

Lincoln Station Market Study and Strategic Development Plan

Johnson Economics **DAO Architecture LLC** **CH2M HILL** **Angelo Planning Group**



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CLIENT CONTACTS

Jason Franklin, Portland State University
Rani Boyle, Portland State University

CONSULTANT TEAM

Johnson Economics

Jerry Johnson
Chris Blakney
Brendan Buckley

DAO Architecture LLC

David Horsley
Joanne Le
Jerry Long

CH2M HILL

James McGrath
Kristin Hull
Brandy Steffen
Sara Hoerber

Angelo Planning Group

Cathy Corliss
Serah Breakstone

We would also like to thank the following for their insights during the course of this study:

Portland State University

Wim Wiewel, President
Kevin Reynolds, Vice President for Finance and Administration
Monica Rimai, Vice President for Finance and Administration (through June, 2014)
Sona Andrews, Provost and Vice President of Academic Affairs
Dan Zalkow, Executive Director of Planning, Construction & Real Estate
Don Forsythe, PSU Treasurer
Jill Aschendorf, University Place Manager
Brian Hustoles, Director of Smith Memorial Union and University Events
Ian Stude, Director of Transportation and Parking
Sarah Renkens, Director of Transportation and Parking (through September 2013)
Torre Chisholm, Director of Athletics
Jana Hain, PSU Housing
Michael Walsh, Director, PSU Housing

Steering Committee

Kevin Reynolds, Vice President for Finance and Administration
Dan Zalkow, Executive Director, Planning, Construction & Real Estate
Erin Flynn, Associate Vice President for Strategic Partnerships
Don Forsythe, PSU Treasurer
Jackie Balzer, Vice President for Enrollment Management and Student Affairs (through June 2014; left PSU at that time)

Technical Advisory Committee

Kathryn Krygier, TriMet
Karl Lisle, Bureau of Planning and Sustainability
Mauricio Leclerc, Bureau of Transportation
Irene Bowers, Portland Development Commission
Todd Juhasz, Oregon Department of Transportation (through November 2013, left ODOT at that time)
Alan Snook, Oregon Department of Transportation (from December 2013)
Ian Stude, Portland State University
Ernest Tipton, Portland State University
Francis McBride, Portland State University

Additional Stakeholders

Brian Newman, Director, Campus Planning, OHSU
Mark Williams, Vice President, Campus Development, OHSU
Josh Schlesinger, Schlesinger Companies
Barry Schlesinger, Schlesinger Companies
Marvin Kau, American United
Peter Englander, Portland Development Commission
Julie Leuvray, Oregon Pacific Investment and Development
J. Daniel Steffey, Guardian Real Estate Services
John Russell, Russell Development Company
Gary Vance, Holland Partners
Jill Sherman, Gerding Edlen Development
Bob Lefeber, Commercial Realty Advisors
SOMA Steering Committee

Executive Summary



The Lincoln Station area is expected to see a significant transition in uses over the next decade, as the area's already strong public transportation infrastructure and other locational advantages are further enhanced by the completion of the Portland/Milwaukie Light Rail line. The area has a number of sites that are considered likely to redevelop, most notably the University Place hotel property controlled by Portland State University (PSU) and the old Budget Rent-A-Car site controlled by TriMet. This study evaluates potential alternative redevelopment outcomes for key sites in the area based on market dynamics as well as the space needs and policy objectives of the University and TriMet.

The Study Area benefits from outstanding transportation linkages, particularly public transit. Portland's downtown Transit Mall is adjacent to the Study Area, while multiple light rail lines and the streetcar line run through the area. Proximity to Portland State University provides a key advantage for housing, as well as for office and commercial uses that can benefit from this proximity. Key prospective redevelopment sites are oriented around the intersection of SW Fourth Avenue and SW Lincoln, and have a combined scale that provides the potential to support major new transit oriented and supportive development.

Market conditions in the general area are currently favorable for a range of potential uses, including residential, lodging, office and retail commercial. This is consistent with the current use mix in the area, which includes student housing, market rate rental apartments, condominiums, office space and retail. While a range of use types are potentially viable, rental residential development generally represents the use type with the highest rate of return in the current market. Within the district, development of complementary uses could increase the viability of marginal development, particularly increased retail options such as a grocer.

EXECUTIVE SUMMARY

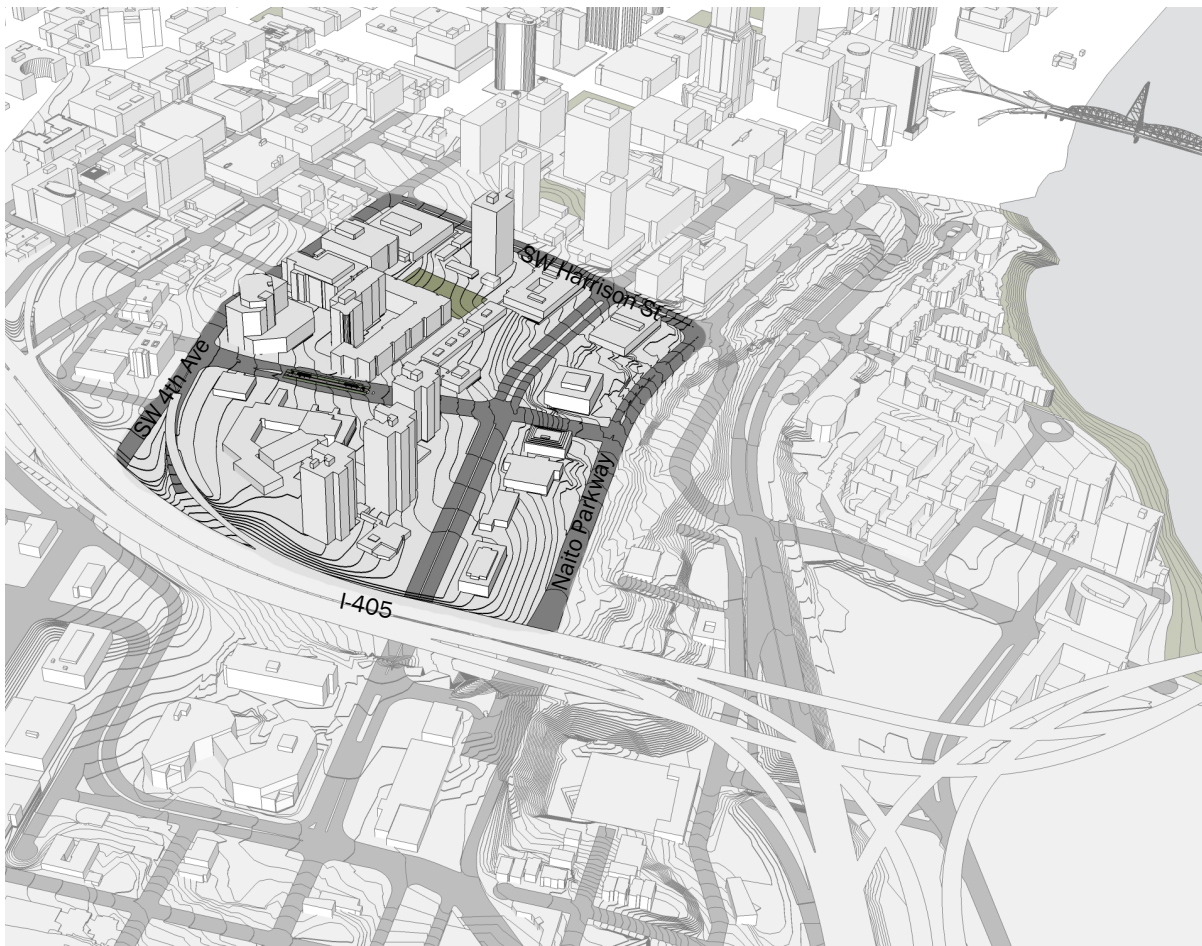


A series of prospective development scenarios were prepared for key sites in the Study Area, which were refined through feedback from various advisory committees and the public. These schematic development alternatives addressed potential development yields for a range of land use and construction types on the sites, and were informed by market inputs, the physical configuration of the sites and access constraints. Certain use types, such as a specialty grocer, are limited in their ability to be sited on parcels due to access constraints.

Prospective programs were evaluated for financial viability by component. At a general level, the strongest anticipated financial performance was seen in the residual components of the programs, with other uses providing a lower level of return. A mixed-use program has the potential to provide strong returns, with complementary uses matched to appropriate locations within the sites and shared parking arrangements.

Realizing development outcomes within the Study Area that capitalize on site characteristics and the recent significant infrastructure investments, will be a function of decisions made by property owners as well as the development community. Development programs for key sites will need to meet the needs of the property owners, or support residual land values adequate for acquisition of the sites. Implementation measures will vary by site, but programs will need to be viable or tied to development interventions that provide adequate support for the development community to achieve adequate returns while including program elements that are consistent with broader public policy objectives.

