicaps;
- e. Housing be maintained as rental units for at least the duration of the ten year tax abatement period.

The applicant has now modified his plans to provide 300 rental housing units instead of 405 units as originally proposed. Because the rental rates and the public benefits will not be changed, a poll of Planning Commission members indicated that their January 15, 1980, action remains the same with exception that 405 units should read 300 units.

City Code Section 3.104.040, Public Benefits, specifies that "In order to qualify for the exemption provided by this chapter, the applicant must propose and agree to include in the proposed project a public benefit which may consist of, but is not limited to:

- (1) rental units at rental rates which are accessible to a broad income range of the general public;
- (2) recreation facilities or space;
- (3) open spaces;
- (4) public meeting rooms;
- (5) day care facilities;
- (6) facilities supportive of the arts;
- (7) facilities for the handicapped;
- (8) service or commercial use which is permitted and needed at the project but not available for economic reasons;
- (9) dedications for public use; and
- (10) other public benefits approved by the Planning Commission and City Council."

The project more than qualifies because items 1, 2, 3, and 7 are provided.

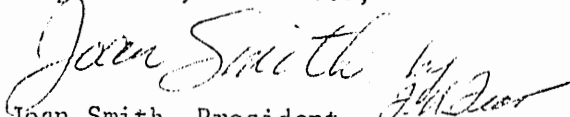
On November 6, 1979, the Planning Commission conducted an initial review and adopted a motion "that a finding be transmitted to the Portland Development Commission that is is determined that the proposed development is consistent with adopted City Plans and Policies."

On December 11, 1979, the Portland Development Commission conducted a review of the application and the Planning Commission's initial finding and adopted the following recommendation:

"The Portland Development Commission recommends approval of the application by Norcrest China Company (William Naito) for property tax exemption under City Code Chapter 3.104 for the McCormick Pier Downtown Housing Development in the Downtown Waterfront Urban Renewal Project."

Actions of both Commissions are required when proposed projects are located within Urban Renewal Project areas.

Respectfully submitted,

  
Joan Smith, President  
Portland City Planning Commission

JS/RO/1b



MCCORMICK FEE

THE CITY OF  
**PORTLAND**



**OREGON**

DEPARTMENT OF  
PUBLIC AFFAIRS  
MILDRED A. SCHWAB  
COMMISSIONER

BUREAU OF PARKS AND  
PUBLIC RECREATION  
DOUGLAS W. BRIDGES  
SUPERINTENDENT

1107 S.W. FOURTH AVE  
PORTLAND, OR 97204  
503/248-3580

**RECEIVED**

DEC 10 1979

PORTLAND DEVELOPMENT COMMISSION

**Transmittal**

date December 7, 1979

project \_\_\_\_\_

no. \_\_\_\_\_

to To: Sam Galbreath

PDC/Bldg 153

We are sending the following material

herewith  under separate cover

copies	date	description
1	December 5, 1979	Memo to Bob Gustafson from Roland Hall on the McCormick Pier Development

sent by  our messenger  your messenger  mail  express

other \_\_\_\_\_ by J. Thompson



3

149385  
*Sam Galt*



INTEROFFICE MEMORANDUM

DATE: December 5, 1979



TO: Bob Gustafson  
Manager of Operations  
FROM: Roland Hall *R. Hall*  
Operations Technical Assistant *R. Hall*  
SUBJECT: Mc Cormick Pier Development

Transmitted herewith is the estimated cost of maintaining a to be designed and contracted public walkway and adjacent landscaping along the shoreline of the proposed Mc Cormick Pier Development.

The estimates cover three phases of this proposed development with Phase "A" relative to a shoreline walkway constructed of asphalt on shore, on piling offshore and a section on an existing dock. Phase "B" is for a minimal landscaping and "C" is for the completed development.

RH:ma

MC CORMICK PIER DEVELOPMENT  
ESTIMATED ANNUAL MAINTENANCE OF  
SHORESIDE PUBLIC AREAS

Phase "A": To include lighted walkway 8 feet wide with 1340 feet on piling, 480 feet of asphalt on shore and 670 feet on an existing dock for a total of 2490 feet.

Full Time Employee	400 hrs. @	10.30 -	\$ 4120	
Overtime	40 hrs. @	15.45 -	618	
				<u>\$ 4,738</u>
Carpentry Services			\$ 1150	
Plumbing Services			690	
Electrical Services			920	
				<u>2,760</u>
Equipment Rental			\$ 250	
Fleet Services	400			
Miscellaneous	250			
				<u>\$ 900</u>
Operating Supplies			\$ 225	
Repair & Maintenance Supplies			1225	
Minor Equipment & Tools			150	
				<u>\$ 1,600</u>
Inter-Agency Services			\$ 350	
				<u>\$ 350</u>
Utilities				
Electric Power			\$ 1300	
Water			300	
Refuse Services			520	
				<u>\$ 2,120</u>
				<u>\$ 12,468</u>

Phase "B": To include the minimum additional landscape development beyond Phase "A" - 12,500 sq. ft. of turf and 7000 sq. ft. of shrub beds.

Full Time Employee	120 hrs. @ 10.30		\$ 1,236
Plumbing Services		\$ 460	460
Fleet Services		\$ 120	
Miscellaneous Services		75	195
Operating Supplies		\$ 75	
Repair & Maintenance Supplies		100	
Minor Equipment & Tools		50	225
Mower and Operator		\$ 1080	1080
Utilities			
Water		\$ 120	120
Total Phase "B"			\$ 3,316
Total Phases "A" and "B"			\$ 15,785



RECEIVED

DEC 5 1979

PORTLAND DEVELOPMENT COMMISSION

OFFICE of FIRE MARS. 1L  
FIRE PREVENTION DIVISION  
CITY OF PORTLAND

MCCORMICK PIER  
PLC  
COPIES TO  
BILL HARTO  
GEORGE SHELTON

From: Francis Sargant, Chief Fire Marshal, 139/304 Date: Dec. 3, 1979  
To: Sam Galbreath, Portland Development Commission, 153/  
Subject: NW 9th Street Crossing re: McCormick Pier Project

ROUTE	COPY
EX DIR	
D DEVEL	
D HOS/ENG	
INSP SUPER	
INSP	
INSP MNTN	
INSP MNTN SCS	
CHIEF P.E.	
CHIEF RELO.	
CHIEF ENG	
MASTER FILE COPY <i>211</i>	

This memo shall serve to reiterate the salient points of our 28 November 1978 conversation concerning the NW 9th railroad grade crossing and other subjects related to the proposed McCormick Pier Project.

