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# South Park Block Urban Renewal Area Developer Guidelines

Portland (Or.). Development Commission

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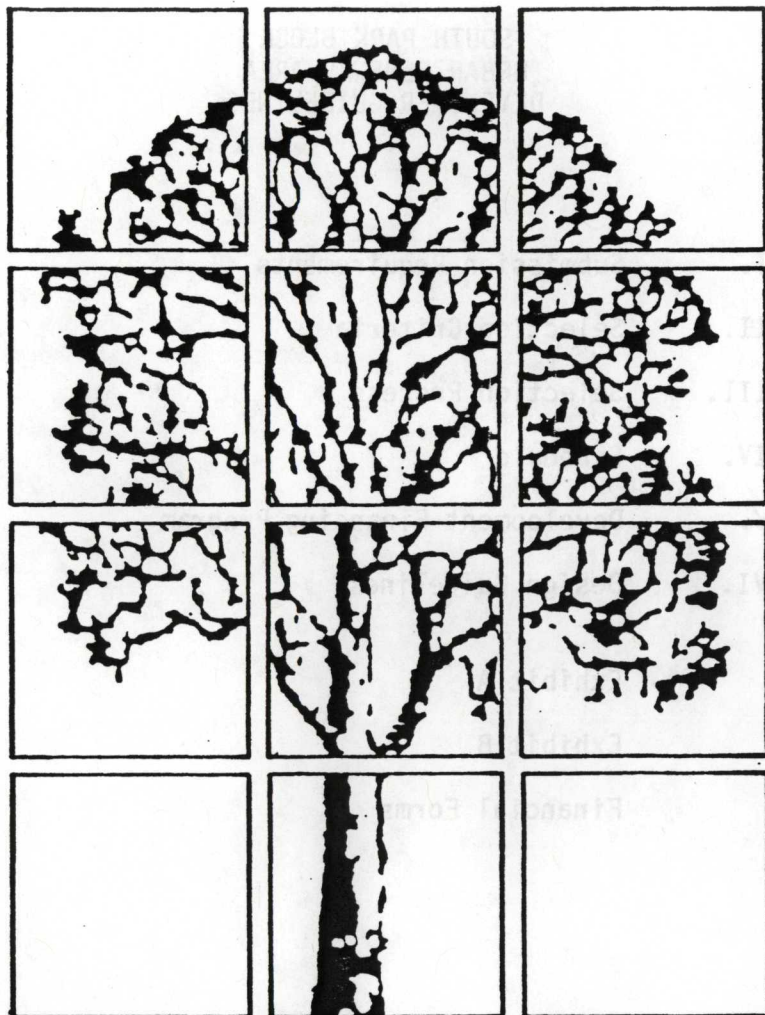
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South Park Blocks

SOUTH PARK BLOCK  
URBAN RENEWAL AREA  
DEVELOPER GUIDELINES

- I. Submission Requirements
- II. Selection Criteria
- III. Selection Process
- IV. Schedule
- V. Development Financing Program
- VI. Design Guidelines

Exhibit A

Exhibit B

Financial Forms

## SOUTH PARK BLOCKS URBAN RENEWAL AREA

### DEVELOPER GUIDELINES

This document provides guidelines to prospective developers for middle-income housing and describes the financial participation which can be expected from the Portland Development Commission.

#### I. SUBMISSION REQUIREMENTS

The developer will be responsible for submitting the following information:

##### A. Offer to Develop and Request for Financing

1. Describe the development team, including as applicable, developer, architect, landscape architect, marketing firm, operator/manager, bond counsel, financial advisor, bond underwriter and person assigned to negotiate.
2. Describe the developer and significant team member's experience in financing, developing and operating rental housing projects. Provide project descriptions, photos and identify the role of team members in each project.
3. Describe in a narrative format your project concept, including number of units, mix, amenity package and amount of parking.
4. Provide a development schedule through the completion of construction.
5. Describe your financial capability to carry out the project, including the identification of equity investors, if known, experience in bond financing, and a statement of your underwriter's ability to place bonds by December 31, 1985.
6. Detail the financial feasibility of the project in relation to any need for Commission participation. All respondents must provide:
  - Development Cost Schedule - Form A
  - Development Period Cash Flow - Form B
  - 10 year Pro Forma Cash Flow Projection - Form C
7. The Commission may request financial statements or perform a financial review. The developer must give authorization for financial review.