Existing Conditions



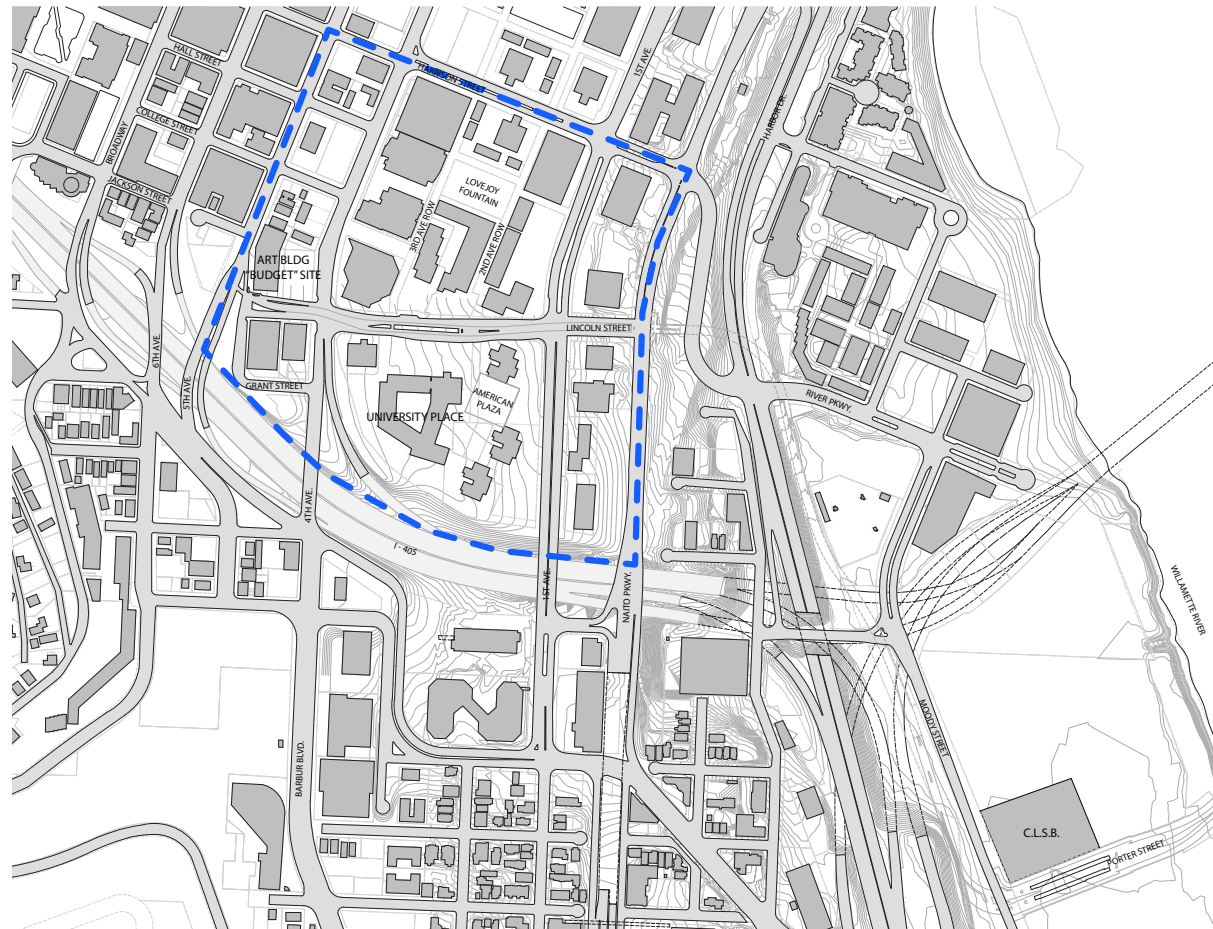
Lincoln Station Market Study Area

The purpose of the Existing Conditions Assessment is to collect, organize and present data regarding the current physical, market and policy conditions in order to inform the strategic development plan for the Lincoln Station area. The focus of the analysis is on a discrete Study Area bounded by SW Harrison to the north, SW Naito Parkway to the east, and Interstate 405 to the south and SW 5th to the west. While this area provides an appropriate context for transportation and urban design, the development opportunities in the area need to be considered within a broader context, which will vary depending upon what use type is being discussed. For example, while transportation functions and access characteristics are often local in nature, transportation systems must be viewed in a broader context. And, from a market analysis perspective, the relevant market areas are often considerable broader than the delineated Study Area.

EXISTING CONDITIONS

The assessment addresses a wide range of relevant planning documents and codes, several of which have yet to be adopted. The Study Area is in transition, and the current entitlement situation is in flux. While the assessment outlines current entitlements, it also recognizes that ongoing planning efforts are likely to have a substantive impact on allowable uses and density in the future. Ongoing work by the City of Portland, Metro and ODOT: including the West Quadrant Plan, SW Corridor Study and the Comprehensive Plan update will all shape this station area and district.

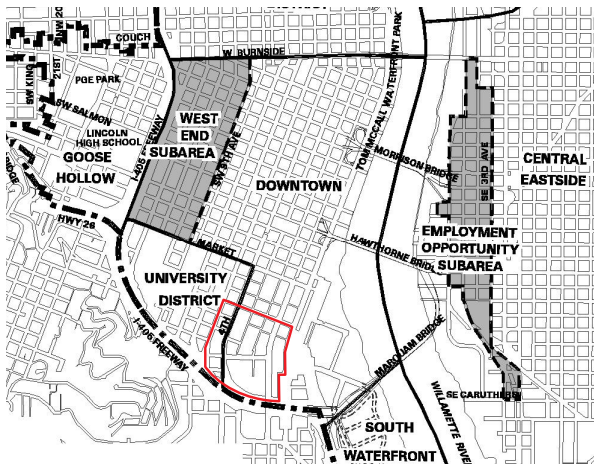
The current conditions work is represented in a series of background reports prepared by the consultant team. This section of the final report provides a summary of the key findings excerpted from these reports, which are otherwise included in the technical appendix. The table on the following page provides an overview of background information addressed, and identifies the technical report which they are covered in greater detail.



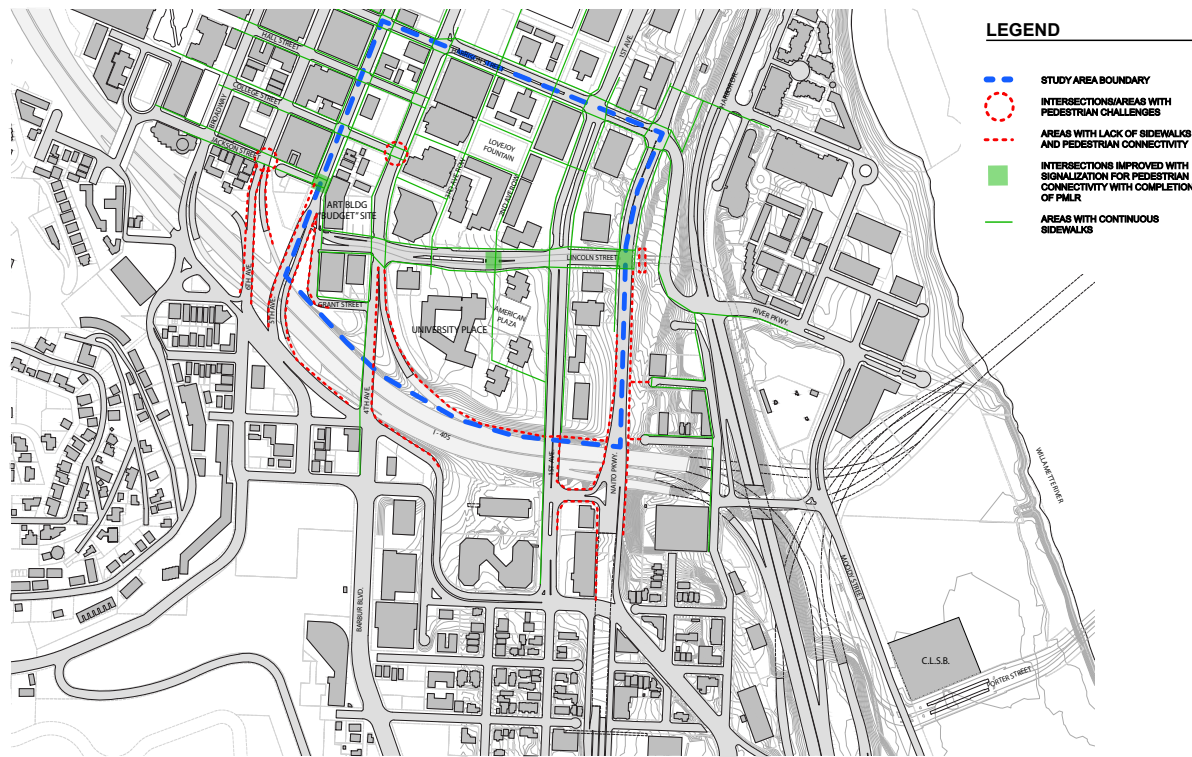
Site plan of Study Area and Vicinity

Deliverable	Components	Appendix with Coverage
Code Review	Applicable Base Codes Design Overlay Central City Plan District South Auditorium Plan District	August 20, 2013 Memo, Angelo Planning Group, Serah Breakstone and Cathy Corliss
Plan Review	Portland Plan Comprehensive Plan Central City 2035 Concept Plan (draft) University District Plan	October 9, 2013 Memo, Angelo Planning Group, Serah Breakstone and Cathy Corliss
Transportation Plan Review	Transportation System Plan Portland Bicycle Plan Pedestrian Master Plan Innovation Quadrant TS Dev. Charge Overlay Project Report OHSU/PSU Strategic Partnership Task Force Report (2011) University District and River District Plans Freeway Loop Study (2005) North Macadam Transportation Development Strategy (2009) SW Corridor Study (Ongoing)	October 7, 2013 Memo, CH2MHill, Terra Lingley
Multi-Modal Circulation Analysis	Parking Windshield Survey Pedestrian Facilities Bicycle Routes Vehicular Access Transit Service	November 20, 2013 Memo, CH2MHill, Terra Lingley
Market Research	Demographics Economic Context Residential Commercial Office Hotel/Hospitality	Market Conditions Assessment, Lincoln Station Study Area, Johnson Reid, October 2013
PSU Interviews	PSU Staff OHSU Reps	Interviews completed in August through November by Jerry Johnson and David Horsely

Regulatory Analysis



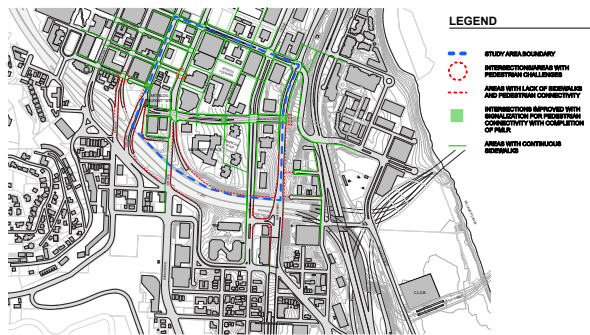
Circulation/Linkages



Transit Study of Project Area and Vicinity

The Study Area is served by an abundance of transit, with extensive multi-modal investment available to support any development programs in the area. Transit service within the Study Area is superlative and expected to improve. It includes the regional light rail system when the PMLR project is completed, streetcar system, and multiple local bus service lines. Current planning efforts outline further high-capacity transit improvements through the Study Area connected to the south Portland travel shed.

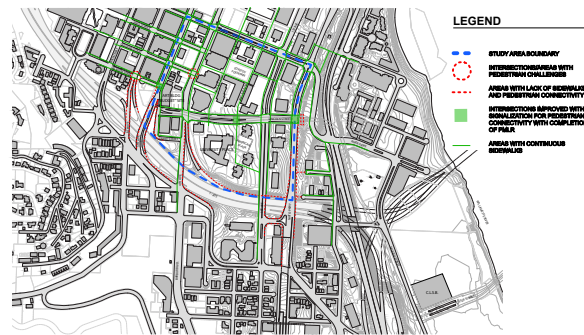
On street parking within the Study Area does not coincide with major redevelopment sites. Neither University Place nor the Art Building/ Budget Rent-A-Car site have adjacent on-street parking typical of downtown properties. This pattern will require that development programs within the Study Area largely account for their parking needs, as there is little proximate excess capacity. The University's parking garages do have the potential to provide some level of parking.



Pedestrian Study of Project Area and Vicinity

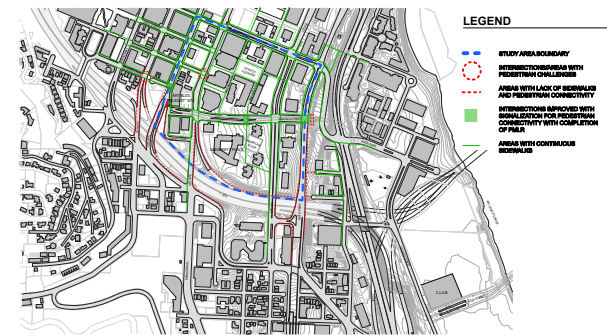
Pedestrian connectivity within and to the area is robust, and will be enhanced as part of the PLMR project. The area does have some pedestrian challenges, which include the following:

- A lack of signalized pedestrian crossings at SW 4th Avenue and SW College Street and SW 6th Avenue and SW Jackson
- The Pedestrian link to the south of I-405 exists but there are discontinuities south of I-405 that compromise its use and viability
- The area would benefit from an improved pedestrian link to the South Waterfront area, with current patterns confusing and indirect



Bicycle Study of Project Area and Vicinity

The PMLR project will also improve bicycle connectivity within the Study Area. The project provides a clearly delineated and signalized route from the Study Area to the South Waterfront with limited out of direction travel. Connections to and from the Study Area are less intuitive and challenging. The connection from the campus core to the Study Area is not simple and clearly delineated. Bicycle connections to the south of I-405 are difficult due to high traffic volumes, topography, and an irregular street network.



