



Bureau of Planning and Sustainability

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MEMO

DATE: December 9, 2014

TO: Planning and Sustainability Commission

FROM: Derek Dauphin, Associate Planner, Central City Team

CC: Susan Anderson, Director; Joe Zehnder, Chief Planner

SUBJECT: Proposed Amendments to the North Macadam Urban Renewal Area (NMACURA)

1. Summary

Through Resolution 37072, Portland City Council directed City of Portland and Portland Development Commission (PDC) staff to begin processing amendments to six urban renewal areas (URAs). These amendments, if approved, would:

- (1) Reduce the impact of urban renewal on taxing jurisdictions,
- (2) Provide resources to meet economic development, redevelopment, and affordable housing goals, and
- (3) Support Portland State University (PSU).

An Urban Renewal Area Amendment Advisory Committee (URAAAC) was established to advise City and PDC staff on the proposed amendments. Staff and the URAAAC are recommending substantial amendments to two urban renewal areas. This memo addresses the proposals for the North Macadam Urban Renewal Area (NMACURA; see Attachment 2).

The proposed actions include the following:

- Transferring approximately 35 acres of the Education URA (which is being closed) in and around PSU to the NMACURA,
- Adding approximately 10 acres that are currently not in a URA,
- Extending the last date to issue debt for the NMACURA by five years from fiscal year 2019/2020 to 2024/2025, and
- Making no changes to the maximum indebtedness.

The goal of these amendments is to continue to support PSU and development in the South Waterfront area with the intent of creating jobs and attracting investment. In the next five years, both areas are expected to benefit from the completion of the Portland-Milwaukie light rail line, completion of the



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Portland Streetcar loop, securing of \$1 billion in research and programming funds through the Knight Cancer Challenge, and the continued development of the Schnitzer Campus at the base of the Tilikum Crossing multi-modal bridge. The amendments will implement parts of the City's Economic Development Strategy that call for supporting increased activity and growth, particularly around research, innovation and business incubation at PSU and Oregon Health and Science University (OHSU).

The Planning and Sustainability Commission (PSC) is asked to review the proposed amendments to the NMACURA Plan and determine whether they are in conformance with the City's Comprehensive Plan. The PSC's recommendation will be forwarded to City Council for their consideration and action at a public hearing and vote on December 17, 2014.

2. Recommended Planning and Sustainability Commission Action

Staff recommends the following actions:

- (1) The PSC recommend that the Portland City Council adopt the Amended NMACURA Plan along with any other recommendations of the Commission, and
- (2) The PSC send a letter to the Portland City Council finding that the Amended NMACURA Plan conforms to the City of Portland Comprehensive Plan.

3. Background

The NMACURA was established in 1999 with the primary goal of enabling the redevelopment of the North Macadam Area to fully utilize its potential as an employment center including investments in infrastructure, transportation, housing, and supportive business amenities and services. The area had been largely vacant or underutilized due to limited transportation access, lack of market demand, and the existence of brownfields in the area. Amendments to the original plan have allowed for the acquisition of the Lincoln Station area and property for Elizabeth Caruthers Park. Transportation investments in roadways, the OHSU Aerial Tram, Central Line Streetcar, Portland-Milwaukie Light Rail Line and Tilikum Crossing Bridge have helped to overcome access limitations, and along with investment in amenities such as the South Waterfront Greenway and Elizabeth Caruthers Park, greatly enhanced development in the area. The South Waterfront Plan (2002) provided a framework for transforming remaining industrial lands, extending downtown development, embracing the River, and fostering a "Science and Technology Quarter".

The EDURA was established in 2012 with the primary goal of leveraging resources to accelerate the growth of PSU, create jobs, attract investment, and bring long-lasting benefit to the Portland Metropolitan region. The URA was forecasted to provide up to \$169 million for investments that leverage research facilities, business accelerators, affordable housing and private development. In addition to funding to support PSU, the URA would have supported improvements to Portland Public School's 11 acre Goose Hollow site and a new structure to house Multnomah County's Department of Human Services. By this time, the City of Portland had established an Innovation Quadrant strategy that sought to enhance the connections and collaboration between higher-education institutions on the west side of the River such as PSU and OHSU with workforce development providers and private sector partners in the Central Eastside such as Portland Community College, the Oregon Museum of Science and Industry and the businesses of the Central Eastside Industrial District.