8. All response to the RFQ must submit an offer to develop on company letterhead, outlining their proposal and formally requesting tax exempt revenue bond financing and/or other direct Commission financial participation.

**B. Financial Plan**

All applicants must describe as fully as possible their plan for financing all aspects of the proposed project from land acquisition through lease-up. This plan should identify the sources and amount of financing, their uses, where they will be obtained and their terms.

Applicants should describe those steps they plan to take, in detail, from the date of application until December 31, 1985 to complete their financial arrangements for their proposed project. Target dates to accomplish each step in this schedule and the person or entity responsible should be identified.



## II SELECTION CRITERIA

Proposals will be reviewed for:

### A. Developer Team Composition and Strength

- a. Economic and management strength of development team.
- b. Experienced team members in previous urban housing projects.

### B. Financial Capability of Developer

1. Ability to complete sale of bonds before December 31, 1985 as evidenced by a developer program and schedule, letters of interest from and ongoing discussions with purchasers or underwriters.
2. Previous success in obtaining financing in a timely manner.
3. Financial strength of the developer and equity investors, and strength of relationship with financing sources.
4. Identification of equity investors, if known.

### C. Developer Experience

1. Major residential projects (high density, low-rise and mid-rise).
2. Success of comparable undertakings related to economic success (marketing and lease up record), overall architectural and urban design quality, including ability to create positive community identity, successful operation in downtown settings, with emphasis on management and maintenance.
3. Management and maintenance success in comparable projects.
4. Timeliness of past performances.
5. Demonstrated ability to undertake redevelopment projects and to respond to public objectives in joint public-private projects.
6. Delivery of product initially represented.

### D. Financial Feasibility

1. Amount of equity as a percentage of total project cost.
2. Amount of direct Development Commission assistance from its Redevelopment Financing Fund as a percentage of total project cost.

3. Expected rate of return on direct Development Commission financing.
4. Feasibility of assumptions concerning terms and availability of each type of financing identified.

**E. Proximity to the South Park Blocks**

1. Proposals with Park Blocks frontage will be given highest priority.

### III. SELECTION PROCESS

The Portland Development Commission has the legal authority to select the prospective developer for Block 226. PDC is the official agency designated by the City Code of Portland to process and recommend to the city Council approval of all requests for Tax-Exempt Housing Revenue Bonds.

A Selection Committee will be designated by the Development Commission to select the most qualified respondent to the Request for Qualifications.

The Commission staff and Selection Committee will carefully review the responses to the Request for Qualifications. The Commission may request that developers clarify, supplement, modify or provide additional information regarding various aspects of the information submitted and make a presentation to the Selection Committee. During the review period, the Commission staff and Selection Committee will review Development Proposals, request written clarifications, conduct interviews and discuss with interested parties.

In the interest of a fair and equitable competition, the Commission retains the sole responsibility to determine the timing and method or proposal presentation, if required, and the provision of supplemental information. Developers are cautioned not to undertake any activities or actions to promote or advertise their proposal except in the course of Commission-sponsored presentations. Other than liaison with Commission staff, respondents are not permitted to make any direct or indirect (through others) contact with members of the Portland City Council, Commission or Selection Committee concerning their proposal, except in the course of Commission-sponsored presentations. Violation of these rules will be grounds for disqualification of the Developer/Respondent.

The Development Commission, by and through its Selection Committee, may reject any and all responses to the Request for Qualifications.



#### IV. SCHEDULE

October 11, 1985. All submissions are due to the Commission.

October 11- 21. All submissions will be reviewed by a developer Selection Committee comprised of Commission members and Commission staff. The Commission Selection Committee may request further information including a presentation before a decision is made.

October 21- 25. Respondents to the Request for Qualifications are notified of the Selection Committee's decisions.

October 21-25. City Council approves inducement resolution for bond financing.

October 21-on Revise pro-forma, prepare concept plans and cost estimates.

December 1-16. Developer returns to Commission and City Council for issuance of bonds.

December 1-31. Bonds sold.