Vehicular Study of Project Area and Vicinity

Extensive regional and local vehicular infrastructure serves the Study Area and large volumes of motorists pass through the Study Area daily. The perception and reality of vehicular travel through, to and from the Study Area is that it requires out-of-direction travel. Vehicular navigation and wayfinding is complicated by couplets, medians, transit service, and superblocks.

Large freight truck circulation to and from the two main redevelopment sites within the Study Area –University Place and the Art Building/Budget Rent-A-Car site – is highly constrained. Only small delivery trucks and vehicles can service these sites due to the physical street geometry. The turning movements of larger vehicles that would require access to these sites would significantly disrupt the transportation network.

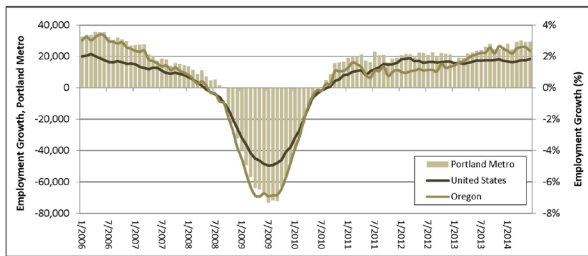
Needs Assessment

Future development within the Study Area will be influenced by market dynamics and needs, as well as the disposition decisions of property owners and investment decisions by the development community. This section outlines our findings with respect to current and expected market conditions, and the implications for development in the Study Area.

Our analysis identifies a number of key parcels with redevelopment potential. These parcels are controlled by a range of property owners, each of which will incorporate their specific property needs when making disposition decisions. The project team conducted a series of interviews with property owners within the Study Area to clarify their needs as part of our planning process. Private property owners as well as Portland State University and TriMet were interviewed. In addition, key stakeholder groups were engaged in the planning process.

A range of alternative land uses and program elements were evaluated, with Study Area and site specific conclusions outlined.

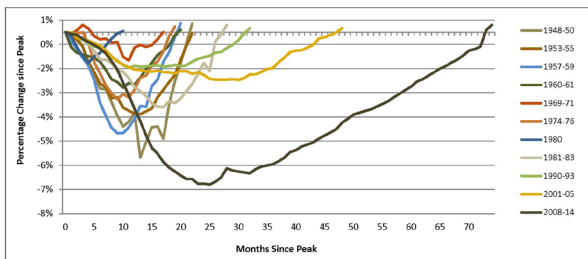
Market Analysis



Employment Growth in Portland Metro

The national economy is improving at a modest pace, with slow but steady gains in employment and private consumption. For 2013, economic growth is expected to be in the 2% range, while 2014 is likely to see somewhat stronger growth, possibly reaching 3%. The danger of a new recession within the very near future is low. Given the cyclical nature of economic growth, however, a new downturn is likely to take place within this decade.

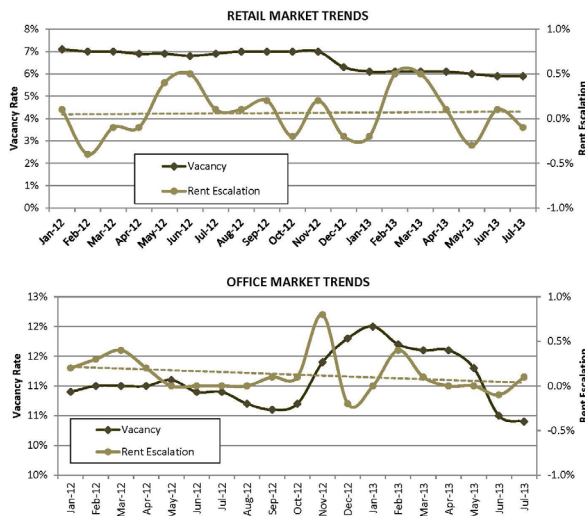
Portland’s economy reflects developments at the national level, with recent employment growth attributable primarily to gains in professional services and leisure & hospitality. In the Downtown Area, restaurants and small to mid-sized high-tech firms have contributed to the growth.



Recession - Percentage Change Since Peak

The Portland Metropolitan Area’s rental apartment market is currently exceptionally strong. The favorable conditions have attracted new development. Johnson Economics projects that pent-up and new demand in the metro area will be able to absorb the current pipeline, but rent escalation and vacancy rates might reach long-term average levels already in 2015, with somewhat less favorable conditions in following years.

The Portland metro area has a perceived shortage of student housing, primarily attributable to a relatively low ratio of student housing relative to students at Portland State University. Though enrollment growth at PSU is expected to be flat over the coming years, pent-up demand will likely continue to keep pressure on this market. The Portland market varies from smaller towns with universities such as Eugene and Corvallis, as the size of the student demand relative to the overall market is relatively small. As a result, students have a significantly broader range of housing options available to them, and the need for housing specifically targeting students is likely lower.



Retail and Office Trends

The Downtown condominium market has not yet recovered completely from the downturn. Even without any new construction since 2008, a few pre-recession projects still have unsold units on their books. Over the mid-term, we are expecting a return of the condominium market in the downtown core. Johnson Economics estimates that structural demand for ownership housing on the Central Westside will be in the order of 700 - 750 units annually over the next ten years.

The Downtown retail market is improving, albeit at a slow pace. Though rents have remained relatively flat recently, the vacancy rate has fallen and currently sits right below 6%. Retail space accommodating forms of retail that require display and ambiance is best protected against the shift toward online retailing. In Portland, restaurant space has performed particularly well in the recent cycle. Retail opportunities within the Study Area are expected to be concentrated along the SW Fourth and SW Broadway Corridors, and include a specialty grocer in the district.

The Central Portland office market is gaining strength, and exhibits vacancy rates well below the national average. For all office space combined, the vacancy rate is currently 10.5%. For newer class A space, the current overall rate is 6.8%, and rents average \$25.60. While largely considered to be less viable under current market conditions than residential uses, the ability of office space to share parking resources makes it a program element that may enhance a broader project.

NEEDS ASSESSMENT

The Portland metro area currently has a relatively high occupancy rate for overnight lodging, with economic and tourist trends expected to continue to increase the need for transient lodging rooms. There are currently five projects in the development pipeline, representing a 20% increase in supply within the downtown submarket. All of this supply is expected in higher tier product segments, headlined by the proposed 600-room headquarters hotel at the convention center. Despite the expected new introductions, the market is expected to stay strong locally.

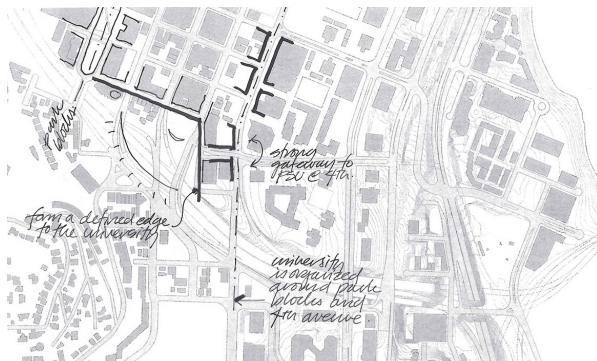
From a market perspective, we see the following program elements as representing development forms that may prove viable on sites within the Study Area:

Use Type	Description	Characteristics
Market Rate Rental Apartments Traditional	Traditional rental apartments, either in mid-rise or high-rise configuration	Mix of studios, one, two and penthouse units. Significant common area amenities. Parking ratio of at least 0.75 per unit
Market Rate Rental Apartments Efficiency	Small unit rental apartments, either in mid-rise or high-rise configuration	Studio and efficiency units, with limited common area amenities. Targeting price sensitive buyers. Parking at 0.4 per unit
Traditional Student Housing		Studio or quad configuration. Limited parking.
Student-Oriented Housing		Primarily one and two bedroom units, with limited on-site amenities and low parking ratio (below 0.5/unit)
Condominiums	Condominium flats, in mid-rise or high rise configuration.	Range of units, with mix dependent upon targeted demographic. Parking at 1.0 per unit or greater.
Senior Housing	Age in place senior housing, ranging from independent to memory care	Small traditional apartments and studios, with extensive public areas and services.
Hotel/Conference	Business/Conference Hotel, in the 120-150 room range with conference facilities	
PSU Academic Uses	Classroom/studio space at a limited scale	Likely included as a component of another leading use
Retail Commercial	Specialty Grocer	Need full size truck access. Very limited demand for non-destination retail.
Office Space	Single User or Multi-Tenant	Market limited, but ability to share parking may make this more viable. Approximately 100,000 – 150,000 of GLA

Interviews



Sketch: Redevelopmentable parcels surrounding the Study Area

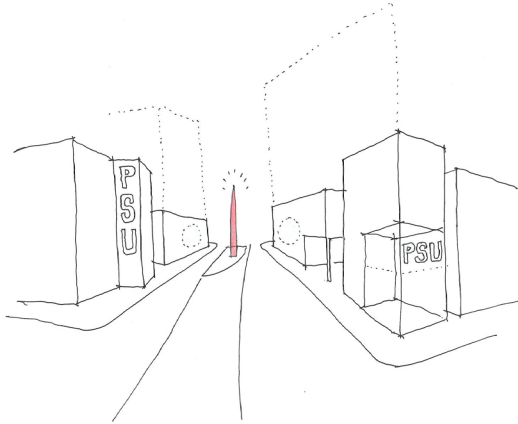


Sketch: Importance of 4th Ave as gateway and visible form I-405

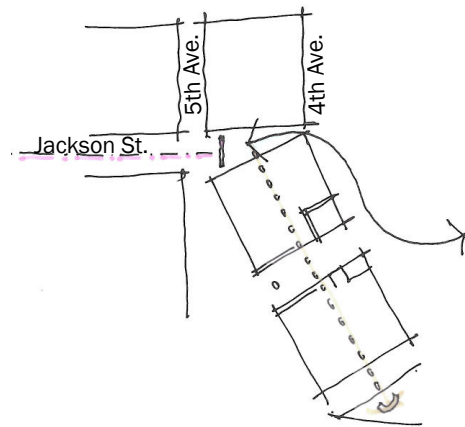
Throughout the Lincoln Station Strategic Development Plan, PSU was committed to an approach that engaged affected property owners within the Study Area, community members and University stakeholders including: the Capital Advisory Committee (CAC); the University President, Deans, Directors of major programs, and students. The outreach activities allowed for early and ongoing opportunities for all stakeholders to be involved in the final decision. Input was collected from numerous groups and stakeholders throughout the planning process.

At the beginning of the plan the project team interviewed 20 stakeholders. Throughout the plan, meetings were held with the Technical Advisory Committee (TAC), SoMa Steering Committee, and Capital Advisory Committee (CAC) at key milestones. The condominium owners at the American Plaza Tower have a special interest in any redevelopment of the University Place site and so special efforts were made to involve them through targeted newsletters and presentations by PSU staff.

At the outset of the project, a collaborative workshop was conducted with a broad range of Agency, University, City and private development staff. Many urban design and programmatic ideas were discussed, recorded and integrated into the Alternative Development Phases. Those ideas and questions are diagrammed alongside this report section.