- 1) The cost to the public for reopening the NW 9th Street railroad grade crossing will be approximately \$270,000.
- 2) The McCormick Pier Project could be isolated from fire apparatus for as long as 10 minutes due to grade crossings being blocked by trains. Those 10 minutes would be critical in the event of a fire in such a densely structured project as the Type V frame construction proposed.
- 3) The 9th Street grade crossing does not guarantee access but does improve the odds somewhat that fire apparatus might access either the 9th Street or the 14th Street crossing at any given time. The likelihood of the 9th Street crossing being blocked would be substantially less than the 14th Street crossing due to the nature of switching activities, etc., in the railroad yard. Again, though, there are certainly no guarantees that either would be open. The 9th Street crossing would merely give us another option.
- 4) The McCormick Pier project will be totally type V, frame construction, no condominiums according to you. We have not seen a set of definitive plans as yet.
- 5) We plan to push for installation of automatic fire sprinklers throughout the complex. The developers are resisting such a requirement. There are substantial, continuing insurance premiums savings to be realized by the owners if sprinklers are installed. The cost of the sprinklers will be amortized, as a result of such savings, in a relatively very short time.
- 6) If sprinklers are installed throughout, there is another immediate saving to be realized--less hydrants will be required.
- 7) If sprinklers are installed, and we think we can convince the appeal board of the necessity of such a requirement, we would no longer push for the 9th Street crossing. The sprinklers would buy us the necessary time we need in the event we were temporarily blocked from accessing the complex from all directions.

Sam Galbreath, PDC  
Page 2  
December 3, 1979

- 8) Irrespective of whether the NW 9th grade crossing is opened, we will not approve the permit application. That will undoubtedly trigger an appeals action.
- 9) The design is under way, according to you.
- 10) In any event the 9th Street crossing is not a requisite to approval of the construction permit, because with it or without it, if no sprinklers are planned we shall disapprove the permit.
- 11) We agree with you that there should be no public dollars spent on the grade crossing reopening at this point.
- 12) Whether or not the crossing is reopened, we shall press for the full coverage of the complex by automatic fire sprinklers.
- note (13) In the event the appeal board were to overrule us, we would want the 9th Street crossing reopened.
- 14) At this point it appears that it is the architects and developers who don't want the automatic sprinklers installed. We may have to, and probably will, contact Mr. Naito and speak to him directly concerning this requirement.
- 15) You feel that the cost of reopening the 9th Street crossing does not justify reopening it,--that and the fact that there is already a crossing at NW 14th. Again, if the complex is not sprinkled we would desire that we have as many access options available as possible.

Thanks for contacting us concerning this matter. If we can be of any further assistance, please contact us.

By Gerald E. Edwards  
Gerald E. Edwards  
Staff Lieutenant

GEE/lh

THE CITY OF  
**PORTLAND****OREGON**OFFICE OF  
PLANNING AND DEVELOPMENT  
**Cowles Mallory**  
Administrator  
1220 SW FIFTH AVE  
PORTLAND, OR 97204  
503 248 4579

December 3, 1979

Mr. Andy Raubeson  
Director  
Burnside Consortium  
107 N.W. 5th, Suite 212  
Portland, Oregon 97209

Dear Mr. Raubeson:

We have received your letter of November 26th conveying the support of the Burnside Consortium for the ten-year tax abatement for the McCormick Pier housing development.

No "quota" exists as far as we are aware with respect to tax abatements on housing developments, but can assure you that should Council approve tax abatement in this case, it will have no bearing on future applications for abatement.

There are a number of public benefits that would result from this project including the easements which you mentioned.

As to the future development of the proposed park areas, we will forward a copy of your letter to Doug Bridges for his use in the development of any Citizen Advisory Committee which he may set up to advise in the design of the park area.

Again, we appreciate the support of your organization and will so inform City Council at the appropriate time.

If you have any other questions or comments, please contact Pat LaCrosse at 248-4935.

Sincerely,

Cowles Mallory  
Administrator

CM:gc

cc: Tina Frost  
Roger Stange  
Doug Bridges  
Sam Galbreath





recreational needs in the downtown area (including Waterfront Park) than a marina and an ampitheater. We would like to be involved in any park planning for the downtown area.

If you have any questions please contact me.

Sincerely,

*Andy Raubeson*  
Andy Raubeson

AR/rg

cc: Tina Frost, Advisory Committee Chairperson  
Roger Stenge, Project Architect  
Sam Galbreath, Portland Development Commission

RECEIVED

NOV 23 1979

PORTLAND DEVELOPMENT COMMISSION

CITY OF PORTLAND

INTER-OFFICE CORRESPONDENCE

(NOT FOR MAILING)

November 23, 1979

LET'S DISCUSS  
ACCESS! SOME WAY

From Bureau of Traffic Engineering, R.C. Speer

RC

To Portland Development Commission

Addressed to Sam Galbreath

Subject McCormick Pier Project

FILE

ROUTE	COPY
EX DIR.	
D. DEVEL.	
D. HOUSING	
MOR. DEPT.	
MOR. PLAN. DIV.	✓
MOR. TRAFF. SVCS.	
MOR. FIN. SVCS.	
CHIEF R.E.	
CHIEF C.E.O.	
CHIEF ENG.	
MCCORMICK PIER	
FILE	
MASTER FILE COPY	

W.H.

The following information has been developed in answer to the questions raised at the September 25, 1979 meeting.

ACCESS - 9TH RAILROAD CROSSING

This crossing was temporarily closed July, 1976 by ordinance #141686 with a revocable permit to the Portland Terminal Railroad Company.

Apparently the Public Utility Commission got wind of a possible move to re-open this crossing, because on Nov. 9, 1979 a letter was sent to the mayor requesting agreement on this closure. Requirements for adequate protection were outlined if re-opening is required. (copies enclosed)

The estimate for traffic signals and railroad crossing gates at this crossing is \$257,000.

Traffic counts prior to the closure in 1976 were 880 vehicles per day on N.W. 9th Ave. It is estimated that if this crossing was re-opened it would build up over several months to 1,000 vehicles per day.

ACCESS - HOYT STREET

The alternative to the initially proposed Hoyt Street access, by converting N.W. 1st Ave. to two-way between N.W. Everett and Glisan, was investigated.

The major problem with this solution is the extremely long (320') clearance distance required if southbound N.W. Front Ave. traffic were stopped before crossing the tracks. Even if the P.U.C. were to allow a stop line further south at Glisan St. the clearance distance would be approximately 200' and would require a third phase in order to handle N.W. Glisan St. traffic right turning to 1st or Front Ave

Another alternative was also investigated. This alternative would bring traffic north on N.W. 2nd Ave. to Glisan and then enter N.W. Front via a new signal.

\* THIS ALTERNATE TO BE USED

Page 2 of 2  
11/20/79  
Sam Galbreath

This plan also requires a long, (290'), clearance distance but would require only a 2 phase signal.

