



[Home](#) / [Council Clerk](#) / [Council Documents](#) / [Resolution](#)

37679

Resolution

Declare intent to initiate formation proceedings to construct street, sidewalk, stormwater, sanitary sewer and water main improvements in the NW Park Ave Local Improvement District in conjunction with the segregation of pending local improvement district liens (C-10076)

Adopted

WHEREAS, the existing NW Park Avenue & Johnson / Kearney Streets LID was formed by Council on October 28, 2020 with the passage of Ordinance No. 190180 and with the inclusion of two (2) Prosper Portland taxlots which have since been replatted subsequent to LID formation; and

WHEREAS, the existing NW Park Avenue & Johnson / Kearney Streets LID is being amended concurrently with Council passage of this Resolution and concurrently with a separate and subsequent Ordinance being passed by Council forming the NW Park Avenue LID; and

WHEREAS, the Local Improvement District (LID) Administrator has received a memorandum from Council directing the initiation of local improvement district formation proceedings as attached in Exhibit A; and

WHEREAS, the Portland Bureau of Transportation (PBOT) is the Responsible Bureau for the proposed improvement and recommends initiation of local improvement district formation proceedings to segregate pending local improvement district liens in the most effective manner possible and to provide accurate disclosure of future lien amounts to prospective purchasers of property within the existing NW Park Avenue & Johnson / Kearney Streets LID; and

WHEREAS, LID Administrator has received a memorandum from Council directing the initiation of local improvement district formation proceedings as attached in Exhibit A, with the resulting effect of pending lien segregation as evaluated in Exhibit B; and

WHEREAS, PBOT is the Responsible Bureau for the proposed improvement and recommends initiation of local improvement district formation proceedings.

NOW, THEREFORE, BE IT RESOLVED, that the general character and scope is to remove the existing dirt, gravel and/or hard surfaces; grade the streets to

Introduced by

[Mayor Ted Wheeler](#)

City department

[Transportation](#)

Contact

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

October 2, 2024

Time Requested

20 minutes

their proper subgrade; construct streets with aggregate base and a combination of asphaltic concrete and plain concrete pavement; construct sanitary sewers, stormwater sewers and stormwater management facilities, excluding offsite facilities; construct water mains; construct asphalt sidewalks on both sides of the street; install street lighting; and plant street trees in most locations, and install utility undergrounding; and

BE IT FURTHER RESOLVED, that the Council declares the intent of the City to initiate local improvement district formation proceedings to construct street improvements to NW Park Avenue from the north right-of-way line of NW Hoyt Street to the south right-of-way line of NW Johnson Street; plus any transition work on abutting street segments and/or adjacent property determined to be necessary by the City Engineer; and

BE IT FURTHER RESOLVED, that the preliminary estimate of the cost of the improvements is \$9,592,294; and

BE IT FURTHER RESOLVED, that the LID Administrator's level of confidence in the cost estimates for this project as of the filing date of this resolution is Low, per Exhibit A of Resolution No. 36430 adopted by City Council on July 26, 2006, given that project specifications are preliminary; and

BE IT FURTHER RESOLVED, that the assessment methodology of the NW Park Avenue LID shall be on a square footage basis with the LID providing funding of \$8,672,294 as shown in Exhibit B unless this assessment methodology is modified by the Council at the LID Formation Hearing; and

BE IT FURTHER RESOLVED, that PBOT will provide Transportation System Development Charge (TSDC) funding of \$920,000; and

BE IT FURTHER RESOLVED, that the local improvement district shall be known as the NW Park Avenue Local Improvement District and for purposes of the Local Improvement District Formation Hearing as set forth in Section 17.08.070 of City Code, the boundary shall be as shown in the map in Exhibit C; and

BE IT FURTHER RESOLVED, that the Council intends to construct the project; and

BE IT FURTHER RESOLVED, that the Council directs the LID Administrator to initiate local improvement district formation proceedings as set forth in Section 17.08.070 of City Code and to schedule a Local Improvement District Formation Hearing on November 20, 2024 beginning at 9:45 AM or on the earliest practicable date thereafter.