Sketch: PSU Gateway potential on new development or with public art



Sketch: Creating pedestrian ways within and through the larger blocks within in the Study Area

The findings from the interviews are showing a range of potential uses/needs on the University Place parcel (and possibly surrounding areas.) Some of these are specific University needs, and others are more market driven. Possible program components include:

- School of Public Health – approximately 40,000 – 50,000 sf. (This school is relatively nascent, in the very preliminary stages of formation in partnership with OHSU, and potential size is highly variable),
- Conference Center and Hotel – approximately 100,000 – 150,000 sf (early comments indicate a primary need of 30,000 – 40,000 sf conferencing, approximately 120 rooms),
- Graduate Student or Family Housing – approximately 50 – 60 units as an immediate need, as noted by the Housing and Residence Life Office,
- Market-rate Housing – undetermined number of rental units, (several possible ownership/partnership models possible, must be structured to steer clear of existing ACC non-compete agreement unless they are a partner),
- Senior Housing or other form of Aging-in-Place Housing and Support Services– undetermined number of units and form of support services, (several models viable within region and immediate vicinity, – general interest in locating near universities, and transit a large benefit),
- Specialty Grocery – 15,000 – 25,000 sf, (Smaller footprint model currently garnering interest, access and loading issues one priority to address),
- Consolidated Art School – Existing Art School in several locations currently, primary facility adjacent to prior Budget Rent-A-Car (now TriMet staging) parcel.

Redevelopment Scenarios anticipated over the next few months will focus on one, or most likely a mix, of these uses on the University Place parcel, along with the potential redevelopment ramifications for other surrounding parcels, including the:

- Art School / Budget Rent-A-Car (now TriMet staging) parcel,
- Portland Center Plaza parcel,
- USGS Building site,
- Ed Wyse Beauty Supplies parcel,
- Triangle site, south of USGS and Unitus,

Study Area Specific Findings



SENIOR HOUSING

Mirabella:

- 453,000 sf. High-Rise Residential Tower
- 220 Condos, 16 Assisted Living, 21 Special Care Rooms
- Underground stacked parking
- Amenities:
 - Wellness Center
 - On-Site Care
 - Library
 - On-Site Dining
 - Auditorium



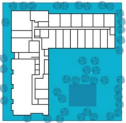
Terwilliger Plaza:

- 12 Story High-Rise Senior Housing
- 200 Rooms, Studio to 2 Bedrooms
- Parking Garage
- Amenities:
 - On-Site Dining
 - Library

STUDENT / HYBRID HOUSING

CYAN / PDX:

- 280,000 sf. High Rise Residential Development
- 354 Units, Studio to 2 Bedrooms
- Underground Parking, 5 Levels
- Amenities:
 - Green Space
 - Fitness Center
 - Ground Floor Retail



MW8:

- 57,000 sf. Mid-Rise Housing Development
- 54 Units, 2-4 Bedrooms
- Parking T.B.D.
- Amenities:
 - Ground Floor Retail Space (4,200 sf.)



ACADEMIC HYBRID HOUSING

North Toronto Collegiate Institute:

- 500,000 sf. High Rise Housing Over 150,000 sf. High School
- 530 Units
- Parking T.B.D.
- Amenities:
 - Track and Park Adjacent
 - Cafe and Restaurants



LARGE PARCEL - VARIED TYPES

Hassalo on Eighth:

- 583,000 sf. Residential Development
- 657 Units
- 32,000 sf. Retail, 26,000 sf. Anchor Tenant



RESIDENTIAL

The Study Area has location attributes that are strongly supportive of residential development. Situated at the edge of the PSU campus, and at the south perimeter of Downtown, the area is likely to draw support from a diverse tenant profile. A range of residential programs are considered viable in the Study Area, including market rate rental apartments, student housing, senior housing and condominiums. A significant share of the tenants will likely be PSU students, but workers with employment at PSU, OHSU or in the Portland CBD might also find the location attractive. With excellent freeway access and visibility, the project might also appeal to workers commuting to destinations further away. Furthermore, the project will benefit from the redevelopment of the South Waterfront, which will lead to increased vitality in the southern part of Downtown, and the future MAX station, which will enhance the site's already strong accessibility.

The Study Area's primary advantages are freeway and public transit access, and a location close to major employment centers in Downtown and at OHSU. However, the location may not be as attractive as the Pearl and the South Waterfront for non-university related demand. The Pearl District offers more urban vitality and trendiness, and the South Waterfront offers better views and stronger feeling of luxury. As a result, development in the area is expected to be priced somewhat below these competing districts.

Current market conditions are highly favorable to rental apartment development, but the market is cyclical. There is a significant likelihood that ownership residential uses may provide more attractive returns by the time any development in the Study Area enters the market.



HOTELS ASSOCIATED WITH UNIVERSITIES
University of Wyoming:

- Mid-Rise Hotel and Conference Center
- 135 Guest Rooms, 12 Conference/Meeting Rooms (13,000sf.)
- On-Grade Parking
- Amenities:
 - 24-Hour Business Center
 - Fitness center
 - Conference Center



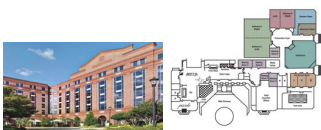
University of Texas:

- Mid-Rise Hotel and Conference Center
- 237 Guest Rooms, 37 Conference/Meeting Rooms (40,000sf.)
- Underground Parking, 525 spaces
- Amenities:
 - Business Center
 - Art Gallery
 - Conference Center



Kellogg Conference Hotel at Gallaudet University:

- Mid-Rise Hotel and Conference Center
- 93 Guest Rooms, 18 Conference/Meeting Rooms (17,000sf.)
- Parking Garage
- Amenities:
 - Fitness Center
 - Business Center
 - Conference Center



The Hotel at Auburn University & Dixon Conference Center:

- Mid-Rise Hotel and Conference Center
- 236 Guest Rooms, 15 Conference/Meeting Rooms (22,000sf.)
- On-grade Parking
- Amenities:
 - Fitness Center
 - Business Center
 - Conference Center

BUSINESS / CONFERENCE HOTELS



Hilton Garden Inn:

- 50,000 sf. Mid-Rise Hotel and Conference Center
- 121 Guest Rooms, 7 Conference/Meeting Rooms (2,000 sf.)
- On-grade parking
- Amenities:
 - Minimal Conferencing



Courtyard by Marriot:

- High-Rise Hotel and Conference Center
- 256 Guest Rooms, 9 Conference/Meeting Rooms (5,300 sf.)
- Valet Parking
- Amenities:
 - T.B.U.

RETAIL COMMERCIAL

The PSU area is not a retail destination, and is primarily suitable for small-scale development serving households, students, and workers in the neighborhood. However, with the new Lincoln Street MAX station, the Study Area can see significant increases in pass-by traffic, and thus command improved lease rates.

Based on projected household growth and current household spending levels, we anticipate that the need for new retail space in the downtown core will be in the order of 80,000 square feet annually. With limited pipeline supply, this points to favorable conditions for developers of retail space, assuming that the attributes of the site are consistent with retail requirements. A key need identified in the immediate area is for grocery goods, and a number of specialty grocers have been evaluating locations in the PSU, South Auditorium and South Waterfront areas.

The value of retail commercial development is not simply the performance of the lease, but the amenity provided for associated program elements. Certain tenant type have a substantive impact on achievable pricing, and can enhance an overall program's performance.

OFFICE SPACE

The Study Area is well positioned for office space development, as many knowledge-based firms in particular seek to locate their offices close to research universities. The Study Area benefits further from strong freeway and excellent public transit access. The Study Area is on the periphery of the Portland CBD, and would be expected to be discounted vis-à-vis more central locations. A key advantage of office space within a larger development program is the ability to share parking resources with a number of uses, most notably residential. This is valuable in many mixed-use development scenarios, as parking is typically a major problem for project viability.

NEEDS ASSESSMENT

HOSPITALITY

The local hotel market is one of the best in the country. Positive and improving market conditions appear to be broad based, with both upper and lower pricing tiers performing favorably. Portland is expected to remain one of the hotter lodging markets in the country through the remainder of 2013.

The subject site's location is ideal for University-related conferences, while representing a strong yet far from top of market position for tourism travel. The major draws for tourism visitors to Portland include shopping and fine dining, and the subject site's location is considered inferior to more central locations in the CBD.

The area's strong transportation links does provide it with a viable opportunity for a second tier location appealing to a cost sensitive market that still seeks easy access to the area's amenities. Nearly four of every ten marketable trips stayed overnight for some event or festival. This should play strongly in favor of hotel development in the district.

Hotel development nationally as well as locally has become more attractive due the widespread availability of EB-5 visa program-related financing. Hotel investments score well in this type of structure, making them attractive investments and increasing the availability of investment capital targeting this use type.

PROJECT SUSTAINABILITY

The planet is in the midst of profound climatic changes, which will require creative and committed responses to address. The configuration of our built environment has played a large part in this present condition, and our future response can play a commensurate role in reversing this trend. Portland has often positioned itself at the forefront of these principles, and in 2009, EcoDistricts (formerly Portland Sustainability Institute, or PoSI) along with the City of Portland launched the EcoDistricts Initiative, encouraging neighborhood-scale strategies to integrate buildings, infrastructure, and community involvement. Five pilot EcoDistricts were defined, including the South of Market (SoMa) Ecodistrict, of which the University Place parcel and broader study area are a part. PSU has participated in the SoMa Ecodistrict, and has pursued other sustainable practices as identified in a PSU Climate Action Plan.

Redevelopment of the University Place parcel offers perhaps the clearest opportunity for a unique and concrete example for the potential of infrastructure and activity synergies. As a single, approximately 4-acre development, the scale of this project provides a rare opportunity for an appropriately scaled multi-block, or mini-district infrastructure response, particularly for energy and water harvesting and re-use.

ENERGY AND WATER

Opportunities for minimizing energy use within the development should be utilized to take advantage of the development's scale. A mix of uses, some requiring heat such as housing, may be balanced with uses typically expelling heat, such as office structures. Passive solar strategies may be appropriate for residential portions of buildings, whereas shading is naturally critical in office or a variety of other environments. Passive energy saving strategies used successfully for centuries include deciduous plantings, natural ventilation, and daylighting and all should be maximized where feasible. More active energy generating strategies such as rooftop or building-integrated photovoltaics, micro-turbines, or ground-source heat and cooling are likely to be more economically feasible at the potential multi-block scale of development on this site.