This alternative could be a workable solution if P.U.C. would allow the southbound traffic to stop across the tracks, with adequate signal equipment to assure all traffic cleared before a train movement.

This routing would also require that N W. 2nd Ave. remain open to Glisan St..

The required signalization and railroad gates at this intersection would cost approximately \$215,000.

It is questionable whether railroad safety funds would be made available for this crossing since it is not a solution to an existing safety problem.

An estimate of usage of this connection to N.W. Front Ave. is difficult. Presently there are 1,600 more southbound Front Ave. vehicles than northbound largely because of the fact that the Steel Bridge has no westbound to northbound access to Front Ave. but does have a southbound to eastbound connection. The connection at N.W. Glisan St. would not help this situation but would provide for trips from the immediate N.W. & S.W. area to reach N.W. Front Ave. easier since the last approach presently is at S.W. Pine St. Our best estimate for traffic on N.W. Glisan St. using this approach would be between 500 and 1,000 vehicles per day.

We hope this information will be helpfull and if you have further questions please call.

RCS:md

encls.



DONALD A. STILL  
 Transportation Specialist  
 RAIL RATE AND SERVICE DIVISION

✓ 7A-000.32  
 #645

**CITY COMMISSIONER OF OREGON**

Public Utility Commissioner  
 Labor & Industries Building

Salem 97310

Phone 378-6191

BUILDING, SALEM OREGON 97310 PHONE (503)378-6611

NOVEMBER 7, 1979

NOV. 9, 1979

The Honorable Connie McCready, Mayor  
 City of Portland  
 400 SW 6th Avenue  
 Portland, OR 97204

Re: SXF 765; Crossing 7A-0.58, NW 9th Avenue, Portland

We would like to reach agreement on the status of the six-track grade crossing north of Union Station on NW 9th Avenue at Front.

Portland Terminal Railroad instituted formal proceedings with us in 1975, seeking permanent closure of this crossing. Subsequently, the City agreed to a temporary closure effected through City Ordinance 141686. This crossing has been closed to public use since July, 1976.

Earlier this year we proposed permanent closure, on the basis that the three-year trial period had successfully demonstrated that the crossing is not required for adequate traffic circulation and emergency service to the area served. We proposed entering a final order and requested responses from the parties in interest.

Initial responses from the Fire and Police Bureaus of the City of Portland were favorable to permanent closure. However, the Bureau of Street and Structural Engineering advised us on July 30 that a proposal to construct a large residential complex along NW Front near 9th would, if implemented, require retention of the 9th Avenue crossing in order to provide adequate fire and police protection for the residential development. Subsequently, on August 21 Fire Chief Morterud retracted the Fire Bureau's previous assent to closure.

If the crossing is needed in order to provide essential access to the area, then it should remain open. However, the value of NW 9th Avenue for emergency access purposes is questionable in view of the well over 100 train movements over the crossing per day.

RECEIVED

NOV 16 1979  
 BUREAU OF  
 TRAFFIC ENGINEERING

The Honorable Connie McCready, Mayor  
November 9, 1979  
Page Two

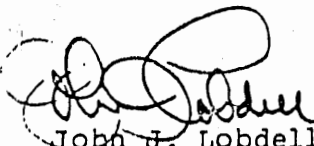
Our concern is safety. Northbound vehicles on 9th Avenue frequently must stop on the tracks while waiting to enter NW Front. If a train comes during this time, the motorist is placed in a difficult, if not impossible position.

To adequately provide for safety at this crossing, crossing lights and gates, interconnected with traffic signals at NW 9th and Front, would almost surely be needed. This will be a very expensive installation for what may be a very marginal access route.

The alternatives, at this point, appear to be as follows:

1. Entry of the enclosed order closing the 9th Avenue crossing until a demonstrated need for it can be shown. An application from the city and order from the PUC would be required to reopen the crossing. If all parties (railroad, city, PUC) were not in agreement, the matter would be settled after hearing. The final decision may be appealed to the courts.
2. Entry of an order after hearing. If the city cannot agree to the proposed order, we can schedule a hearing on the matter. As above, an order would then be issued after hearing.
3. A written statement from the city to the effect that the crossing will remain closed until all parties have agreed upon a signalization plan and an appropriate order covering such a plan is entered.

Please let us know your decision on this matter.

  
John J. Lobdell  
Commissioner

ah

Enclosure

cc: All Parties in Interest in SXF 765  
Dave Astle

← ↑

ORDER NO.

CROSSING NO. 7A-0.58

ENTERED

BEFORE THE PUBLIC UTILITY COMMISSIONER

OF OREGON

SXF 765

In the Matter of the Application of PORTLAND )  
TERMINAL RAILROAD COMPANY for the authority, )  
pursuant to ORS 763.030, to close a grade ) ORDER  
crossing of N.W. 9th Avenue and Portland )  
Terminal Railroad, main line & yard lead )  
tracks, in Portland, Multnomah County, Oregon.)

This order is entered under the provisions of  
ORS 756.515 and is necessary for the public health and safety.

Upon investigation in this matter, the Commissioner  
finds:

1. On May 27, 1975, Portland Terminal Railroad  
Company duly filed an application in this matter for authority  
to close the existing railroad-highway grade crossing of  
N.W. 9th Avenue and six tracks of the Portland Terminal  
Railroad Company in Portland, Multnomah County, Oregon.  
The railroad contends in its application that the closure is  
required by the public safety, necessity, convenience and  
general welfare. In support of this contention the railroad  
makes the following statement in its application:

"To eliminate the hazard caused by the  
at-highway grade crossing of busy yard lead  
tracks which hazard is intensified by the  
requirement of vehicles to stop on the  
tracks before entering Front Ave. which is  
an arterial thoroughfare. An additional  
benefit would be the elimination of most of  
the crossing blockages caused by conflict of  
river and rail traffic wherein the Steel  
Bridge is opened after railroad moves to the  
east side of the river are irrevocably  
committed. Also, autos southerly bound on

ORDER NO.

Front wishing to make a right turn onto 9th, and are prevented from doing so by railroad equipment on the crossing in some instances occupy the right-hand (curb) lane waiting for the crossings to clear. This causes an extreme hazard to auto traffic during heavy traffic periods."

2. After a review of the matter, the City of Portland proposed the adoption of an ordinance temporarily closing the crossing on a trial basis to assist the parties in making a final determination as to the disposition of this crossing. By letter dated March 24, 1976, Commissioner's staff agreed to the proposed temporary closure with the understanding that the Commissioner retains jurisdiction over the final disposition of the crossing.

3. This crossing has been closed to use by the public for over three years, pursuant to Portland City Ordinance No. 141686, passed on May 6, 1976, by the Portland City Council.