Exhibits and Attachments

 [Exhibit A](#) 759.65 KB

 [Exhibit B](#) 656.09 KB

 [Exhibit C](#) 972.29 KB

Impact Statement

Purpose of Proposed Legislation and Background Information

- NW Park Avenue, NW Johnson Street and NW Kearney Street are currently combined into a single LID.
- This Resolution will bifurcate the LID so that NW Johnson Street and NW Kearney Streets are built in the first phase under its own LID, with a new LID building NW Park Avenue in a second construction phase.
- Taxlots have been platted since LID formation, so this ordinance segregates assessments to new taxlots and between the two LIDs.
- The segregation of assessments will provide significantly more clarity on future LID obligations to prospective purchasers and developers of property within the currently-formed LID.

Financial and Budgetary Impacts

- The overall amount of the combined LID assessments between the currently-formed LID to be amended and the new LID to be formed does not change.
- The bifurcation of the LID provides considerably greater flexibility to manage interim financing costs prior to final assessment.
- An additional \$6.0 million in project costs will be funded by a State HB 1530 grant.
- The overall \$3.6 million in PBOT SDC funds budgeted for the project does not change, but direct funding of the LID is reduced to \$1.9 million.
- \$1.7 million in PBOT SDC funds will be set aside to budget for interim interest costs on the NW Johnson-Kearney LID incurred by Prosper Portland, and will be replaced with HUD Section 108 Program Income funding for direct project costs.
- No funding is being provided by PBOT General Transportation Revenue (GTR).
- Per Administrative ENB-6.02, 100% of the future LID assessment amount is on currently publicly-owned properties and is therefore exempt from all feasibility tests in ENB-6.02; however these properties meet the requirements of Code Section 17.08.050.E. The remaining 15% of the future LID assessment amount will be secured on properties currently in private ownership which meet all other applicable requirements of ENB-6.02 in addition to Code Section 17.08.050.E. Formation of the LID also advances City goals and objectives as identified within Ordinance No. 190146 approved by Council on September 23, 2020.
- The Portland Bureau of Transportation, Budget and Finance Service Area's Debt Management and Revenue Divisions, and Prosper Portland have collaborated on using the NW Johnson-Kearney Streets LID credit facility that is being authorized separately but alongside this ordinance.
- Pursuant to intergovernmental agreements between the City and Prosper Portland, NW Johnson – Kearney Streets LID credit facility financing costs will be paid for separately by Prosper Portland and, in a limited amount, the City, as described in Exhibit G. The Special Projects Debt Service Fund is frequently used for financings involving intergovernmental agreements and in this case is being used to record

the receipt of funds from Prosper Portland and payment of credit facility interest to better manage the financing arrangement of the intergovernmental agreements.

- The risk of Prosper defaulting on payments due as a result to an inability to transact on land sales may also be mitigated by provisions that allow for renegotiation of the terms of the Community Benefit Agreement and/or the Disposition and Development Agreement due to financial infeasibility that could reduce Prosper Portland's financial obligations within the Funding and Finance Plan.
- If the aforementioned mechanisms are insufficient, the requirement of full and timely debt service payments on the NW Johnson-Kearney Streets LID credit facility and related long-term bonds creates potential risk to City funds, including the General Fund, if Prosper Portland defaults on the LID assessment payments.
- Formation of this LID conserves discretionary public resources and enables funding of additional planned public infrastructure within the Broadway Corridor.

Economic and Real Estate Development Impacts

Engagement specific to the creation of the LID financing mechanism for the Broadway Corridor was limited to notifications to the impacted property owners as set forth in Chapter 17.08 of City Code.

The adjustments to the existing NW Park Avenue & Johnson / Kearney Street LID are necessary to implement the city code-required Broadway Corridor Master Plan, which in turn serves as a guide for the redevelopment of the former Post Office property. The Broadway Corridor Master Plan was informed by robust community engagement throughout the plan development process, which engaged more than 1,000 people through a steering committee, public forums, in-person open houses, online open houses, focus groups, and round table discussions.

