
REDEFINING THE LLOYD DISTRICT

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Jump starting an effort to transform the physical and social landscape of the Lloyd District, one of, if not the, largest scale mixed use neighborhood projects in Portland's history broke ground in the third quarter of 2013. The much anticipated **Hassalo on Eighth**, formerly known as the Lloyd Superblock development, began construction in September and has already dug what will be the underground parking

lot that will serve the entire planned neighborhood. The city of Portland, local businesses, developers and planners are all eager to see how this project, as well as others in the pipeline, will change the social dynamics of the Lloyd District as well as the public perception that the district is primarily for work.



Source: Portland Business Journal

The Hassalo on Eighth development, which is roughly the size of four city blocks, is situated between NE Multnomah Street and NE Holladay Street on the north and south, and 9th Avenue and 7th Avenue on the east and west. This superblock was part of a 16-acre deal that the San Diego-based Ameri-

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can Assets Trust (AAT), purchased from Ashforth Pacific for \$92 million in 2011. Since then, AAT has been working with local Portland design, construction, and economic firms to create an innovative concept for a 24-hour neighborhood experience that fits well into the goal of the Lloyd EcoDistrict to become the most sustainable neighborhood in the country.

Lloyd Superblock before construction (aerial view looking southwest toward downtown)



Source: GBD Architects

Hassalo on Eighth at completion (aerial view looking southwest toward downtown)



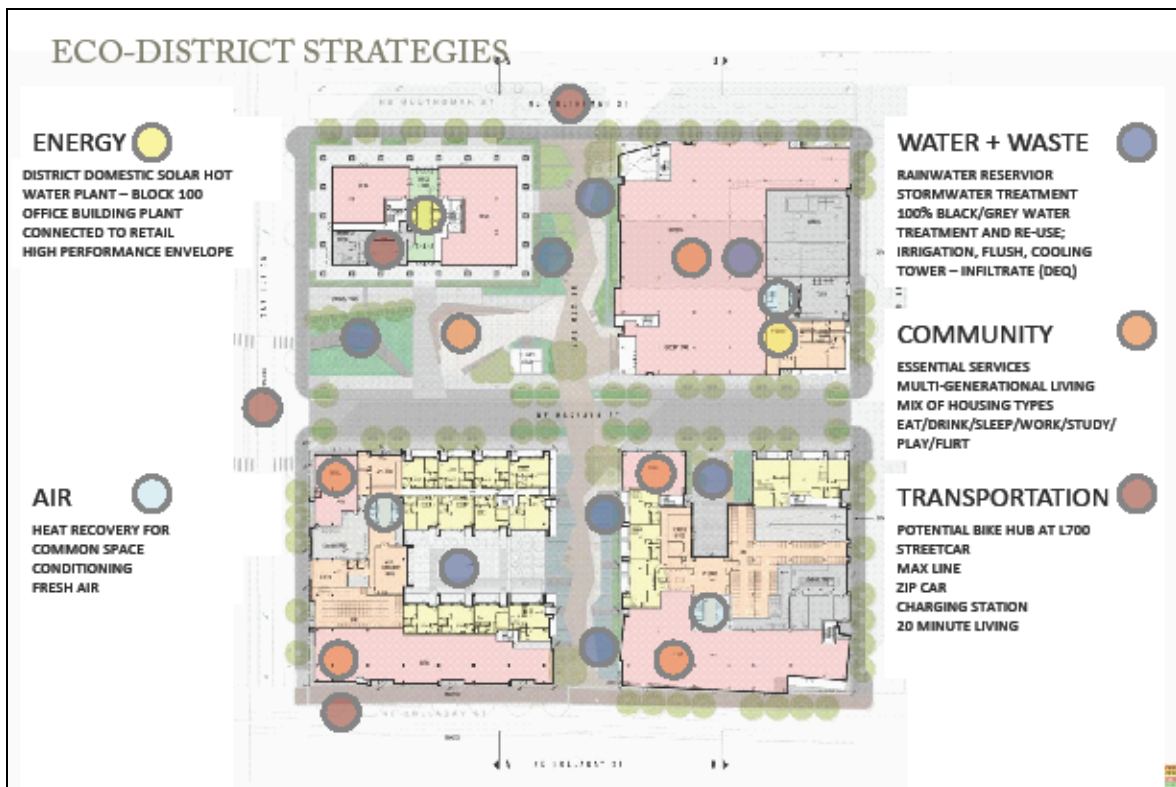
Source: GBD Architects

At the projected completion, slated for summer of 2015, Hassalo on Eighth will have added to the 271,000 square feet of existing office space at the Lloyd 700 Building:

- 657 apartments (593,000 square feet of residential space),
- 58,000 square feet of retail (26,000 square feet of which is dedicated to an anchor grocery tenant)
- 1,200 parking spots in the lot that will span beneath the three new buildings
- a central meeting plaza

Construction of the entire project will be done in one phase, which will facilitate construction of the parking deck below the new buildings.