By 2012, the Central City 2035 Concept Plan was completed to guide the update of the Central City Plan that establishes the policies and actions that will direct public projects and investments in the Central City Plan District over the next 20 years. Detailed planning has been conducted by breaking the



Central City into three quadrants, with the ongoing West Quadrant planning process including the North Macadam and Education URAs. Extensive public outreach during 2013 and early 2014 informed the development of the Proposed West Quadrant Plan currently being considered by the PSC. Goals, policies and actions contained within that proposed plan have informed PDC's proposal for amending the west side URAs (See Section 9 below).

Portland City Council adopted Resolution 37072 in May 2014 and work began to amend six URAs including the NMACURA. PDC formed the URAAAC to review proposals drafted by staff in response to City Council's directives. Public input was further sought at a September 11, 2014 open house dedicated to the amendments proposal and through meetings with neighborhood associations and other organizations during the formation of the amendments. During this time the PDC also worked closely with PSU and Zidell Realty (ZRZ) to negotiate a development agreement outlining roles and responsibilities for future investment in the NMACURA.

4. Overview of Proposed Amendments to the NMACURA

Key features of the Amended NMACURA:

- Expanded to include approximately 35 acres in and around PSU formerly part of the Education URA, and 10 additional acres not currently in a URA. This would result in total of 447.1 acres.
- Over 21 parcels of land in the URA has been identified as underutilized and appropriate for development/redevelopment.
- Last date to issue debt extended five years from fiscal year 2019/20 to 2024/25.
- No change to maximum indebtedness. The amendment would continue to make \$164.1 million of the NMACURA's original \$288.6 million maximum indebtedness available to the URA.
- Major projects include completing Bond Street, PSU School of Business, extension of the South Waterfront Greenway, University Place development at the new Lincoln Station, ZRZ property development, and additional PSU projects along 4th Ave.

The Amended NMACURA is described more fully in the attached Urban Renewal Plan Amendments and Report.

5. Urban Renewal Plan Authority

Authority for the use of urban renewal was established by the Oregon Legislature and codified as Chapter 457 of the Oregon Revised Statutes (ORS). The statutes include criteria for the establishment of an urban renewal district, the development of eligible urban renewal areas, and the content of an urban renewal plan and urban renewal plan report.

Chapter 15, Article 1, of the Portland City Charter assigns general powers and duties related to urban renewal to the PDC, which is designated as the body that will serve as the City's urban renewal and redevelopment agency. PDC is responsible for carrying out all urban renewal functions. Proposed urban renewal plans and urban renewal plan amendments are prepared by PDC staff and approved by the PDC Board of Commissioners prior to their submission to Portland City Council.

ORS 457 also requires that the City's Planning Commission review urban renewal plans and substantial amendments to urban renewal plans. State law defines a substantial amendment as one that: (1) Adds land to the URA in an amount greater than 1% of the existing area of the URA; or (2) Increases the maximum amount of indebtedness for the URA. The proposed Amended NMACURA is considered a substantial amendment because it would add 45.1 acres, approximately 11% area to the existing NMACURA. The PSC's recommendations on urban renewal plans are submitted to the Portland City



Council for consideration and their decision on the plan. The PDC Board of Commissioners has informally reviewed the amendments the PSC is asked to review.

On December 11, 2014, the PDC will hold a public meeting on the proposed Amended NMACURA plan and approve the proposed amendments resolution. The Amended NMACURA Plan and accompanying report prepared by PDC in accordance with ORS 457 are attached to this memo.

A recommendation from the PSC and approval by the City Council is required for the City to adopt the proposed Amended NMACURA Plan.