4. On July 16, 1979, Staff sent a letter to all parties in interest in this matter proposing that a final order be issued permanently closing this crossing and noting that the temporary closure has not resulted in any serious impediment to traffic flow or to the movement of emergency vehicles in the area.

5. Answers to Staff's letter of July 16th have been received from the following parties:

Oregon Department of Transportation, by letter of July 17, 1979 -- no objection to permanent closure.

Portland Terminal Railroad Company, by letter of July 17, 1979 -- no objection to permanent closure.

Portland Bureau of Police, by letter of July 26, 1979 -- no objection to permanent closure.

Portland Bureau of Street and Structural Engineering, by letter of July 30, 1979 -- noting city is unwilling to vacate N.W. 9th Avenue at this time; final decision to depend on City Council decision on private and industry proposal to construct a large residential dwelling complex along N.W. Front Avenue near N.W. 9th Avenue.

Portland Bureau of Fire, by letter of August 3, 1979 -- no objection to permanent closure; subsequent letter of August 21, -- if dwelling unit project is approved and constructed, N.W. 9th Avenue will become a necessary access to this area for fire protection.

6. Despite manual flag protection provided by a watchman, stationed at the crossing several hours a day prior to closure, the N.W. 9th Avenue crossing had one of the worst train-vehicle accident records of any grade crossing in Oregon. During the ten-year period immediately prior to temporary closure of this crossing, 14 train-vehicle collisions at this crossing were reported to the Commissioner, including two during the first four months of 1976.

7. On September 24, 1975, Commissioner's staff made a visual 16-hour count of train and vehicle traffic over the N.W. 9th Avenue crossing. Between the hours of six o'clock a.m. and ten o'clock p.m. on that date, there were 781 vehicle movements over the crossing and 125 train movements over the crossing.

8. The crossing, as it existed prior to its closure, represented a serious hazard to its users, both on the highway and on the railroad. Visibility of oncoming train movements from the southeast was restricted on the southerly approach along N.W. 9th Avenue by a yard office building in the southeast quadrant. Visibility of approaching train movements from the northwest was frequently restricted by railroad equipment occupying tracks in the Hoyt Street Yard and roundhouse facility which lies immediately adjacent to N.W. 9th Avenue on the west. Northerly bound traffic on 9th Avenue was required to stop on the tracks before entering N.W. Front Avenue, a major thoroughfare immediately adjacent to the crossing.

9. The crossing should not be reopened to public use until the following has been accomplished:

(a) The Commissioner finds that reopening of the crossing is required by the public safety, convenience and general welfare; and

(b) A method of adequately protecting users of the crossing from train-vehicle collisions is specified and implemented. At the least, it is likely that such protection would consist of the following, at a minimum:

(1) Automatic gates and lights (Commissioner's Standard No. 2 and 4), with appropriate activation devices on all tracks which are to be continued in service over the crossing;

(2) Traffic signalization of the intersection of N.W. Front Avenue, interconnected with the automatic crossing protection to assure that motorists on 9th Avenue waiting to enter Front Avenue, will be able to clear the track before railroad occupancy of the crossing; and



ORDER NO.

(3) Adequate illumination of the crossing area during the hours of darkness.

IT IS THEREFORE ORDERED that the railroad-highway crossing of N.W. 9th Avenue and the Portland Terminal Railroad Company, catalogued in the Commissioner's Crossing Log as Crossing No. 7A-0.58, shall remain closed until it is shown that the crossing is required by the public safety, convenience, and general welfare, and that the users of the crossing will be afforded adequate protection against train-vehicle collisions.

Made, entered and effective \_\_\_\_\_.

JOHN J. LOBDELL  
Public Utility Commissioner

cd

PORTLAND DEVELOPMENT COMMISSION

MEMORANDUM

X22C J26  
JDH [Signature]  
McCormick File

DATE: October 26, 1979  
TO: McCormick Pier File  
FROM: ~~Sam Galbreath~~  
SUBJECT: October 16, 1979 Meeting on Greenway Improvements

Roger Stange, George Sheldon, Doug [unclear], Bill Naito of the development team; Paul Donneffner, State Marine Board; [unclear] bridges and Fontaine Hagedorn of the Park Bureau met with Pat LaCrosse and Sam Galbreath to discuss public/private responsibilities for greenway improvements adjacent to the project. It was agreed that the scope of improvements and related responsibilities would be divided into two parts.

MINIMUM DEVELOPMENT

Private Responsibilities

- 1) The developer will dedicate a public easement along the river adjacent to the housing development.
- 2) The developer will dedicate three public access easements from Front Avenue through the housing to the river easement.
- 3) The developer will donate a parcel of land at the south end of the project to the City for public open space as an extension of Waterfront Park.
- 4) The developer will construct improvements on the easements and donated land which will include:
  - a) A continuous pathway for pedestrians, cyclists, and handicapped for the entire length of the project.
  - b) Paved paths in the three front to riverside easements.
  - c) Pier structure for the pathway adjacent to the housing.
  - d) Landscaping, lighting, and benches necessary to create an attractive and useable park area.
  - e) Riverbank improvements necessary to stabilize and prevent erosion of the sloped areas.

Memo to McCormick Pier File  
October 26, 1979  
Page 2

- 5) The developer will maintain these improvements for the ten years of tax abatement.

#### Public Responsibilities

The City will be responsible for providing an on-grade connection between the project and the Waterfront Park south of the Steel Bridge.

#### MAXIMUM DEVELOPMENT

##### Private Responsibilities

Beyond the provision of those things outlined above, developer will have no direct responsibility for additional improvements constructed within the greenway easement or the donated open space parcel. He will be included, however, as a partner with the City in the design and general coordination of construction to assure that the maximum development is complimentary to the housing development.

##### Public Responsibilities

The public would be responsible for all improvements beyond those outlined for the developer under the minimum scheme, including maintenance of above standard improvements, even though they may be constructed and require maintenance during the term of the tax abatement. Among those additional improvements, which would be sought by the public, are the following:

- 1) Additional improvements to the pier which could include sheltered seating areas.
- 2) Design and development of small transient moorage facility adjacent to the donated parcel.
- 3) Design and development of a terraced amphitheater focusing on the moorage within the donated parcel.
- 4) Design and development of additional park features which could include fountains, additional seating areas, play equipment, etc.

#### IMMEDIATE TASKS

The following tasks are required immediately for purposes related to the tax abatement hearing for the accomplishment of the minimum development:

- 1) The developer will prepare schematic development plans for the minimum improvement sufficient to clearly illustrate the nature and character of improvements which he will provide and sufficient for estimating costs.
- 2) The developer will prepare a cost estimate for the minimum improvements.
- 3) The developer will prepare an estimate of annual maintenance costs with assistance from the Bureau of Parks.
- 4) A proposal for the on-grade connection between the project and Waterfront Park will be prepared with cost estimate by the Bureau of Parks.
- 5) The developer will indicate the size and estimate of value of the donated parcel. He will separately estimate size and value of the easement to be granted the City. These are for determining the extent that these donations can act as local match for grant funds to be pursued by the Bureau of Parks.