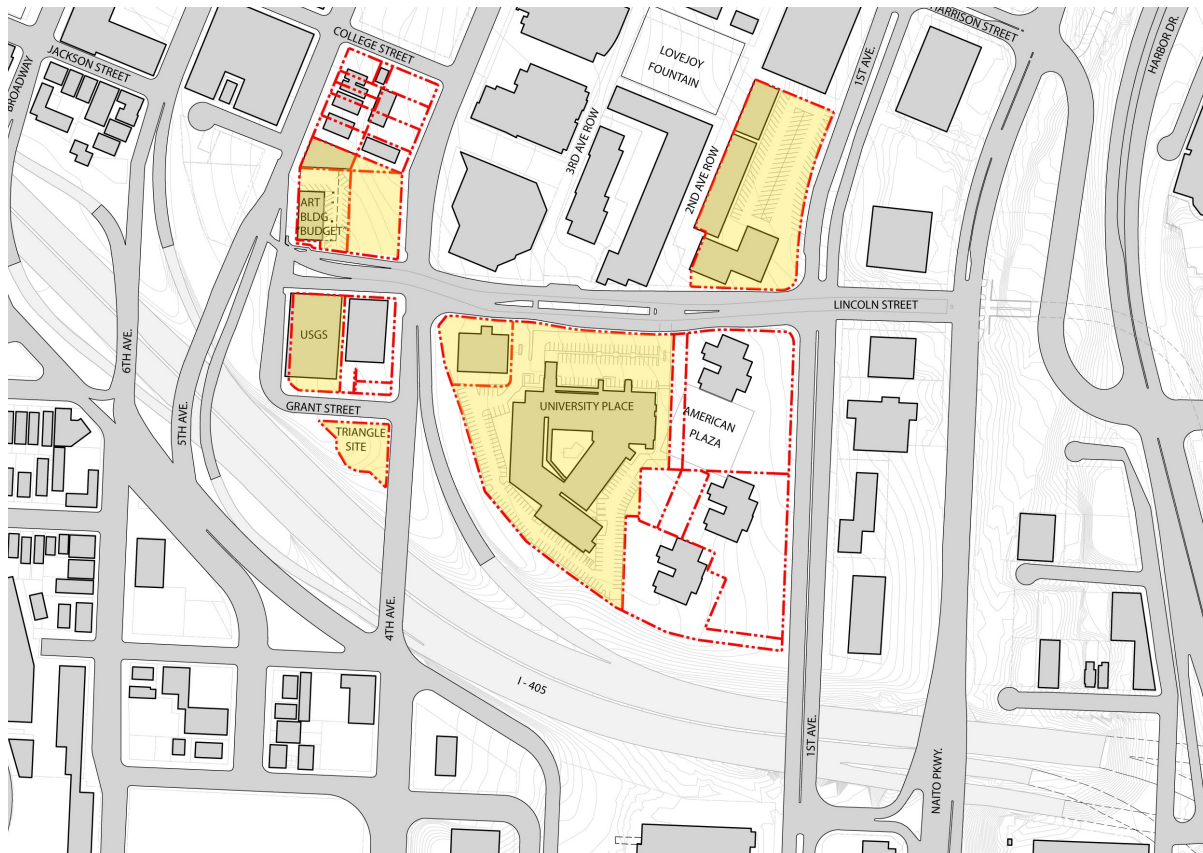
As an appropriate climatic response for an urban location in the Pacific NW, stormwater retention, and potential harvesting and/or treatment, is always a priority. Minimizing stormwater runoff by limiting impermeable surfaces with green roofs or walls, and providing as much permeable site hardscapes and landscaped retention zones, are already mandated by the City. Coupled with maximizing strategies for water re-use, these may be addressed more holistically and economically on a site-wide basis. Recent local installations of Living Machines for gray and blackwater treatment have been successfully implemented and proven viable financially within an EcoDistrict scale and context, and the University Place redevelopment presents a similar opportunity.

COMMUNITY

In the broader context of a truly sustainable community, other aspects play a similarly important role. An increased density of uses on the site will naturally bring more activity to the buildings and public openspaces. A diversity and mix of uses is likely to attract different kinds of users to the development, and provide a broader range of activities more hours of the day than a more monoculture development. In general, university campuses and their surroundings are becoming more intergenerational, and this bodes well for enriching the experience of both young and old.

A variety of open space size and character within the development provide light, air, and outdoor gathering places for residents, visitors, and campus community. A hierarchy of circulation networks will be necessary to create the internal pedestrian, bicycle, and vehicle connections for this new neighborhood, and connect it to the broader surroundings of the campus and downtown. Art and beauty should be incorporated wherever possible.

Development of Alternatives



University Place parcel and surrounding vicinity, with study parcels highlighted

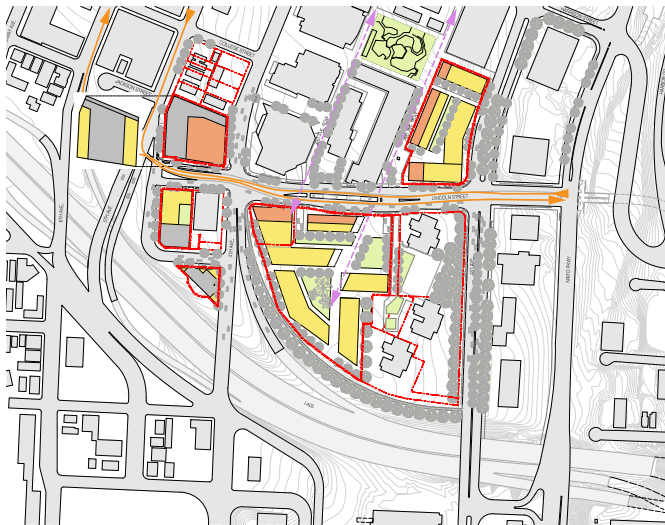
This section summarizes the progression followed in the development of alternatives for key parcels within the Study Area. The process included initial program development based on a series of broad themes, public outreach to get feedback on the initial alternatives, a refinement of those alternatives, financial analysis of the programs and then development of preferred alternatives.

Based on the Study Area Specific Findings, initial redevelopment scenarios were generated, illustrating a spectrum of complementary uses located on the University Place and other surrounding underdeveloped parcels. These initial alternatives also explored a range of open space configurations, building massing and heights, along with access and view corridor strategies.

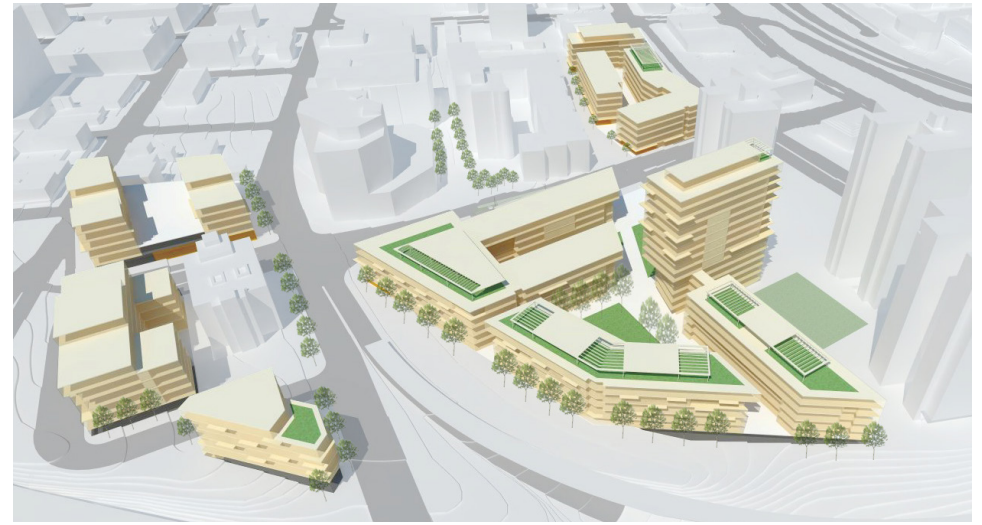
Initial Alternatives

SCENARIO A

Focused on a highest and best use approach (from a strictly market-driven, economics-based standpoint) for all redevelopment opportunity parcels. As a starting point, this scenario shows market-rate housing (depicted in yellow) predominating, with neighborhood-service retail (orange) in ground floor locations supported by vehicle and pedestrian traffic. Parking is accommodated below ground, and a series of outdoor spaces is connected by ground level pedestrian extensions to the Halprin Open Space Sequence.



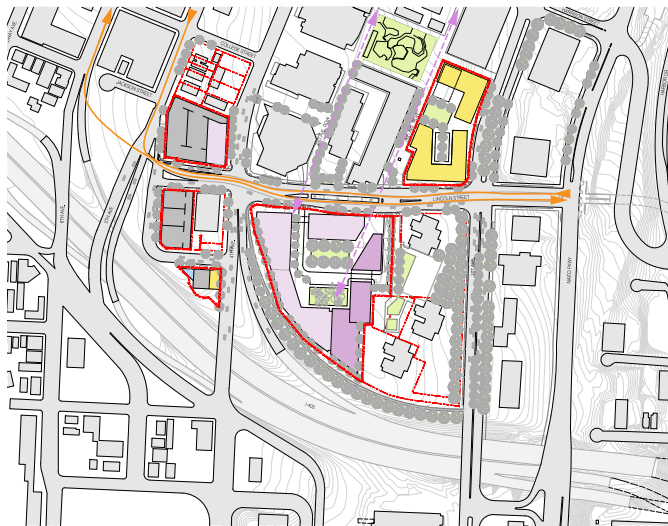
Scenario A Ground Floor Diagram



Scenario A MARKET-DRIVEN / Mixed-Use, Housing-focused Model

SCENARIO B

Illustrated primarily PSU-focused needs/desires on all parcels. This University-focused model shows a large amount of academic space (shown in pink) on the majority of the University Place parcel, and on a redeveloped Art School / TriMet owned parcel. Other uses shown include a hotel (purple) on the eastern side of University Place, incubator-type research flexible office space west of 4th Avenue, and housing on the parcel to the northeast. A surface street provides vehicular access within the site, to below-ground parking and a large central greenspace.



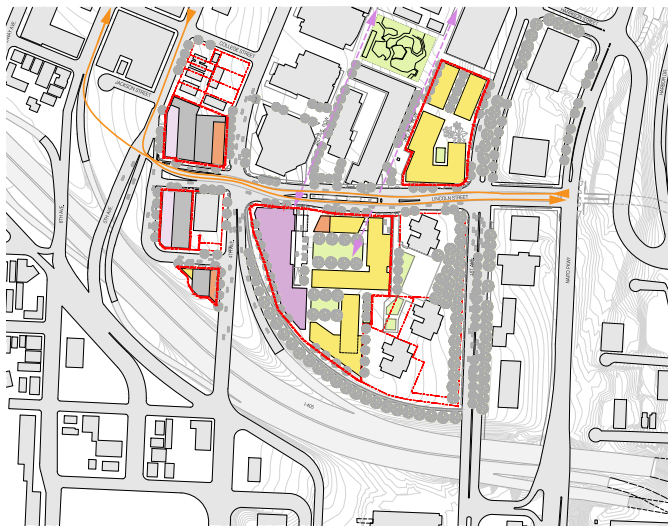
Scenario B Ground Floor Diagram



Scenario B ACADEMIC NEEDS-DRIVEN / University-focused Model

SCENARIO C

Shows a hybrid approach, including a mix of University-focused priorities, coupled with market-rate housing where appropriate. A University-based hotel and conference center is located on the western portion of University Place, with the balance of the site developed as housing, an approach which may support divided ownership of the parcel. Academic uses are shown on the University-owned parcels west of 4th Avenue, with housing on the remainder of the parcels. Below-grade parking is again accessed off Lincoln Street, and variously-sized outdoor spaces are connected by pedestrian pathways to the nearby MAX station and Halprin Open Space Sequence.



Scenario C1 Ground Floor Diagram



Scenario C1 HYBRID LIVING-LEARNING / Academic/Hotel and Residential Model

Open Houses



LINCOLN STATION - OPEN HOUSE

MARKET STUDY & STRATEGIC DEVELOPMENT PLAN

Portland State University (PSU) and TriMet are seeking input on the creation of a strategic development plan for Lincoln Station. In 2015, light rail service will be extended, connecting downtown Portland to Milwaukie and adding a new light rail station on SW Lincoln Street at 4th Avenue. There is significant development capacity in the vicinity of the future Lincoln Station, creating an opportunity for transit oriented redevelopment that encourages transit ridership and adds vibrancy to south downtown. TriMet and PSU have partnered to complete the Lincoln Station Development Strategy, which is exploring potential redevelopment strategies through market analysis and will generate a plan for viable development. A consultant team, led by Johnson Economics, is managing this planning project.

Lincoln Station is located within the South of Market (SoMa) Ecodistrict adjacent to the Lawrence Halprin Open Space Sequence, and creates an important link between Oregon's largest university and the South Waterfront. At nearly four acres, the PSU-owned University Place Hotel is the largest adjacent site for potential redevelopment.