6. Relationship to the Current Portland Comprehensive Plan

ORS 457.095 requires determinations and findings by the governing body that substantial amendments to an urban renewal area plan be in conformance with the City's Comprehensive Plan. Detailed legal findings of the proposed amendments' conformance with the Comprehensive Plan, Central City Plan, and Central City Transportation Management Plan are attached to this memo. In general, the Amended NMACURA Plan has been found to be in conformance with the Comprehensive Plan because:

- The plan has been formulated through a public involvement process that is consistent with the Citizen Involvement (Goal 9) and Metropolitan Coordination (Goal 1) policies of the Comprehensive Plan.
- The projects in the plan are supportive of Comprehensive Plan goals for Urban Development (Goal 2), Neighborhoods (Goal 3), Housing (Goal 4), Economic Development (Goal 5), Transportation (Goal 6), Energy (Goal 7), Environment (Goal 8), Public Facilities (Goal 11), and Urban Design (Goal 12).
- The projects in the plan are supportive of many of the goals and objectives of the Central City Plan and the Central City Transportation Management Plan.

7. Relationship to the Portland Plan

The Portland Plan is the city's strategic plan. It sets the framework for near-term action through a Five-Year Action Plan (starting in 2012) and sets long-range goals through Guiding Policies. The Portland Plan is being implemented through the current Comprehensive Plan Update, legislative advocacy, goal-based budget priorities, internal city practices, partnerships, and coordinated action. While the Portland Plan is not legally binding, its goals guide City decision-making and planning actions. On the whole, the Amended NMACURA is consistent with these goals as detailed below.

Thriving Educated Youth

Investments made with NMACURA funding will significantly expand high-quality educational opportunities for the region's youth at PSU and OHSU. Further, the Amended NMACURA will continue to make funds available for the provision of safe and convenient opportunities for recreation and social gathering as well as accessible housing that meets the needs of youth, families and older adults.

The South Waterfront area is home to Emily Caruthers Park and the South Waterfront Greenway among other public open spaces, and provides a range of housing opportunities for Portlanders of all ages including older adult oriented developments such as the Mirabella. NMACURA funds will support the development of the district in ways that continue to further these priorities.

Economic Prosperity and Affordability



The Amended NMACURA directly supports the City's Economic Development Strategy. Specifically, the NMACURA responds to the strategy's goals to maximize competitiveness and drive urban innovation. Investing in PSU's and OHSU's growth and development directly supports the City's international strategy, higher education and workforce development priorities. The NMACURA will continue to contribute directly to strategy objectives on Central City vitality, sustainability leadership and strengthening the Portland brand. Supporting the development of the Zidell Yards site will make the district more attractive and competitive by providing adequate employment land capacity to meet projected growth in a variety of industries.

The Amended NMACURA has multiple MAX light rail lines, the Portland Streetcar, and many bus routes. Supporting development here will increase access to transit and essential services. Through the City of Portland Tax Increment Financing Set Aside Policy for Affordable Housing, the NMACURA also presents the opportunity to make significant investments in affordable housing and retaining existing affordable housing in the district.

Healthy Connected City

Investments made with NMACURA funding will bring new public and private academic, commercial, and residential uses to help transform the South Downtown/University District and South Waterfront into complete healthy urban neighborhoods. Continued support of the South Waterfront Greenway, bicycle and pedestrian facilities, and the South of Market EcoDistrict will improve access to greenways, encourage walking and biking and weave nature into the city.

Equity

The Portland Plan includes the framework for advancing equity incorporated into City of Portland planning projects. The framework describes strategies to close disparity gaps and focus on equitable outcomes by improving participation, building partnerships and initiating social justice initiatives while remaining accountable. The Amended NMACURA will support the development of PSU and the University District, one of Portland's more diverse urban neighborhoods. Of PSU's approximately 30,000 currently enrolled students, 30% are minority students and 8% are international students. As the university continues to grow and develop, this diversity is expected to increase and will likely increase diversity in surrounding areas. Partnerships between PSU and OHSU with academic institutions such as Portland Community College support workforce development goals throughout the city.

The Portland Plan's equity framework also identifies the need for all groups to have access to information and the ability to provide input on planning processes. The Amended NMACURA plan is consistent with this framework because it incorporates input from a number of public outreach activities including but not limited to the public meetings of the Urban Renewal Area Amendment Advisory Committee, public open houses, presentations to neighborhood associations and other interested groups, and public hearings.