The former Post Office property is currently a largely vacant 14-acre asphalt site. Creation of the LIDs, and subsequent construction of the associated streets, has significant economic and real estate development impact, including:

- Directly creates construction contracting opportunities with an anticipated LID construction contract of \$14 million for the first phase of LID construction.
- Provides street infrastructure critical to catalyzing four million square feet of mixed-income development and public amenities on an underutilized site – stitching together the Pearl District, Old Town and Union Station and helping revitalize an area hit hard by the Covid-19 pandemic and regional housing crisis.
- Creates a Phase 1 affordable housing development parcel owned by PHB, and leverages Metro affordable housing bonds to create ~230 affordable (up to 60% median family income) housing units.

Leverages an estimated \$1 billion in private investment and enables smart growth by unlocking a development site that can house up to 1,800 to 2,400

new households and 4,000 to 8,800 jobs in a mixed-income new neighborhood, thereby reducing displacement pressures on adjacent neighborhoods.

Property owners were provided mail, notification and posting notice beginning three (3) weeks in advance of the Council date as required by City Code. The segregation of assessments with the creation of new pending liens affects only properties currently owned by Prosper Portland. Coordination and collaboration between PBOT, Prosper Portland and Debt Management has occurred since April 2024 and shaped the LID amendments

No feedback was received during the LID notification period. It should also be noted that the creation of the LIDs is being proposed in partnership with Prosper Portland, the majority property owner impacted by the LID. Prosper Portland has also discussed the financial impacts of the proposed LID with the Portland Housing Bureau and prospective private developers. No feedback has been received in these discussions counter to the proposed funding strategy.

The LIDs are necessary to unlock commercial and residential development of the former Post Office property. The cost of the LID will be borne by property owners, including future developers. As noted above, the formation of the LIDS is proposed in partnership with Prosper Portland, and details have been shared with prospective developers. Without the LID, economic and real estate development within the former Post Office property is not possible. The LID also improves east-west access to the Greyhound site and connects it to new development in the Broadway Corridor.

Construction of the streets is on the critical path for any economic and real estate development to occur within the property, and the LID enables construction of improvements which have already been established as conditions of development. Amendment of the LID per Code Section 17.24.055 will remove obstacles and barriers to development.

There are no direct impacts from the creation of the LID. However, extensive benefits are achieved via unlocking the development potential of the former Post Office property, as noted above. Without the LID in place to provide assurance of performance per 17.24.055 of City Code and as a mechanism to fairly allocate infrastructure costs across the development parcels, including Greyhound, this centrally located development opportunity would not be competitive for real estate developer and investor interest. Developing 230 units of affordable housing would also not be feasible, as a first phase in delivering on the City's commitment to provide at least 720 units of affordable housing in the Broadway Corridor.

As noted above, real estate development, including housing production across income levels, would not be feasible without the creation of the LIDs.

Conversely, the LID is a means to mitigate the need for undue cost burdens of district-wide infrastructure to be carried by the first phase of development – anticipated to be a half block affordable housing project. By providing a financing mechanism, the costs of infrastructure necessary for a first phase of

development can be carried by all development parcels that will ultimately benefit from this upfront investment.

Community Impacts and Community Involvement

- This project is part of the planned redevelopment of the Post Office site in Northwest Portland.
- This LID was initiated by majority petition support, with outreach to Prosper Portland and Greyhound, which are the only two (2) current property owners in the LID. Prosper Portland has in turn reached out the development partners who will be the future owners of their property.

100% Renewable Goal

N/A

Financial and Budget Analysis

This action authorizes a declaration of intent for formation of the NW Park Ave LID stemming from the bifurcation of the existing Johnson-Kearney St LID. No additional City resources are required as a result of this bifurcation, though an additional \$6 million in funding is to be provided via state HB 1530 grant.

Document History

Item 836 Regular Agenda in [October 2, 2024 Council Agenda](https://www.portland.gov/council/agenda/2024/10/2)
(<https://www.portland.gov/council/agenda/2024/10/2>)

City Council

Adopted

Aye (4): Mingus Mapps, Carmen Rubio, Dan Ryan, Rene Gonzalez

Absent (1): Ted Wheeler