From January 1, 1986 on. Detailed design, unit mix, commercial space, parking, marketing and management finalized by developer and approved by Commission.

June 1, 1985. Construction begins.

## V. DEVELOPMENT FINANCING PROGRAMS

With the establishment of the South Park Blocks Urban Renewal Area, the Portland Development Commission (PDC) is able to assist developers in the financing of middle-income housing. The following are tools which are available through the PDC and the City.

### City of Portland Housing Revenue Bonds

Through the City of Portland's authority to issue municipal bonds, the PDC can provide tax exempt revenue bond financing for multi-family rental projects within the South Park Blocks Urban Renewal Area. These funds may be used for both hard and soft costs associated with an approved project's implementation and are eligible for use in new construction and substantial rehabilitation. This funding is obtained by application to and approval by the PDC. While these bonds are backed solely by the project itself and are not backed by the City or PDC in any way, tax exempt financing can significantly improve the feasibility of eligible projects. Interest rates can be expected to be 70-75 percent below the normal rate that could be negotiated with a lender. PDC can review and approve a project within two to four weeks of application. Once PDC approves the project, it must go to the City Council for issuance of an inducement resolution. After this resolution is passed, the developer works with bond advisors and bond counsel to place the bonds.

### Tax Abatement

The City of Portland provides a 10-year tax freeze for the new construction of moderate income housing. This freeze applies to the structure on the property, not the land. The land will remain taxable. The application is processed through the Housing Section of the Planning Bureau.

Bond financing and tax abatement should be built into a project before a developer requests the assistance from the Commission's Redevelopment Financing Fund. All applications for tax exemption must be approved by the City Council.

### Redevelopment Financing Fund

The PDC intends to establish a fund to be used exclusively in the South Park Blocks Urban Renewal Area for the development of new and the preservation of existing housing. The PDC will use this Redevelopment Financing Fund to make loans at below-market or at-market rates of interest, or provide such other forms of financial assistance or participation in an assisted project as may be required to achieve the PDC's housing objectives.

Priority shall be given in the utilization of the Redevelopment Financing

Fund to projects which most directly address and assist in the achievement of the objectives of the Urban Renewal Plan and, in particular, the Plan's housing objectives.

The developer will provide a pro forma which will show projected expenses and income, and will address the shortfall, if any, in proceeding with development. The Commission will review this information to determine an appropriate level of participation for each project. The projects with the least level of Commission participation will receive greater consideration in this phase of analysis.

#### Tax Abatement

The City of Portland provides a 10-year tax freeze for the new construction of moderate income housing. This freeze applies to the structure on the property, not the land. The land will remain taxable. The application is processed through the Housing Section of the Planning Bureau.

Bond financing and tax abatement should be built into a project before a developer requests the assistance from the Commission's Redevelopment Financing Fund. All applications for tax exemption must be approved by the City Council.

#### Redevelopment Financing Fund

The Redevelopment Financing Fund is a fund established by the City of Portland to provide financial assistance to developers of moderate income housing. The fund is used to provide interest-free loans to developers who are unable to obtain financing from other sources. The fund is also used to provide grants to developers who are unable to obtain financing from other sources. The fund is also used to provide grants to developers who are unable to obtain financing from other sources.



## VI. DESIGN GUIDELINES

Height. The height should not exceed existing height and floor area ratio limitations specified in the Zoning Code. Consideration should be given for a design which is consistent with the surrounding structures. This may mean a step-back effect from the Park Block frontage.

Density. The density should comply with floor area ratio standards. Exceptions may be considered by the City if parking standards require increased density.

Pedestrian Orientation. Ground floor spaces should give special consideration to the pedestrian's view and resident privacy. For example, housing units on the ground floor are not a good pedestrian orientation where commercial/retail activity would be. The pedestrian should have something more to look at than a blank wall.

Sense of Enclosure. New development should further enhance the sense of enclosure already provided by the existing structures. This especially means keeping development in Park Block frontage up to the sidewalk.

Parking. There should be a 1:1 ratio of parking spaces to residential units. The parking should be visually shielded and should not be visible from the Park Blocks. Access should not be from the Park Blocks unless there is no other feasible alternative.