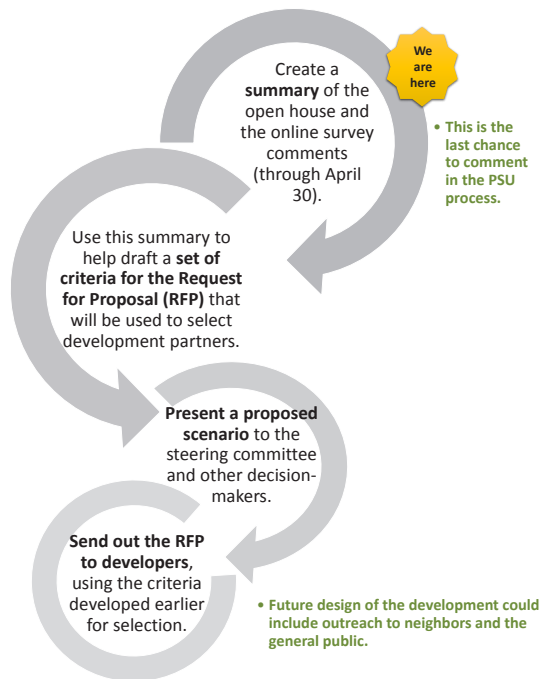
Two sets of open houses were held at the University Place Hotel to reach the general public, as well as the stakeholders involved through the committees or from the interviews (more detailed summaries of feedback and materials presented can be found in the appendix).

On January 23, 2014, PSU hosted two public meetings to solicit comments on three Initial Alternatives for the redevelopment of the Lincoln Station area. The two meetings (11:00 am to 1:00 pm; 4:00 to 6:30 pm) had the same information and format. Approximately 150 people attended the two meetings; 28 comment forms were physically submitted at the meetings, 2 letters were mailed in, and 40 people submitted comments online.

On April 23, 2014 from 3:00 to 6:30 pm the second public meeting was held to solicit comments on three Refined Alternatives for the redevelopment of the Lincoln Station area. Approximately 120 people attended the meeting; 55 comment forms were physically submitted and 10 people submitted comments online through an interactive online open house where community members could review the same information as the in-person meetings. Additionally, two newspaper articles advertised the project and the opportunity to provide comments: in The Oregonian on April 18, 2014 and The Vanguard on April 29, 2014.

Refined Alternatives

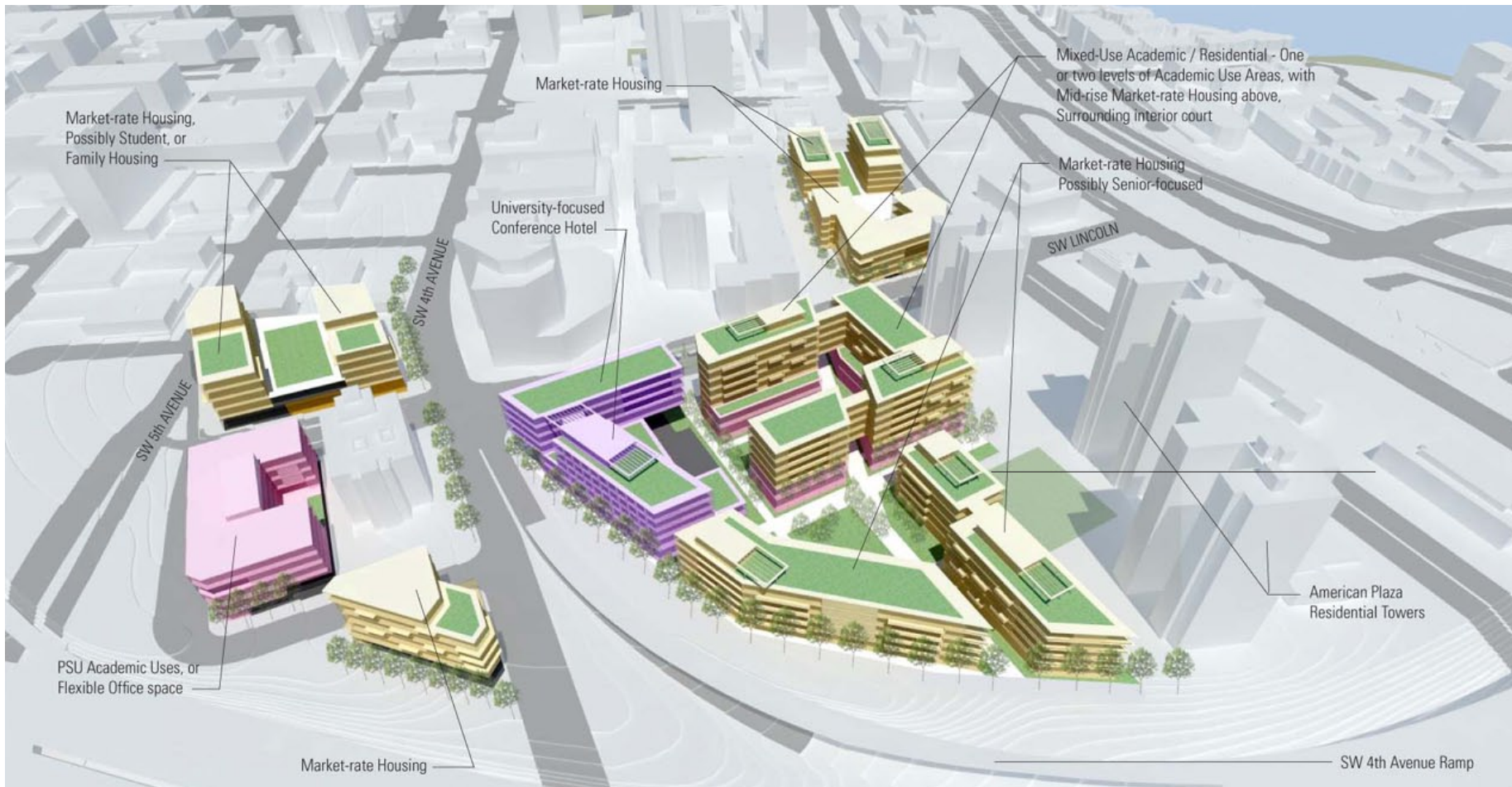
What's next?



Based on feedback from on-going market research and financial analysis, coupled with input from neighborhood stakeholders within the public open houses, refinements were incorporated into the redevelopment alternatives. A number of additional scenarios were explored, with the most vibrant and economically supportable shown on the following pages. Similar to the initial alternatives, the refined versions explored a spectrum of building height and massing configurations, and the view corridors between them; a mix of plazas, greenspaces, and outdoor urban rooms; and a variety of strategies for connecting the buildings' residents and visitors to the new adjacent MAX station, the existing American Plaza and Halprin Open Space Sequence, the University to the north and west, and the district and community at large.

Academic Village

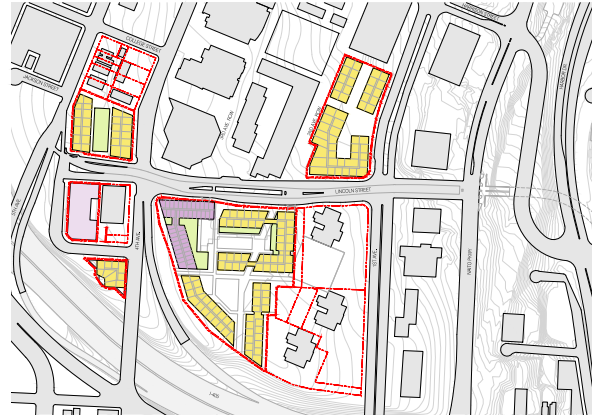
This refined alternative builds upon recent progressive university mixed-use developments, integrating academic spaces with housing, for a more active 24-hour use of the property. A building combining these functions is shown on the parcel's northeast corner, with one or two floors of academic spaces with residential units above. A compact university-focused hotel with ground-floor conference center is shown to the west, for visibility at the corner of 4th and Lincoln. On the south of the site, another residential facility, possibly active-senior focused, is shown. Below-ground parking is topped with a mix of courtyards and greenspaces, linked for pedestrian and visual access throughout. On the adjacent parcels, housing, grocery, and academic uses are located where most appropriate.



Ground Floor Plan



Typical Upper Floor Plan



University Place Parcel

- Site Area (not incl. Ed Wyse) 168,000sf
- Site Area (incl. Ed Wyse) 186,500sf
- Height Limit 150 - 225 feet, depending on doc.
- Allowable FAR: 373,000sf (at current 2:1 ratio)
- (incl. Ed Wyse) 560,000sf - 746,000 (if raised to 3:1 or 4:1 ratios)
- (Current bonus of additional 3:1)

Academic Village Scenario Area Calcs - (FAR of 2.6 : 1 illustrated)

- Retail along Lincoln: 6,000sf (L1 only)
- NE corner Housing: 17,000sf/fl x 5 flrs
- + 15,000sf/fl x 4 flrs = 145,000sf
- = 155,000sf
- SE corner Housing: 31,000sf/fl x 5 flrs
- = 155,000sf
- = **300,000sf**
- Total Housing:**
- NE corner Academic Uses: 34,000sf/fl x 2 flrs = 68,000sf
- Western portion Hotel: 40,000sf (L1/2 Conf. funct.)
- + 18,000sf/fl x 4 flrs = 112,000sf

Below-grade Uses

- Parking level incl. Ed Wyse: (approx. 300-350ps/level, w/cores/util.) = 142,000sf
- EcoDistrict Utility Area: = 22,000sf

Program Uses Legend

 Residential	 Academic	 Parking
 Retail	 Hotel	 Flex-Office Workspace

On University Place Site

- Scenario assumes Ed Wyse parcel is purchased and consolidated
- Mixed-use Academic and Housing structure
- 2 Floors of Academic, with 4 -5 floors of Housing above
- Compact University-focused Hotel
- Reception, Conference, Restaurant on L1, 120 rooms above
- Conference/Meeting Rooms available to support nearby uses
- Mid-rise Residential on remaining portions of parcel
- Market-rate, Active-Senior, or Graduate Student Housing
- Intergenerational Focus possible
- Single level, efficient plate of Below-grade Parking
- LivingMachine, or sim. EcoDistrict Utility adj. to 4th Ave Ramp

On Surrounding Parcels

- Art School / TriMet parcels (combined) Mixed-use Residential over Grocery
- Current USGS Parcel - Consolidated Art School, or other Academic Use
- Triangle Parcel, south of Grant Street, Market-rate Housing
- On PDX Center Plaza Site - Market-rate, Active-Senior, or Grad-Student Housing

Southern Exposure

This redevelopment alternative organizes the parcel's buildings and open spaces for maximum solar orientation, while enhancing the view corridors to the east and west. A series of linear housing structures are oriented for solar gain on southeastern portions of the University Place parcel, with hotel shown located along Lincoln Street. An incubator-type flex office structure (similarly-oriented for solar control and shading) is shown in the northwest quadrant of the site. Below-ground parking would be accessed from Lincoln, capped by a central Pedestrian Allee, linking the series of linear greenspaces between the buildings. On the adjacent parcels, academic and residential uses are shown.