The following are initial steps which should be taken relative to the maximum development:

- 1) Doug Macy will initiate a meeting with the Port (including possibly Bill Bach, Ken Johnson or Jim Church) to informally discuss the Port's reaction to the transient moorage. PDC and the Bureau of Parks will participate.
- 2) Doug Bridges will pursue funding for the maximum development through an application for Urban Park Recovery Funds, State Marine Board funds, and/or funds from sources which may be available to assist in this kind of development. The value of the private development plus the donated land value will be the basis for local match requirements under these programs.
- 3) Bureau of Parks will work with the Port, Corps of Engineers and others with jurisdiction relative to the potential construction of a small transient moorage.

The purpose of outlining the strategy in this way is to make it clear that the public participation in the above minimum improvements is not a contingency of this project. All agreed, however, that if additional funds can be secured in a timely fashion, that joint development of the easement and donated parcel timed to coincide with the housing development would be ideal. This is dependent principally on the timing and availability of funds from sources to be pursued by Doug Bridges.

jas

cc: Paul Donheffner - State Marine Board - 3000 Market St. NE #505 Salem 97310  
Doug Bridges - Bureau of Parks - B106  
Bing Sheldon - Sheldon, Eggleston & Reddick - 123 N. W. 2nd 97209  
Bill Naito - Norcrest China Co. 55 W. Burnside 97209  
Frank Frost - Acting Director, Bureau of Planning - B106  
Bruce Martin - OPD - B146/R610

## Portland Development Commission

M E M O R A N D U MDATE September 28, 1979

TO: The McCormick Pier File

FROM: Sam Galbreath

SUBJECT: 9/25/79 Meeting on Public Improvements

Terry Bray, Public Works, Dick Spear, Traffic Engineer, Sam Galbreath and Pat LaCrosse, PDC, Bill Naito, Doug Macy and Roger Stange and Bing Sheldon of the Consultant Team met to discuss public improvements which may be required in support of the project. These were:

1. Additional access -  
Hoyt St. Railroad Crossing  
9th St. Railroad Crossing
2. Parking within the Front Avenue Right-of-Way.

The following conclusions were reached:

1. Access - 9th St. Railroad Crossing.
  - a) This temporary closure should be re-opened and conditions of the grade crossing restored to the condition which existed prior to closing. In order to determine that this can happen the following will occur:
    - 1) Dick Spear will inquire of the City Attorney's office as to the City's right to cause the crossing to be re-opened without involvement of the PUC. It is anticipated that this could be allowed due to the temporary nature of the closure.
    - 2) Dick Spear will analyze traffic counts at the 9th St. crossing prior to closure and will estimate what changes in traffic volumes could be anticipated with its re-opening.
    - 3) Dick Spear will coordinate with the PUC on matters pertaining to re-opening only if the City Attorney determines that their involvement is required.
    - 4) City Traffic Engineer, in conjunction with Public Works, will estimate the cost of re-opening the crossing.

2. Access - Hoyt Street.

An alternative to a new grade crossing at the extension of Hoyt Street may be the adjustment of traffic patterns on First Avenue between Everett and Front coupled with new traffic signals at Glisan and Front and adjustments to existing signals at Everett and First. To determine the feasibility of this the following will occur:

- a) The City Traffic Engineer will prepare schematic intersection and traffic flow plans. A preliminary cost estimate for signal installation and adjustments will also be prepared.
- b) The Traffic Engineer will prepare a very brief statement as to the benefit of these adjustments which will be derived beyond providing additional access to the McCormick Pier Project.
- c) Sam Galbreath will check with the Daorx Project Traffic and Parking Consultants to insure that these adjustments are consistent with their findings and recommendations.

3. Parking within the Front Avenue Right-of-Way.

It was concluded that a frontage road with parallel parking and a landscaped buffer was not feasible within the current right-of-way. As an alternative it was agreed that parking could be accommodated on the east side of Front Avenue given the following street cross section:

Two 12-foot outside traffic lanes.

Two 11-foot center traffic lanes.

An 11-foot two-way left-turn refuge with two one foot stripes.

An 8 to 10 foot parking lane with meters on the east side of the street.

5 to 6 foot sidewalk adjacent to the parking lane.

City Public Works timing for Front Avenue improvements is as follows:

Preliminary engineering to begin February, 1980.

Construction to begin spring, 1981 with completion fall 1981 if no sewer work is required. If sewers are required, completion could be as late as spring 1982.

It was agreed that these improvements would be an appropriate part of the Front Avenue Improvement Project and would not entail extraordinary expenses due to the McCormick Pier Project. However, the developer will be responsible for any landscaping within sidewalk areas or east of the east curb line. Work needs to be accomplished and coordinated as follows:

- a) The project architects in conjunction with the City Engineer's office (Dave Hill and Ralph Tashima, phone 248-4330) are the Public Works' Engineers

responsible) to develop preliminary street cross sections.

- b) City Engineer will provide basic engineering control for McCormick Pier improvements which will occur adjacent to this street.
- c) The City Traffic Engineer will work with the developer to determine need for a traffic signal for access to the project. If required a cost estimate will be made.

After the completion of the above work, in approximately two weeks, the Development Commission staff will summarize all potential work plus cost estimates which will be reported to City Council in conjunction with the tax abatement hearings scheduled for October.

SCG:gc

cc: Attendants  
Rod O'Hiser

*JDH*

Don Bergstrom *11/4/72*

SEARCHED  
SERIALIZED  
INDEXED  
FILED

NOV 14 1972

FBI - MEMPHIS

The Council granted the request for a tax abatement on the property located at McCormick Pier and adjacent to Front Avenue. The abatement is for a period of five years and is subject to certain conditions. The Council also approved the preliminary street cross sections for the property. The City Engineer will provide basic engineering control for McCormick Pier improvements which will occur adjacent to this street. The City Traffic Engineer will work with the developer to determine need for a traffic signal for access to the project. If required a cost estimate will be made.

After the completion of the above work, in approximately two weeks, the Development Commission staff will summarize all potential work plus cost estimates which will be reported to City Council in conjunction with the tax abatement hearings scheduled for October.