Unit Mix. There should be a majority of two-bedroom units with either a bath and a half or two baths. If the developer's market data indicates otherwise, PDC is willing to consider his market research.

A minimum of 15% of the units must be affordable to residents whose annual incomes are less than \$24,000. This translates to a rent which should not exceed \$500 per month in 1985 dollars.

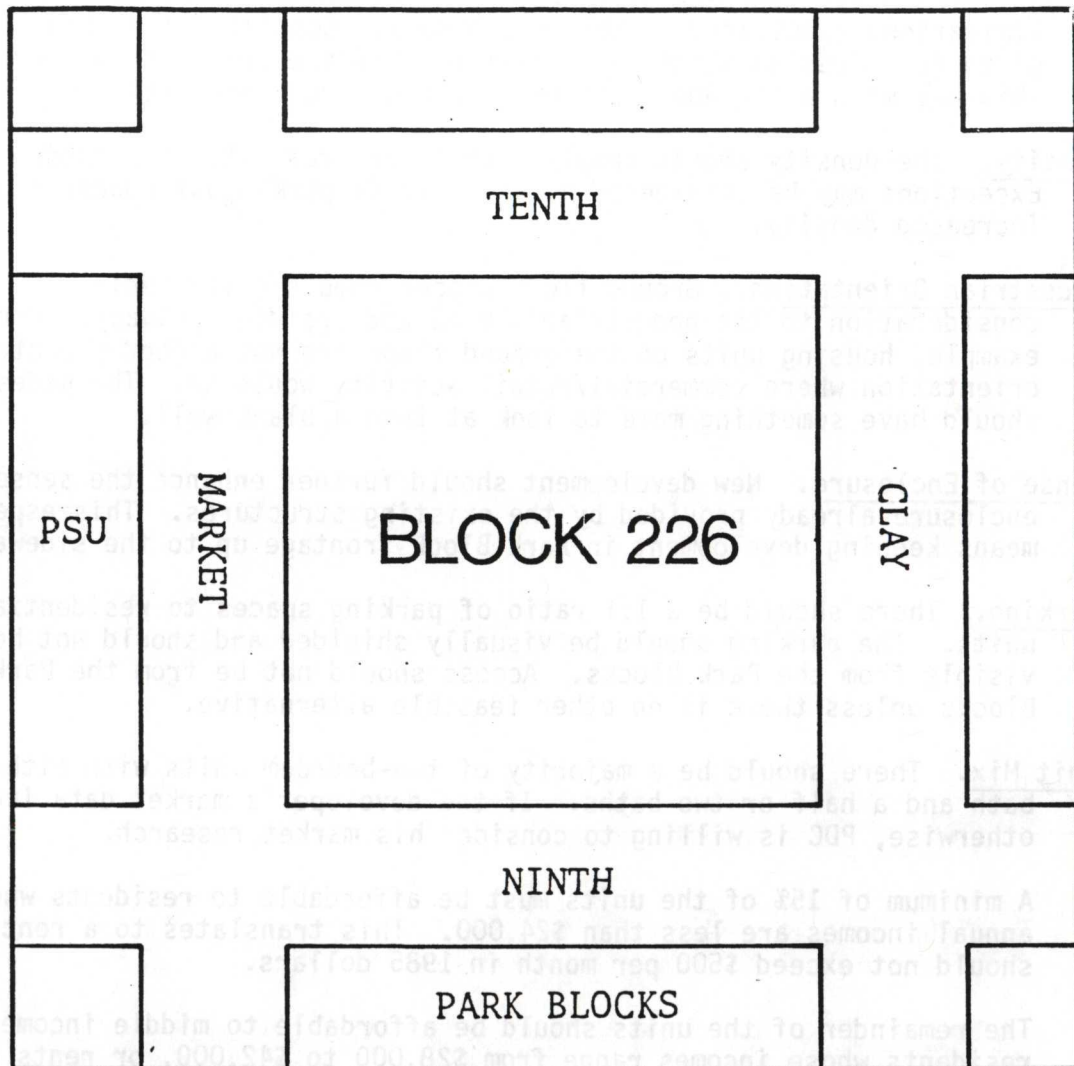
The remainder of the units should be affordable to middle income residents whose incomes range from \$28,000 to \$42,000, or rents of \$600-\$875 in 1985 dollars.