8. Relationship to the Proposed Comprehensive Plan Update

The City of Portland is in the process of updating its Comprehensive Plan, which is anticipated to be voted on by City Council by mid-2015 and approved ("acknowledged") by the State of Oregon during the year that follows. While there is therefore no requirement that the proposed Amended NMACURA conform to the proposed update to the Comprehensive Plan, it is important to consider the degree to which the proposed URA is consistent with the future Comprehensive Plan.

Further complicating this issue, the Amended NMACURA is located entirely within the Central City Plan District. Although citywide goals are already included in the Proposed Comprehensive Plan Update,



district goals and policies for the Central City will not be finalized until 2015 when the Central City 2035 Plan is complete.

This section briefly identifies where the Amended NMACURA is consistent with the goals and key directions of the Proposed Comprehensive Plan Update, and discusses consistency with the Proposed West Quadrant Plan in the section that follows. West Quadrant Plan goals and policies will be incorporated with those from the North/Northeast and Southeast Quadrant Plans to create the Central City 2035 Plan during 2015.

On the whole, the proposed Amended NMACURA is consistent with the citywide goals of the proposed update to the Comprehensive Plan because:

- The plan has been formulated through a public involvement process that is consistent with Community Involvement (Goal 2).
- The projects in the plan are supportive of Comprehensive Plan Update goals for Urban Form (Goal 3), Design and Development (Goal 4), Housing (Goal 5), Economic Development (Goal 6), Environment and Watershed Health (Goal 7), Public Facilities and Services (Goal 8), and Transportation (Goal 9).

The Comprehensive Plan Update establishes a “Vision for 2035” in which “Portland is a prosperous, healthy, equitable and resilient city where everyone has access to opportunity and is engaged in shaping decisions that affect their lives” (page I-7). Seven key directions are identified to achieve this vision including: (1) Creating complete neighborhoods, (2) Encouraging job growth, (3) Creating a low-carbon community, (4) Improving natural areas and open spaces, (5) Providing reliable infrastructure to equitably serve all parts of the city, (6) Improving resiliency, and (7) Ensuring that planning and design fit local conditions.

The proposed Amended NMACURA is consistent Key Direction 1 (Create complete neighborhoods) because URA funds will be made available for projects that will enhance the South Downtown/University District and South Waterfront neighborhoods. Specifically, URA funds will support the redevelopment of underutilized properties and the development of vacant properties to provide new housing opportunities, shops, and services while improving the pedestrian environment in both neighborhoods.

The proposed Amended NMACURA is consistent with Key Direction 2 (Encourage job growth) because URA funds will support the further development of PSU and OHSU. These universities are important employers within the city and contribute to job growth through research development and the activities of business incubation programs such as the Portland State Business Accelerator - a highly successful project supporting the formation and growth of Portland start-up companies.

Finally, the proposed Amended NMACURA is consistent with Key Direction 4 (Provide reliable infrastructure to equitably serve all parts of the city) because URA funds will support the expansion of necessary infrastructure such as the extension of SW Bond Avenue and SW River Parkway in the South Waterfront neighborhood and development in the University District that will improve the bike and pedestrian environment and improve stormwater management.



9. Relationship to Central City 2035 (Adopted Concept Plan and Proposed West Quadrant Plan)

Most of the Amended NMACURA is located within the West Quadrant of the Central City. The West Quadrant Plan is the second of three quadrant planning processes that together with the adopted Central City 2035 Concept Plan, will inform the development of the Central City 2035 Plan and corresponding Central City district goals and policies in the Comprehensive Plan Update. The Proposed West Quadrant Plan is currently being considered by the PSC and has not yet been recommended to City Council for adoption.

City Council Resolution 37072 directed the PDC to change URAs to “help the city better meet its redevelopment and economic development objectives in alignment with the Portland Plan, Central City 2035, and Economic Development Strategy.” As such, the proposed amendments to the NMACURA seek to implement the goals and policies of the West Quadrant Plan for the South Downtown/University District and South Waterfront District detailed below.