THE CITY OF  
**PORTLAND**



**OREGON**

DEPARTMENT OF  
DEVELOPMENT AND  
CIVIC PROMOTION

PORTLAND  
DEVELOPMENT  
COMMISSION

Allison Logan Belcher  
Jerry G. Jones  
Gary W. Masner  
Walter C. Mintkeski  
Louis Scherzer

J. David Hunt  
Executive Director

1500 S.W. First Avenue  
Portland, Oregon 97201  
(503) 248-4800

September 10, 1979

MEMORANDUM:

TO: The File

FROM: *Pat LaCrosse* Pat LaCrosse

SUBJECT: Informal Council Session on the  
McCormick Pier Development, 9/4/79

On the above date staff and the developer, Bill Naito, made a presentation to City Council on the McCormick Pier site and proposed development. After a short introduction, Bill Naito described the housing proposal. After further discussion with the developer and his architect, the following points were established:

1. The Council present i.e., Commissioners Schwab, Ivancie and McCready took no formal position on the tax abatement pending further information and formal application.
2. More information is needed on the reason for, cost of, and who pays for another access to Front Avenue through the development of Hoyt Street from 3rd to Front.
3. The same concern was voiced with respect to the re-opening of 9th Avenue, connecting to Front.
4. The whole question of the park land donation and improvement cost, the greenway and who owns and maintains it, as well as the off-shore structure which the developer stated could be built by him and maintained by him, needs to be clarified.
5. An additional issue which was not covered in great detail in the meeting itself involves the alteration of the Front Avenue improvements to allow for the parking lane adjacent to the project. Whether this would be public, metered, or private parking and its estimated cost and the question of who pays, needs to be resolved.

As a follow-up to the meeting, I propose a three-part approach:

1. That a meeting be held involving John Lang, PDC staff, Traffic and the developer to discuss improvements whether Hoyt, Ninth or both to the access to Front Avenue.



Re: McCormick Pier, Cont'd  
Page 2

September 10, 1979

2. That a separate meeting be held with Doug Bridges, the developer and the PDC staff to clarify the costs, timing and relationship of the public recreation property, including the park, greenway, etc., as well as the breakwater.
3. That the developer proceed immediately to prepare the formal tax abatement application which will be filed with Bruce Martin for processing as outlined in the City Ordinance.

I will follow up to initiate these meetings.

PLC:gc

cc: Bill Naito  
 Edith Sherman  
 George Sheldon  
 John Lang  
 Bob Willoughby  
 Bruce Martin

Doug Bridges  
 Doug Butler  
 Tom Neely  
 Dave Hunt  
 Sam Galbreath

*[The following text is a mirror image of the typed content above, appearing as bleed-through from the reverse side of the page. It is not legible as it is upside down.]*





OBJECT COST ANALYSIS

McCORMICK PIER PROJECT

(WEST SIDE WILLAMETTE RIVER  
BETWEEN BROADWAY & STEEL BRIDGES)

Total Gross Area Apartment Buildings (Not including balconies or patios)	312,477 sq. ft.	
Total Gross Area Recreation, Laundry and Management Building	20,000 sq. ft.	
Total Gross Area Parking Structure	57,000 sq. ft.	
Total Rentable Area Apartment Units (per HUD definition: inside measurements)	299,826 sq. ft.	
<hr/>		
Building Cost 332,477 @ \$34.28 (Apartment and Recreation Buildings)	\$11,396,585	
Site Improvements (Parking structure rehab, surface parking, landscaping, roads & walkways, site utilities)	1,627,723	
CONSTRUCTION COSTS INCLUDING PARKING	13,024,308	
Land Cost \$6,525/unit	2,642,500	
TOTAL CONSTRUCTION COSTS - BUILDING & LAND		15,666,808
Interest during construction	1,141,653	
Other Carrying Charges & Financing Fees	995,205	
TOTAL - INDIRECT COSTS		<u>2,136,858</u>
TOTAL PROJECT COSTS		17,803,666**
Mortgage Amount		<u>16,023,200</u>
Equity Investment		1,780,466

\*\*This amount represents the estimated maximum project costs supportable by rents considered feasible for middle-income housing at this location. However, the attached letter addressed to the Portland Development Commission by J. Douglas Macy, consultant to the developers, explains the limited funds available within the project budget for offsite improvements including the Willamette Greenway improvements which will benefit the general public.

PROFORMA INCOME/OPERATING STATEMENT  
WITH TAX ABATEMENT

MCCORMICK PIER PROJECT

(WEST SIDE WILLAMETTE RIVER  
BETWEEN BROADWAY & STEEL BRIDGES)

INCOME:

Annual Gross Rental	\$2,049,840
Miscellaneous	14,580
Parking	<u>116,160</u>
TOTAL INCOME	2,180,580
Less: Vacancy Allowance (7%)	<u>152,641</u>
TOTAL EFFECTIVE ANNUAL RENTAL INCOME	<u>2,027,939</u>

OPERATING EXPENSES:

Administrative	\$ 104,667
Operating	118,323
Maintenance	112,100
Reserve for replacement	<u>58,710</u>
TOTAL OPERATING EXPENSE	393,800
TAXES (LAND ONLY) 1,459,000 @ \$25	<u>36,475</u>
TOTAL EXPENSES (WITH TAX ABATEMENT)	<u>430,275</u>
NET OPERATING INCOME (before Debt Service)	1,597,664
Debt Service	
14,128,200 @ 7 1/2% 40 yrs = \$1,186,324 8.4K	
1,895,000 @ 7 1/2% 10 yrs = <u>279,512</u> 14.75K	<u>1,465,836</u>
CASH FLOW	<u>\$ 131,828</u>

Return on Equity -  $\frac{131,828}{1,780,466}$  = 7.40%

PROFO: INCOME/OPERATING STATEMENT  
WITHOUT TAX ABATEMENT

McCORMICK PIER PROJECT

(WEST SIDE WILLAMETTE RIVER  
BETWEEN BROADWAY & STEEL BRIDGES)

INCOME:

Annual Gross Rental	\$2,049,840
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Administrative	\$ 104,667
Operating	118,323
Maintenance	112,100
Reserve for replacement	<u>58,710</u>
TOTAL OPERATING EXPENSE	393,800

TAXES:

Land \$1,459,000 @ \$25	36,475
Building \$11,181,000 @ \$25	<u>279,525</u>
TOTAL TAXES (WITHOUT TAX ABATEMENT)	<u>316,000</u>
TOTAL EXPENSES (WITHOUT TAX ABATEMENT)	<u>709,800</u>
NET OPERATING INCOME (Before Debt Service)	1,318,139
Debt Service (\$16,023,200 @ 7 1/2% 40 yrs = 8.4K)	<u>1,345,444</u>
CASH FLOW - NEGATIVE	<u>\$ - 27,305</u>

HUD/FHA will not insure a loan with a negative cash flow.

EASIBILITY COMPARISONTAX ABATEMENT/WITHOUT TAX ABATEMENT

Following is a comparison of rents based on a mortgage interest rate at 7 1/2%:  
 (1) rents without tax abatement; (2) proposed rents with tax abatement savings spread over a 40 year term; (3) rents reduced by tax abatement for ten years only.