Materials. Brick, stone and similar materials must be used for the exterior surfaces of structures with Park Blocks frontage.

Open Space. Attention should be given to the potential utilization of roof top areas as open space and recreational areas.



# BLOCK 226



LAND AREA

Approx. 40,000 sq. ft.

OPTIONED PRICE

\$1.3 Million

ZONING

RXZ

FAR

6:1

HEIGHT LIMIT

108-188 ft.

CONDITION OF SITE

Clear

# SOUTH PARK BLOCKS URBAN RENEWAL AREA

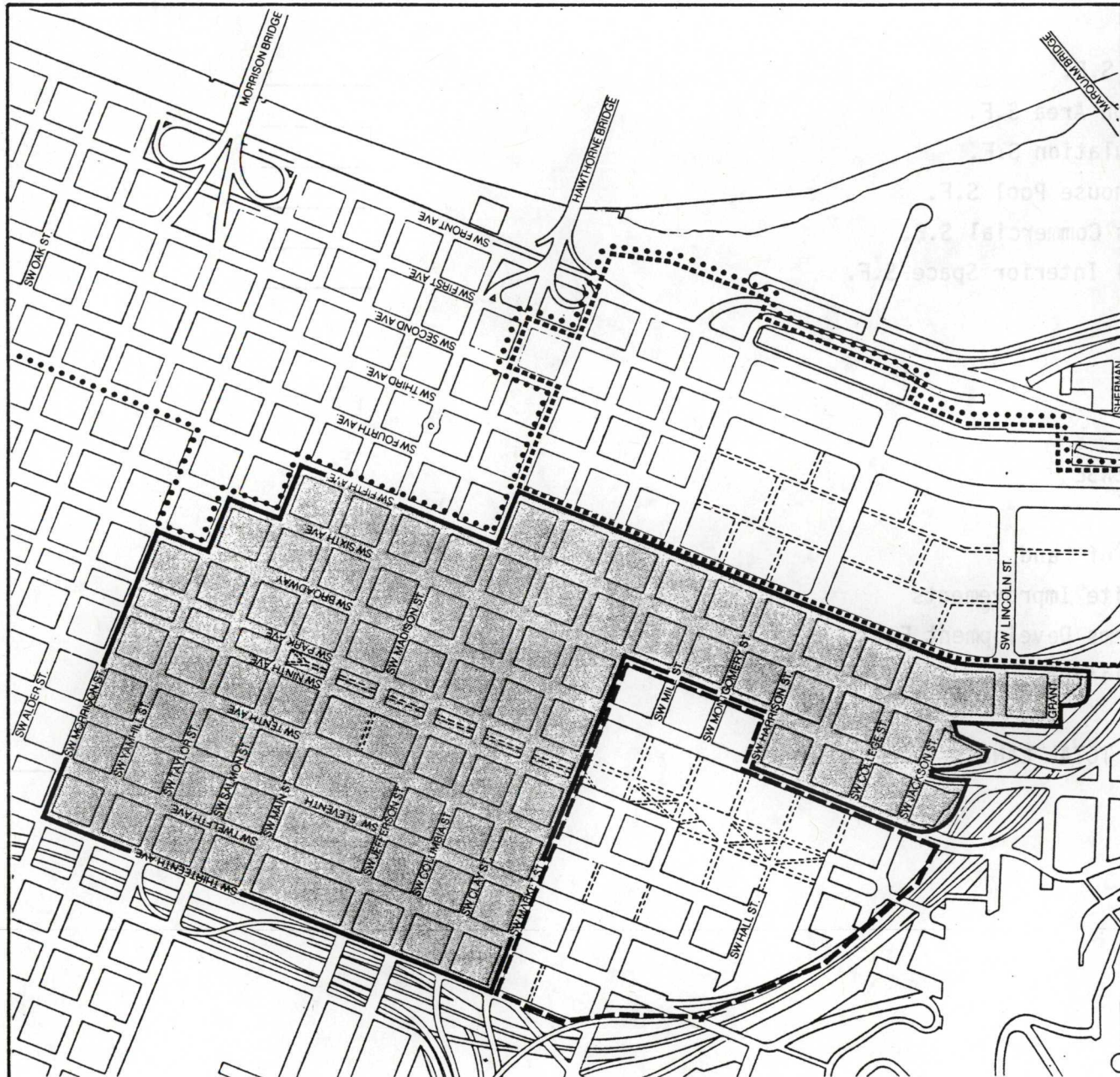
## RENEWAL AREA BOUNDARY

--- PORTLAND STATE UNIVERSITY  
RENEWAL AREA

..... SOUTH AUDITORIUM RENEWAL AREA

... DOWNTOWN WATERFRONT RENEWAL AREA

■ SOUTH PARK BLOCKS RENEWAL AREA



PORTLAND DEVELOPMENT COMMISSION

## DEVELOPMENT COST SCHEDULE

PROJECT:

SUMMARY:

	#	SQ. FT.	TOTAL COST
2 Bdrm./2 Bath	_____	_____	_____
1 Bdrm./1 Bath	_____	_____	_____
Studio/1 Bath	_____	_____	_____
Other	_____	_____	_____

Total Units

Unit S.F.	_____
Common Area S.F.	_____
Circulation S.F.	_____
Penthouse Pool S.F.	_____
Gross Commercial S.F.	_____
Total Interior Space S.F.	_____

## LAND EXPENSE

Cost of Land	_____
Offsite Improvements	_____
Systems Development Fees	_____
Demolition	_____

TOTAL LAND

\_\_\_\_\_



CONSTRUCTION COSTS:

	Cost Per Sq. Ft.	Sq. Ft.	Total Costs
Parking Structure			
Unit Construction			
Circulation			
Common Areas			
Comm./Tenant Impr.			
Landscaping			
Furniture/Fixtures			
Contingency			

TOTAL CONSTRUCTION

PROFESSIONAL FEES:

	% of Total	Cost
Architect/Engineer		
Interior Designer		
Civil Engineer		
Geological		
Appraisal		
Construction Management		
City Permits		
General Legal		
Market Analysis		
Accounting		

TOTAL PROFESSIONAL FEES