Goals and policies for the South Downtown/University and South Waterfront subareas include:

Economy and Innovation policies, call for PSU growth and development, strengthening relationships between PSU, OHSU and OMSI to grow the Innovation Quadrant and bring associated business development including headquarters and startups to the area, increasing the number of visitors to the district and the recreation opportunities available, and encouraging private and public redevelopment in the district, particularly at Lincoln Station and along the extended Transit Mall.

Housing and Neighborhoods policies, call for urban family housing, student housing, improving community cohesiveness by supporting neighborhood oriented commercial activities and open spaces, improving public safety, and increasing neighborhood amenities and services as the district grows and diversifies.

Transportation policies, call for improving multi-modal access including water transit, improving connectivity and safety of routes in the district, enhancing multi-modal access to PSU from surrounding areas and to the Schnitzer Campus from the University District and South Downtown, implementing the “Green Loop” through the district, and meeting parking needs.

Urban Design policies, call for enhancing the pedestrian-oriented character of the University District, retaining the modernist character of the South Auditorium Plan District while increasing commercial activity, encouraging the further development of RiverPlace and an urban riverfront with activities, promoting development forms in South Waterfront that enhance the relationship of the district to the river, improving open spaces, implementing the “Green Loop”, and establishing a hierarchy of street types and designs.

Environment policies, call for supporting PSU development as an urban laboratory in energy efficiency and green building technologies, encouraging the establishment of “high performance areas” that promote energy efficiency and green building at the neighborhood scale, enhancing in-water habitat at RiverPlace and Marquam beach and upland wildlife habitat connections, and creating urban habitat corridors.

The proposed amendments to the NMACURA supports each group of policies as follows:



The Amended NMACURA contains properties within and adjacent to PSU, OHSU and the Zidell Yards site. The Amended NMACURA is consistent with **Economy and Innovation** policies because development agreements between the City and PSU and Zidell Realty (ZRZ) will allow for coordinated public and private investments over the remaining 10 year life of the URA. Funds are anticipated to support the expansion of technology commercialization and business incubation programs such as the Portland State Business Accelerator. URA supported development is anticipated to contribute to the expansion of technology commercialization programs and startup incubation at the OHSU Schnitzer Campus. URA funds will be available for business loans and storefront renovations as well as larger development projects on underutilized commercial and institutional sites in the URA adjacent to the South Waterfront Greenway and OHSU Aerial Tram - major attractions and amenities for the district. And finally, URA funds will be available to support the development of underutilized properties in and around PSU including transit-oriented development at Lincoln Station.

The Amended NMACURA is consistent with **Housing and Neighborhoods** policies because potential development sites within the URA could accommodate a variety of future housing types including public and private student housing, affordable, and market rate housing. City Council has established an overall goal of spending 30% of urban renewal funding on affordable housing projects and programs. The Amended NMACURA will continue to make funding available for housing programs and projects in the districts. These projects will be determined by the Portland Housing Bureau.

The Amended NMACURA is consistent with **Transportation** policies because URA funding may support development that includes improvements for active transportation modes and facilities such as installing street lighting and installing pedestrian/bicycle connections throughout the district. URA funds are expected to improve connections throughout the South Waterfront area through the extension of streets including but not limited to SW Bond Avenue and SW River Parkway.

The Amended NMACURA is consistent with **Urban Design** policies because it may provide funding for public improvement projects to enhance the pedestrian experience including improving sidewalks and amenities, planting street trees, installing street lighting, and installing pedestrian/bicycle connections throughout the district. Further, improvement projects that may be eligible for URA funding include rehabilitation of existing parks, tree planting and other streetscape improvement programs. These actions will improve the quality of recreation opportunities available to Portlanders.

The Amended NMACURA is consistent with **Environment** policies because funding may be used to improve existing green streets, stormwater facilities, and sidewalks and amenities, and for the planting of street trees. URA funding may be used to provide additional park space in the South Waterfront neighborhood. District funds may be used to support public and private improvements designed to support the success of these policies including, but not limited to, acquisition of open space, new stormwater management projects, and other green infrastructure projects.

Attachments

1. Memo from PDC Chair Kelly to the PSC
2. Draft Amended North Macadam Urban Renewal Plan and Accompanying Report
3. Findings of Fact for Conformance with City of Portland Planning Goals and Policies