<u>No</u>	<u>Units</u>	<u>Sq. Ft.</u>	<u>Rents without tax abatement</u>	<u>Proposed Rents</u>	<u>Rents reduced by tax abatement for ten years only</u>
186	1 Br	617	388	355	339
106	1 Br	738-748	470	430	411
49	2 Br 1 Bath	962	536	490	469
64	2 Br 2 B	928	601	550	527

If taxes are not exempted, they would have to be borne by the renters and the rents would be above the range for middle-income rental housing as projected for 1982, therefore making the project infeasible.

With tax abatement there would be an average annual savings of \$690.19 per unit (\$57.52 per month). However if the total savings were applied to rents during the ten-year term, there would have to be an immediate jump in rents at the end of the abatement period, and tenants during the first ten years would be the only beneficiaries.

To equalize the tax savings over the full 40-year term of the loan, HUD/FHA requires that all of the savings from tax abatement are to be used to pay off a portion of the total debt over the initial ten year period. The balance of the debt is amortized over 40 years. Thus, when the project goes on the tax rolls, the short term debt is paid off and tax payments can begin without any increase in rents. These additional payments during the first ten years have the effect of reducing total mortgage payments over the 40-year term of the loan and when this savings is added to the tax savings, there is a total savings to all tenants in excess of \$7 million spread equally over 40 years.

A Regulatory Agreement between FHA and the owner sets the allowable maximum rents at first occupancy and regulates increases, as approved by FHA, based on substantiated increases in taxes and operating and maintenance expenses.



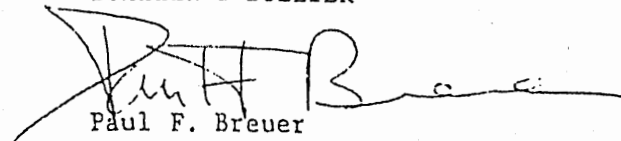


10. Greenway maintenance has been calculated by consultation with the Parks Department at \$15,785/year for 10 years = \$157,850.

If any further facts or figures are required, please contact me.

Very truly yours,

BULLIER & BULLIER



Paul F. Breuer

PFB/ds



CITY HOUSING  
DEVELOPMENT, INC.

BOARD OF DIRECTORS  
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Robert S. Willoughby  
Executive Director

620 S.W. 5th Avenue  
Room 922  
Portland, Oregon 97204  
(503) 248-4714

City Planning Commission  
Joan Smith, President  
424 S.W. Main Street  
Portland, Oregon 97204

Re: Request for Tax Abatement by Bill Naito  
for McCormick Pier

On October 5, 1979, the City Housing Development, Inc., Board of Directors considered Mr. Naito's request for tax abatement for his Mc Cormick Pier project. The CHDI Board is familiar with the project and has, in the past, recognized the proposed development as being appropriate for that site. In considering the tax abatement question, the Board of Directors felt that there should be two criteria which a developer should meet before he is granted tax abatement for his project.

1. The project should be the kind of project for which abatement was intended (multi-family, lower middle income, and the public benefits should be greater than the potential loss of tax revenues, etc).
2. The project should be one that is not economically feasible without tax abatement.

The Board applied these two criteria to Mr. Naito's project and felt very strongly that this is the kind of project for which abatement was intended. The Board also felt that it is an appropriate development for that site and it will make possible a large middle income rental project in the downtown area which would not otherwise be built.

I have enclosed the resolution approved by the Board concerning Mr. Naito's request for abatement. The Board recommends that the Planning Commission and the City Council approve Mr. Naito's request. The reasons for that recommendation are explained in greater detail in the enclosed resolution, #79-13.

CHDI, because of its interest in promoting downtown middle income housing and helping the City of Portland achieve its housing goal of 2500 units by the year 2000, is very interested in seeing these 405 rental units constructed, and we urge the Planning Commission and the City Council to approve Mr. Naito's request.

Very truly yours,

  
Robert S. Willoughby

c: CHDI Board

Attachment 1.

RECEIVED 110385  
NOV 02 1979

City of Portland  
Bureau of Planning

October 31, 1979

Resolution 79-13

"RESOLVED, that CHDI supports the use of tax abatement for Bill Naito's proposed McCormick Pier project and recommends to the Planning Commission and the City Council that tax abatement be approved for this project because of the following reasons:

1. The proposed site is presently being under-utilized and has been under-utilized for approximately 14 years.
2. It is being under-utilized because of its cost, shape and location, and because of ingress and egress problems.
3. The project site is presently a seriously blighted area. This condition has recently been aggravated by damage from a dock fire.
4. Because of high interest rates and the high cost of the land, this project is not economically feasible using a conventional loan with conventional terms.
5. A lower than market interest rate, forty year HUD/GNMA mortgage has been conditionally approved for this project, but as a condition of final approval, HUD is requiring that the developer obtain tax abatement from the City.
6. Without tax abatement, HUD will not give FHA insurance because the project without abatement has a negative cash flow.
7. Several proposed commercial developments by experienced developers for this same site have failed.
8. The developer is committed to aggressively pursuing the opportunity for developing housing on this site as evidenced by his payment of over \$500,000 in non-refundable architectural and HUD fees.
9. The 405 housing units in this project will be added to the downtown housing goal and will have a significant impact upon meeting the City's goal of 2500 new housing units by the year 2000.
10. HUD is requiring that the savings realized by the developer because of tax abatement be passed on to the tenants in the form of reduced rents for the term of the HUD mortgage, and, during the term of that mortgage, HUD will impose a form of rent control on the project.
11. The taxes on the land will continue unaffected by abatement and it is only the taxes on the improvements which will be abated for ten years.
12. Without abatement, those improvements will not be made. If this project fails, there is a possibility (because of its location, cost and blighted condition) that no substantial improvements will be made on this parcel during the ten years that abatement would have run.
13. This project is an appropriate and proper use of the tax abatement program to further important housing goals."