## DEVELOPMENT PERIOD CASH FLOW

## PROJECT:

MONTHS 1-6	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	TOTAL
---------------	------------	------------	------------	------------	------------	------------	-------

## LAND:

Acquisition  
 Offsite Improvements  
 Systems Development Fees  
 Sub-Total

## CONSTRUCTION:

Building/Parking  
 Landscaping & Pool  
 Furniture/Fixtures  
 Sub-Total

## PROFESSIONAL FEES:

Architect/Design  
 Construction Management  
 Appraisal  
 City Permits/Fees  
 Legal  
 Market Analysis  
 Accounting  
 Sub-Total

## OPERATIONAL START-UP:

Pre-Opening Exp./Marketing  
 Lease Commissions  
 Lease Concessions  
 Rent Up Reserve  
 Sub-Total

## FINANCE AND CARRYING COSTS:

Dev. Phase Taxes  
 Liability Insurance  
 Debt Placement Costs  
 Title & Recording  
 Developers Overhead

OPERATIONAL START UP:

Pre-Opening Exp./Marketing

Rent Up Reserve

Comm. Lease Up Reserve

Lease Commissions Year # \_\_\_\_\_

Lease Concessions

TOTAL OPERATIONAL START-UP

FINANCING & CARRYING COSTS:

Construction Interest \_\_\_\_\_ @ \_\_\_\_\_ %

Dev. Period Taxes

General Liability Ins.

Debt Placement Cost \_\_\_\_\_ @ \_\_\_\_\_ %

Title & Recording

Developers Overhead

Net Interest (Earned) on IDB's

TOTAL FINANCING

TOTAL DEVELOPMENT COST

TOTAL COST PER SQUARE FOOT

TOTAL PROJECT COST

Equity

Amount Financed

Debt Coverage Ratio

PDC Participation

PDC participation per unit

Sub-Total

DRAW

INTEREST PER DRAW

TOTAL DRAW

CONSTRUCTION LOAN BALANCE

NET INTEREST (EARNED) ON UNUSED I.D.B.'S

Construction Interest  
Dev. Period Taxes  
General Liability Ins.  
Debt Placement Cost  
Title & Recording  
Developer's Overhead  
Net Interest (Earned) on IDB's