Ground Floor Plan



Typical Upper Floor Plan



University Place Parcel

- Site Area (not incl. Ed Wyse) 168,000sf
- Height Limit 150 - 225 feet, depending on doc.
- Allowable FAR: 336,000sf (at current 2:1 ratio)
- (not incl. Ed Wyse) 504,000sf - 672,000 (if raised to 3:1 or 4:1 ratios)
- (current bonus of additional 3:1)

Southern Exposure Scenario Area Calcs - (FAR of 2.2 : 1 illustrated)

• Retail along Lincoln:	11,000sf (L1 only)	
• Central North Housing block:	9,000sf/fl x 6 flrs	= 54,000sf
• Central South Housing block:	17,000sf/fl x 5 flrs	= 85,000sf
• Southern edge Housing:	15,000 (L1)	
	+ 10,000sf/fl x 3 flrs	= 45,000sf
Total Housing:		= 184,000sf
• Northern Edge Hotel:	25,000sf (L1 Conf. funct.)	
	+ 18,000sf/fl x 4 flrs	= 97,000sf
• Northwestern Office block:	14,000sf/fl x 5 flrs	= 70,000sf

Below-grade Uses

- Parking level not incl. Ed Wyse: (approx. 300ps/level, w/cores/util.) = 130,000sf
- EcoDistrict Utility Area: = 17,000sf

Program Uses Legend

Residential	Academic	Parking
Retail	Hotel	Flex-Office Workspace

On University Place Site

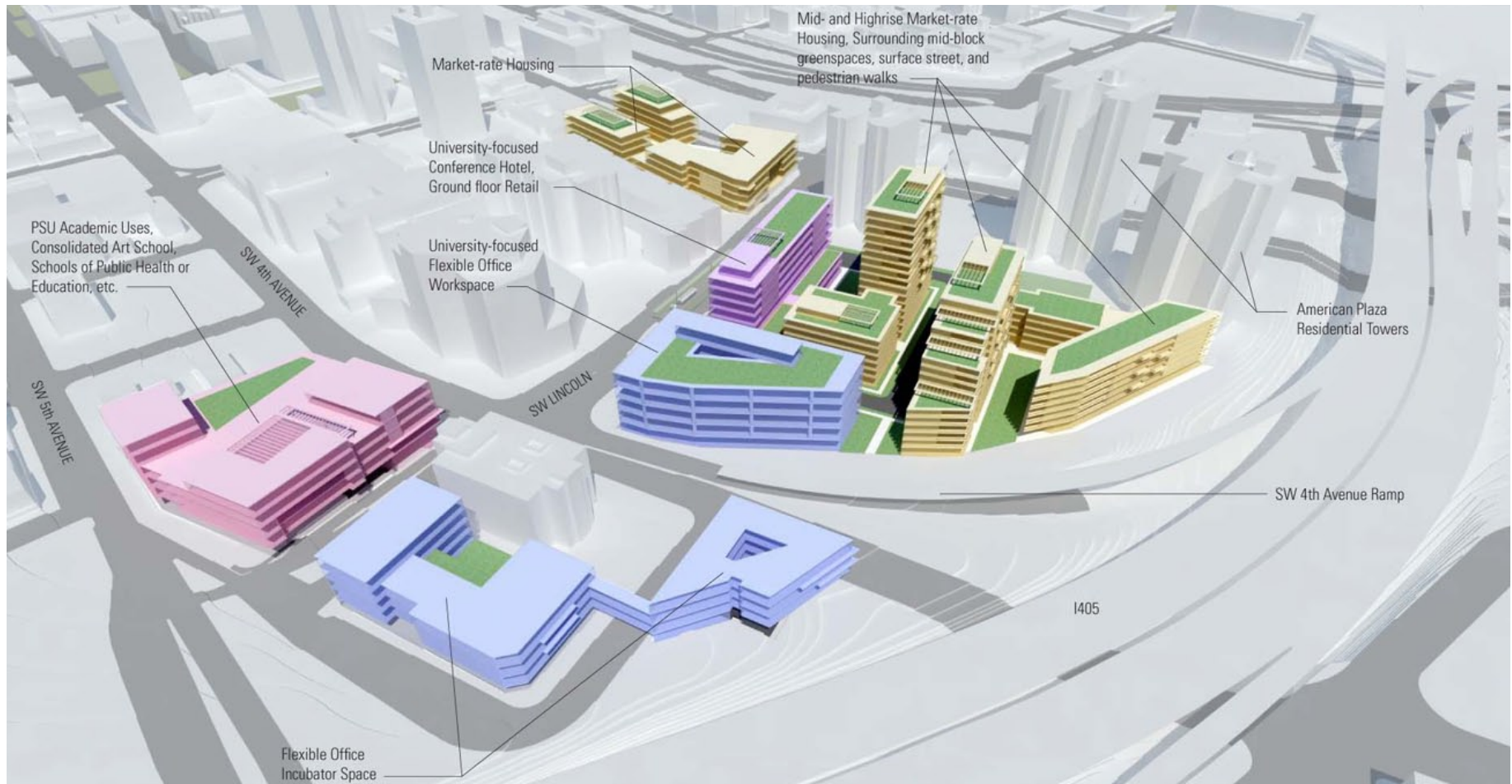
- Scenario assumes Ed Wyse parcel is not purchased
- Mixed-use Compact University-focused Hotel and Flexible Office - Reception, Conference, Restaurant on L1, 120 rooms above with 5 floors of Flex-workspace above Conference/Meeting Rooms available to support both uses
- Mid-rise Residential structures on remaining portions of parcel Market-rate, Active-Senior, or Student Housing 4-, 5-, and 6-stories, configured for maximum solar access
- Single level, efficient plate of Below-grade Parking - LivingMachine, or sim. EcoDistrict Utility adj. to 4th Ave Ramp

On Surrounding Parcels

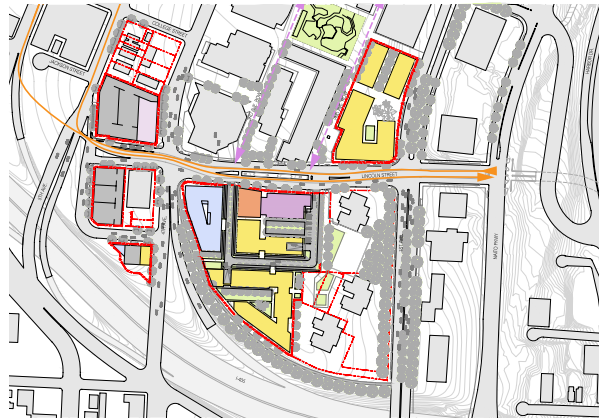
- Art School parcel - Portion of Consolidate ARTSchool and TriMet parcel - Market-rate Housing (Non-consolidated in this scenario)
- Current USGS Parcel - Consolidated Art School, or other Academic Use
- Triangle Parcel, south of Grant Street, Market-rate Housing
- On PDX Center Plaza Site - Market-rate, Active-Senior, or Grad-Student Housing

Live Work

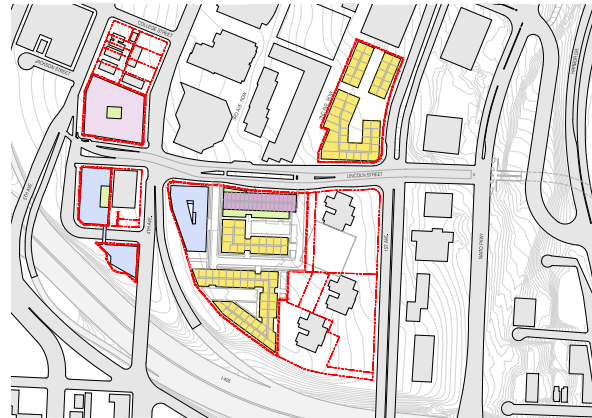
This model illustrates a higher concentration of residential, office, and hotel uses on the University Place parcel. This denser configuration is oriented around interior greenspaces and courts, connected by a vehicular surface street. The university-focused hotel is located in the northeast of the parcel, with a larger-footprint ground floor conference center and retail or restaurant use, adjacent to the MAX station. Higher density housing flanks the sides of the surface street, forming courtyards and greenspaces on the block interiors. A larger flexible office building is shown on the parcel's northwest corner, adjacent to additional similar structures on the parcels across 4th Avenue. Combining the two existing parcels on the northwest corner of 4th and Lincoln would allow a larger redevelopment of the existing Art School or other academic functions.



Ground Floor Plan



Typical Upper Floor Plan



University Place Parcel

- Site Area (not incl. Ed Wyse) 168,000sf
- Site Area (incl. Ed Wyse) 186,500sf
- Height Limit 150 - 225 feet, depending on doc.
- Allowable FAR: 373,000sf (at current 2:1 ratio)
- (incl. Ed Wyse) 560,000sf - 746,000 (if raised to 3:1 or 4:1 ratios)
- (current bonus of additional 3:1)

LiveWork Scenario Area Calcs - (FAR of 3.6 : 1 illustrated)

- Retail along Lincoln: 8,000sf (L1 only)
- Northern block of Housing: 10,000sf/fl x 6 flrs
- + 8,000sf/fl x 12 flrs = 156,000sf
- Southern block of Housing: 12,000sf/fl x 5 flrs
- + 13,000sf/fl x 7 flrs
- + 9,000sf/fl x 16 flrs = 295,000sf

- Total Housing: = 451,000sf**
- NW corner Flex-Office Uses: 24,000sf/fl x 5 flrs = 120,000sf
- Northern portion Hotel: 34,000sf (L1/2 Conf. funct.)
- + 15,000sf/fl x 4 flrs = 94,000sf

Below-grade Uses

- Parking level incl. Ed Wyse: (approx. 300-350ps/level, w/cores/util.) = 142,000sf
- EcoDistrict Utility Area: = 22,000sf

Program Uses Legend

Residential	Academic	Parking
Retail	Hotel	Flex-Office Workspace

On University Place Site

- Scenario assumes Ed Wyse parcel is purchased and consolidated
- Surface street provides vehicular access to site's structures
- Compact University-focused Hotel Reception, Conference, Restaurant on L1/ L2, 120 rooms above
- Flexible Office component, possible synergy with similar structures West of 4th Avenue
- Mid- and High-rise Residential on remaining portions of parcel Market-rate, Active-Senior, or Graduate Student Housing Intergenerational Focus possible
- Single level, efficient plate of Below-grade Parking, LivingMachine, or sim. EcoDistrict Utility adj. to 4th Ave Ramp

On Surrounding Parcels

- Art School / TriMet parcels (combined) Consolidated Art School or Academic Use
- Current USGS Parcel - Flex-Office Workspace
- Triangle Parcel, south of Grant Street, Flex-Office Workspace
- On PDX Center Plaza Site - Market-rate, Active-Senior, or Grad-Student Housing

Financial Characteristics

The alternative development scenarios were evaluated with respect to their expected financial performance, with individual programs evaluated by component land use. The evaluation reflected the range of prospective development forms and land uses outlined in the scenario development, and incorporated the findings of the market analysis to establish findings with respect to general viability and residual land values. Residual land values are a key metric in assessing the likelihood of redevelopment, as they represent the maximum supportable acquisition value for an assumed program.

The analysis indicated that all of the land use types evaluated were viable at some level, viability and the associated residual land value was impacted by final development form and yield. In general, rental residential uses supported the highest property values, followed by commercial and hospitality. As the market evolves over the next several years, we would expect ownership residential uses to once again prove viable in the area. In most of the programs, retail commercial uses were assumed on the ground floor, but were limited enough in scale to have a negligible impact on the overall supportable value.

Parking is a key issue for viability in the Study Area. Current parking rates are generally below what would be required to support a structured parking solution, and the parking component of each of the programs has a detrimental impact on viability. As a result, programs that support shared parking solutions can achieve higher yields through a reduction in parking required investment.