DOWNTOWN COMMUNITY ASSOCIATION  
1111 S.W. Tenth Avenue, Rm 425  
Portland, Oregon 97204 503-241-9070

*fyi. →*  
*Red -* 149385  
*Frank -*

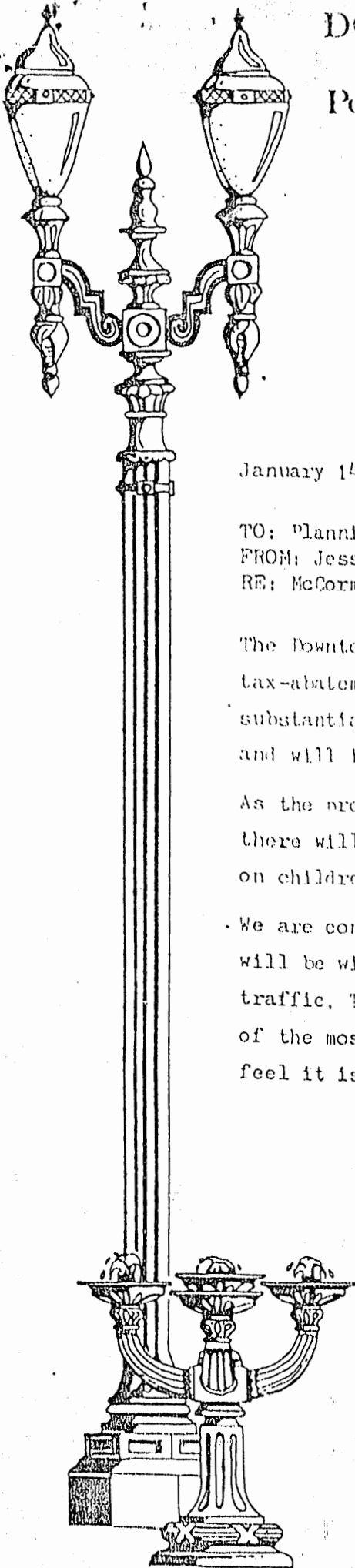
January 14, 1980.

TO: Planning Commission, City of Portland  
FROM: Jessica Richman, President, Downtown Community Association  
RE: McCormick Pier

The Downtown Community Association vigorously supports the use of tax-abatement for this proposed project. McCormick Pier will substantially increase the available middle-income rental stock, and will improve an area presently vacant.

As the project will be receiving public assistance, we assume that there will be no discrimination on any basis, including restrictions on children.

We are concerned that the path along the extension of the Greenway will be wide enough to accommodate both pedestrian and bicycle traffic. The bicycle/pedestrian pathway along the river is one of the most attractive elements in the Waterfront Park, and we feel it is important to continue it through this extension.



## ORDINANCE NO. 149385

An Ordinance approving granting of a tax exemption for property located on portions of Blocks 110, 111 and 318 Couch Addition, making certain findings establishing conditions for qualification for the tax exemption, directing the Bureau of Planning to determine the administrative costs of the exemption to the Multnomah County Assessor,

The City of Portland ordains:

Section 1. The Council finds:

1. The Norcrest China Company has applied for a Tax exemption pursuant to Section 3.104.010 (3) (b) for property located between the Broadway and Steel bridges east of Northwest Front Avenue, the legal description of which is as follows:  
  
Tax Lots 1 and 2, Block 110 and 111 and Tax Lots 3 and 4, Block 318, Couch Addition.
2. The real property and proposed project are owned by the Norcrest China Company, 55 West Burnside Street, Portland, Oregon 97209.
3. The applicant proposes to build the following described eligible project: New multiple unit rental housing designed for approximately 300 units ranging in size from 635 to 962 square feet each, located in clustered 3½ story buildings.
4. The subject property is eligible property as prescribed by Section 3.104.010 (3) (b).
5. That the Portland Development Commission at its meeting of December 11, 1979 recommended approval of this application for tax exemption. The Portland Development Commission reviewed the applicant's financing plan and found it to support eligibility for tax exemption.
6. That the Portland City Planning Commission at its meeting of January 15, 1980 recommended that the City Council approve the application for tax exemption with the condition that public benefits and compliance actions be provided as follows:
  - (1) Donation to the City of the Waterfront Park at the southern end of the project;
  - (2) Continuous Waterfront walkway and bike pathway system (Greenway) with two major Front Avenue-to-Waterfront public pathway easements;
  - (3) Greenway and Park donation to be maintained by the developer for the duration of the tax abatement;
  - (4) Approximately 10% of the units designed for access and use by people with physical handicaps;

- (5) Housing to be maintained as rental units for at least the duration of the 10 year tax abatement.
7. That the City Council should approve the application based on the findings and recommendations of the Portland Development Commission and the Portland City Planning Commission.

NOW, THEREFORE, the Council directs:

Section 2. That the application of the Norcrest China Company for the property tax exemption provided by Section 3.104.010-100 of the Code of the City of Portland and ORS 307.600-690 is hereby approved for the following property:

Tax Lots 1 and 2, Block 110 and 111 and Tax Lots 3 and 4, Block 318 Couch Addition subject to the following conditions:

That the following public benefits will accrue to the City of Portland from this project:

- (1) A continuous waterfront walkway and bike pathway system (Greenway) with three major Front Avenue-to-Waterfront public pathway easements will be created and donated to the City;
- (2) Greenway will be maintained by the developer for the duration of the tax exemption;
- (3) Approximately 5% of the units will be designed for access and use by people with physical handicaps;
- (4) The housing will be maintained as rental units for at least the duration of the 10 year tax exemption,

Section 3. That the Bureau of Planning provide copies of this ordinance to the applicant and the county Assessor as prescribed by Section 3.104.050 (1) (d) of the Code of the City of Portland.





1256

~~1037~~

Calendar No. ~~1030~~

3<sup>rd</sup> Reading  
AS  
Amended  
4-9-80

*reconsidered*

22 AMENDED

YEA NAY

# ORDINANCE No. 149385

## Title

An Ordinance approving granting of a tax exemption for property located on portions of Blocks 110, 111 and 318, Couch Addition, making certain findings establishing conditions for qualification for the tax exemption, directing the Bureau of Planning to determine the administrative costs of the exemption to the Multnomah County Assessor.

MAR 27 1980

CONTINUED TO APR 2 1980

APR 3 1980

PASSED TO THIRD READING APR 9 1980  
As Amended

Filed MAR 21 1980

GEORGE YERKOVICH  
Auditor of the CITY OF PORTLAND

*George Brock*  
Deputy

THE COMMISSIONERS VOTED AS FOLLOWS:			
	Yeas	Nays	YEA NAY
Ivancie	1	1	1
Jordan	1		1
Lindberg	1		1
Schwab		1	1
McCready	1		1

3 2

FOUR-FIFTHS CALENDAR	
Ivancie	
Jordan	
Lindberg	
Schwab	
McCready	

INTRODUCED BY
Mayor Connie McCready

NOTED BY THE COMMISSIONER
Affairs
Finance and Administration <i>CM</i>
Safety
Utilities
Works

BUREAU APPROVAL
Bureau: Planning
Prepared By: Bruce Martin Date: 3/19/80
Budget Impact Review: <input checked="" type="checkbox"/> Completed <input type="checkbox"/> Not required
Bureau Head: <i>Frank Frost</i> Frank Frost

NOTED BY
City Attorney
City Auditor
City Engineer

149385