TOTAL FINANCING  
TOTAL DEVELOPMENT COST  
TOTAL COST PER UNIT

NET UNIT COST

# 10 YEAR PRO FORMA CASH FLOW

	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	yr2	yr3	yr4	yr5	yr6y	yr7	yr8
--	-------------	-------------	-------------	-------------	-----	-----	-----	-----	------	-----	-----

Total Units  
Occupied Units  
% Occupancy

Comm. Space (net leaseable)  
Occupied Space  
% Occupancy

## OPERATING REVENUE:

Average Rent  
Apartment Rent  
Commercial Rent  
Parking Income

TOTAL REVENUE

## OPERATING EXPENSE:

General Administrative  
Management  
Site Manager  
Marketing  
Electricity (Common Areas)  
Gas-Pool Heat  
Sewer & Water  
Trash  
General Maintenance  
Appliance Maintenance  
Elevator Maintenance  
Landscape Maintenance  
Replacement Reserve  
Insurance

Property Taxes (Land only)

Comm. Space Expense  
(net-net-net)

Total Operating Expense

NET OPERATING INCOME (LOSS)

## DEBT SERVICE

Principal	Rate	Term
-----------	------	------

P.D.C. Funding

Principal	Rate	Term
-----------	------	------

INCOME (LOSS)



*This area will be parking.*

PROPOSED  
SOUTH PARK BLOCK RENEWAL AREA  
DEVELOPMENT PROGRAM

Residential Development Financing

One of the principle goals in establishing the renewal area is to stimulate the production of housing, and particularly, middle-income housing, in the RX Zone. Earlier efforts using zoning, Investor Rehabilitation Loans and HUD Section 8 subsidies have been successful primarily in addressing the lower-income market. With nearly three quarters of all downtown housing essentially low-income housing and all post-1982 completed or planned housing being clearly high income, a new effort to stimulate housing production of a type and cost acceptable to the many middle-income professionals and office workers who work downtown is needed.

Middle-income housing has historically been the most difficult to stimulate in prosperous downtown areas with high land and building costs. Federal programs and subsidies are focused entirely on lower-income housing production and high-income housing is usually capable of amortizing high land and construction costs. Middle-income housing however, whose smaller revenue potential cannot be affected or supplemented by available federal programs, is typically infeasible.

This element of the renewal program then, would stimulate the production of privately developed middle-income housing through a combination of land acquisition and write-down, and/or long-term, low-interest financing. With these tools, developer costs can be brought into line with rents and prices affordable by middle-income renters and purchasers.

Street Lighting and Trees

The street lighting program is intended to upgrade the level of night illumination for pedestrian safety from what presently exists, while at the same re-fixturing the area with the cast iron dual lamp standard used throughout the downtown area. New tree planting will be done primarily in the RX Zone to reinforce the residential character of the area.

Pedestrian Improvements

Pedestrian and sidewalk improvements would be concentrated on the east and west sides of Park Avenue, opposite the South Park Blocks, and extending north to Morrison Street and the light rail, with the intention of providing a design treatment compatible with the Park Block renovations in this area of increasing pedestrian usage. It is also the intent of this effort to provide continuity with the Main Street improvements at the Performing Arts Center and reinforce the identity of this area on the site of Portland's major cultural institutions.

### South Park Blocks Rehabilitation

The rehabilitation of the South Park Blocks should continue and be completed. The remaining three blocks are the most intensively utilized of all the blocks and, due to their proximity to the Center for the Performing Arts, require careful attention to this relationship.

### Sewer/Storm Water Separation

Over 50% of the proposed renewal area (63 acres) is still served by combined sewer/storm water drains which remain a continuing source of pollution to the Willamette River during periods of heavy rainfall. The Capital Improvements Plan of the Bureau of Sanitary Engineering calls for improvements during FY 1988-89 and FY 1989-90 to replace this combined system with two separate drains to eliminate this problem. It may be desirable to advance this schedule to integrate these improvements with the proposed Main Street and Park Blocks work.

### Planning and Administration

These are the costs of staff and support services as well as some consultant assistance over a five to six-year period.