Another key factor impacting residual land values are prevailing wage requirements. These requirements can significantly increase construction costs, which reduces residual land values, reducing the likelihood of redevelopment and/or changing development forms. The impact of these requirements are relatively high for the construction types expected to represent the most viable development forms in the district.

Implementation Measures

Realizing development on the opportunity sites within the Study Area will be a function of the level of market interest, supportable property values and owner disposition. Of the opportunity sites evaluated, three are seen to have the potential for development/redevelopment within the next five years. These are University Place (owned by Portland State University), the TriMet/Art Building site and the triangular parcel owned by the Schlesinger family. The Schlesinger parcel is privately owned and being actively marketed. For the other two sites, redevelopment will require action by the public agencies and institutions controlling these sites. This section discusses key findings of our alternatives analysis and potential implementation measures to be considered.

KEY FINDINGS OF SCENARIOS

The design and program scenarios developed as part of this analysis were evaluated for financial viability. This analysis was done on individual program components under existing market conditions, with market conditions and expected development forms translated into residual land values by use type and development form. The following is a summary of the findings of this analysis:

Returns

- Market rate housing supports the highest residual land value, and represents the highest and best use of the site from a financial perspective
- Hotel and office space development supports lower residual land values, and inclusion of these elements into a development program reduces land values. A mixed use scenario with these elements may still reflect a highest and best use solution if the perceived benefit exceeds the marginal financial cost.

IMPLEMENTATION MEASURES

- The value of properties for academic uses reflects cost of occupancy assumptions. If assumed space cost allocations are set high enough, this use can provide returns consistent with other options.
- There is strong public support for green spaces and public space access, but these uses tend to erode returns unless credit is given against SDCs.

Retail Commercial

- There is significant public desire for scenarios that include a grocery element, as well as recognition from the development community of the value of this element to the development potential of remaining sites in the Study Area.
 - The only workable site for this use is a TriMet/Art School assembly, which provides adequate scale and access.
 - University Place site has limited retail potential due to access constraints

STRATEGIC ISSUES

There are a number of strategic issues that should inform disposition decisions in the Study Area, and subsequently realized development patterns. These include the following:

Development Window

- The market for developable property is very strong right now, with favorable market dynamics and low cap rates driving land values
- The market is cyclical, and interest and/or

values have the potential to shift significantly over the next several years

Combined Art Building/TriMet Site

- If the TriMet site was introduced to the market individually, it would likely be developed as a smaller student housing project, limiting options for the Art Building site
- This combined site is the only one likely to redevelop in the short-term that has the potential to house a specialty grocer, a key amenity that would support greater levels of development throughout the district

Need To Develop A Scenario With Adequate Residential Land Value To Obligations On The University Place Property

- University needs to either retire debt or generate revenue adequate to service debt

Bond Implications

- The University Place site is currently financed with tax exempt bonds, and the debt may need to be restructured if not retired

Control Vs. Yield Tradeoffs

- The highest and best solution from a purely financial perspective may not represent the best outcome for PSU, TriMet, the neighborhood and the City
- To the extent that the disposition of the property places constraints on the development program, there is likely to be a considerable financial impact

Clarify Marginal Value Of Desired Element With Low Returns **POTENTIAL DISPOSITION OPTIONS**

- Hotel
- Office Space
- Below Grade Parking

If the University and TriMet decide to develop their properties, either directly or through a release of all or a portion of the properties, they have a range of options to consider. The following matrix summarizes a range of general disposition options for properties currently in public ownership:

Structures	Level of Control	Assumed Risk	Comments
Unconditional Sale	<ul style="list-style-type: none"> • None 	None	<ul style="list-style-type: none"> • Likely would provide for the highest supportable land value and an ability, it is believed, to retire remaining debt. Provides the University and or TriMet no control over development • TriMet could potentially write down a portion of the sales price if development program was linked with increased ridership
Conditional Sale	<ul style="list-style-type: none"> • Degree of control is a function of sale requirements 	Decreased Liquidity	<ul style="list-style-type: none"> • The market value of the property would likely be diminished • Could be done for portion of site • A land swap is possible, but University has limited equity position • TriMet could potentially write down a portion of the sales price if development program was linked with increased ridership
Land Lease	<ul style="list-style-type: none"> • Dependent upon Structure and requirements • Reversion of improvements at termination of lease 	Depending upon position, ability to cure	<ul style="list-style-type: none"> • The University could likely lease at a rate resulting in a net annual operating loss less than current annual losses while providing for reversion of the improvements • Limited interest by development community, reduced value of property • Development would likely be subject to prevailing wage requirements, which would increase costs significantly while also reducing residual land values • Debt may need to be refinanced to be conforming
Joint Venture Public/Private	<ul style="list-style-type: none"> • Considerable, depending upon structure • Can be utilized on a portion of site 	Also considerable, depending upon structure	<ul style="list-style-type: none"> • The University and or TriMet can control program, but would likely entail additional risk. • At least a portion of the existing debt would need to be carried into the new venture or detached from the project. • Development would likely be subject to prevailing wage requirements, reducing residual land values
Contract Developer	<ul style="list-style-type: none"> • Full control over the program 	Full development risk, but not construction risk	<ul style="list-style-type: none"> • This can be a relatively simple structure, but needs to be carefully negotiated and entails significant risk for the University

URBAN DESIGN PRINCIPLES

Mix And Diversity Of Uses

A diversity of uses has the potential to raise the activity level within the district more hours of the day, evening, and night. Residential housing units, Hotel rooms and Function/Meeting Areas, Office and Academic space, Retail or other Commercial uses all play a role in creating an active urban environment:

- Within economic constraints, the project should provide the broadest mix possible of these various uses.
- The ground floor uses within the site should maximize active use of the public pedestrian areas and provide as much vibrancy as possible during both daytime and evening hours.
- The project also presents an opportunity for a wide cultural and intergenerational diversity of residents or visitors, and this should be encouraged.

Density Of Uses

The project should enliven the district and provide a southern anchor to PSU's campus, while supporting Lincoln Station. Redevelopment should accommodate a high density of residents, workers, and other people occupying the structures and open spaces. The project should consider the following:

- Provide as high as density as possible while maintaining a human-scaled balance of experiences.

- Configure the building massing within the site to minimize impact on the view corridors of the existing American Plaza towers, while providing views from and through the site,
- Provide a finer grain of massing within the development. On the ground floor, a high frequency of building entrances (how many doors, and how closely they are spaced), opening onto the streets and sidewalks provide more possibilities for interaction and activity,
- To the greatest extent possible, parking should be concealed underground, in order to minimize impact on the pedestrian-oriented groundplane.

Character And Hierarchy Of Open Space, Pathways For Pedestrian Movement

A dense urban environment needs the balance of properly scaled open spaces, or public outdoor rooms. In the project's surrounding district, a network and hierarchy of these open spaces and pedestrian connections exist, including streets, pathways, greens, and courtyards. The redevelopment should provide enhancements to this network and some additional features/connections include:

- Engage the pedestrian connection and open space experience from the Halprin Open Space Sequence to the interior of the new development, and provide diverse outdoor spaces in the spirit of the Sequence.
- Provide, or make provisions for, a greenway and bicycle/pedestrian connection along the southern edge of the development parcel from 1st Avenue to 4th Avenue and Lincoln.

- Reinforce the existing Lee Kelly Sculpture Park, along with the Lincoln Avenue street frontage, with supportive uses and building massing.
- Where possible, orient entries and pedestrian movement to the crosswalks across Lincoln which also access the new MAX platform.
- Enhance the connection to the rest of the PSU campus to the northwest.
- Enhance the site's existing tree canopy with new broadleaf species.
- Build upon the multi-modal transport networks available outside the site, and within the parcel, enhance connections to these networks.

Overall Project Sustainability

The project should address climate and solar orientation at the outset, minimize energy and water use, and maximize energy production and water re-use. Solar access and shading should be considered with tower massing and other building components. The scale and multiple uses within the project provide a unique opportunity for district-scale utilities:

- Maximize energy production, storage, and re-use within the project.
- On-site stormwater management will be necessary, and given the project's multi-block scale, Eco-district utilities, such as living machines, are likely to be cost-effective for storm-, gray-, and black-water treatment and should be encouraged.

Architectural Richness And Incorporation Of Public Art

While highly subjective, architectural beauty and diversity should be encouraged:

- Some of the most interesting parts of cities are often those that have occurred organically over a period of time, providing a concentrated variety of architectural expressions. This is a large parcel within the urban environment, and if constructed in a single phase (the most likely scenario), the structures should be designed to provide architectural variety and richness.
- The project also presents numerous opportunities to incorporate high quality public art, which should be maximized.

Objectives

There are a range of objectives associated with development of the opportunity sites, which are briefly summarized by organization/perspective:

Portland State University – The University holds several properties within the Study Area, the most notable of which is the University Place property. The University’s interests are a mix of financial, program and neighborhood enhancement. While it has control over significant real estate assets in the area, it also has considerable associated levels of debt. In addition, current operations of the hotel property assist in meeting debt service obligations, but holding the property has an ongoing cost to the University. The University also has program needs that are met in the area, like the School of Art and Design, and places value in control of the properties to meet potential future needs.

TriMet – TriMet has made a significant investment in the area, and would like to see future development patterns leverage off of that investment, supporting increased ridership. The current staging site will also be made available to the market in the near term, and getting quality and transit-supportive development on that site is a priority.

Private Property Owners – The interests of the private property owners in the area vary widely, but are largely aligned with development patterns that increase the value of their holdings. An increase in urban amenities (i.e., a grocer) or increase in market depth through additional development can increase the value in their properties, assuming that good site planning mitigates any negative impacts.

Portland Development Commission – The PDC, while not a direct property owner in the area, has an interest in facilitating development in the Study Area and has resources to contribute that can influence the form and magnitude of that development. PDC’s interests are related to their internal policies, including economic development. To the extent that future development can substantively increase assessed value in their URA, they will have greater capability to contribute to development in the Study Area.

Development Industry – Private development interests, which are likely to be the primary drivers of new activity in the area absent a major public investment, will be looking for returns commensurate with their assumed risks.

The final development pattern in the Study Area will reflect the complex interaction of these multiple perspectives.

Next Steps

Development/redevelopment of the Study Area will likely occur over decades, but there are some preliminary actions that are seen as logical early steps in realizing the desired development patterns. The two sites with the most immediate development potential are PSU's University Place site and Budget Rent-A-Car (now TriMet staging) parcel. At this time, it would be instructive to gauge interest in these sites through conditional release to the market. This would likely take the form of a request for proposals (RFP) or similar effort for these two sites, with guidance with respect to desired development forms and land uses. The RFPs could be coordinated, allowing for a developer or development team to propose on both sites. Developers expressing interest in the sites would require a period of due diligence, during which time assumptions and program elements could be refined, and a more reliable proposal can be formulated.

RFP CRITERIA

If a property is released to the market through a request for proposals (RFP) or other mechanism, criteria should be established to evaluate proposals. The following are typical criteria to consider:

Willingness

- Open to program and structure options
- Time frame and capacity
- Multiple Site Interest

Ability To Perform

- Experience with Program Elements
- Financial Depth and Experience
- Public/Private Experience

Financial Structure Of Proposal

- Property Valuation
- Risk Sharing
- Caveats

Qualitative

- Level of Commitment
- Ability To Work with Community Stakeholders
- Quality of Urban Design and Architecture
- Reinforcement of District Principles

The University and TriMet should work towards an agreement to coordinate their potential release of the sites to the market. We see clear benefits to coordinated development of the sites to the extent possible, as it would encourage complementary development and uses that would strengthen the broader Study Area.