According to Kyle Anderson, a principal at GBD Architects, this new community is a “historic event” and a “social experiment” that has enough momentum to shift the trajectory of the Lloyd District. Three different teams of architects worked on each new buildings to bring a more organic feel to the planned neighborhood that is targeting a Leadership in Energy and Design (LEED). Each of the buildings will individually pursue a LEED platinum rating, as well.



Source: GBD Architects

Some notable features, as highlighted by Anderson include:

- The installation of the largest “Living Machine” in an urban setting to collect and treat storm water.
- The recycling of all waste water onsite for uses in irrigation, flushing, and cooling. Gray water will be treated and used for the first time in residential units. Excess recycled water will be considered safe and infiltrate the aquifer.
- The retrofit of the Lloyd 700 Building will reduce the building’s energy usage by 50 percent. The Lloyd 700 Building’s mechanical system will be updated to connect with all the retail space of the project. A water loop will deliver heat from the office space to retail space, as well as bring cool air to the offices.
- The building roofs will serve as an eco-roofs to reduce stormwater runoff and as a solar thermal roof to supply heated water for new buildings
- Space for a bike valet, Zipcar car-sharing services, and electric car charging stations will be made available.

These features are designed to give the development a sense of place for residents and employees. The center meeting plaza will encourage interaction during the weekdays and weekends through community activities.

View of plaza and parking access pavilion in the center of Hassalo on Eighth



Source: GBD Architects

“The apartments will target three niche demographic groups: young professionals, empty nesters, and young urban families,” says Chris Blakney, Senior Project Man-

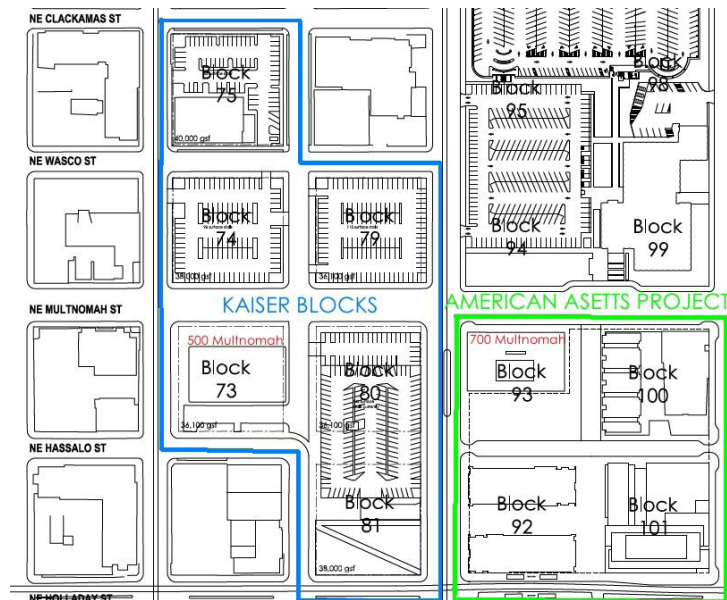
ager of Johnson Economics, “and the units will have upscale finishes that will attract those seeking a residential community who do not want to move to the Pearl District.”

If forecasts are correct, the Lloyd District appears as if it can only benefit from this project as well as others in the pipeline. Jerry Johnson, principal of Johnson Economics expects that Hassalo on Eighth will transform how people will engage with amenities in the Lloyd District, stating that, “even the smaller buildings will look to benefit due to a more pedestrian-friendly environment.”

There are other projects coming online that will also contribute to the changing dynamics of the Lloyd EcoDistrict. **Kaiser Permanente** owns the superblock the size of three city blocks adjacent to the west of Hassalo on Eighth, south of NE Multnomah Street, and three blocks north of it. John Sullivan, Senior Real Estate Manager at Kaiser, stated that there are two priorities that Kaiser is focusing on at this time.

The first priority is to modernize Kaiser’s 17-story office tower building to allow for increased occupancy. With the efficient reconfiguration of the work environment and changes to foster collaboration through a more open platform, 400 additional employees are to be added in the next few years. Core improvements, such as elevator capabilities, will be a part of the modernizing to handle the increased density.

Kaiser Permanente Property

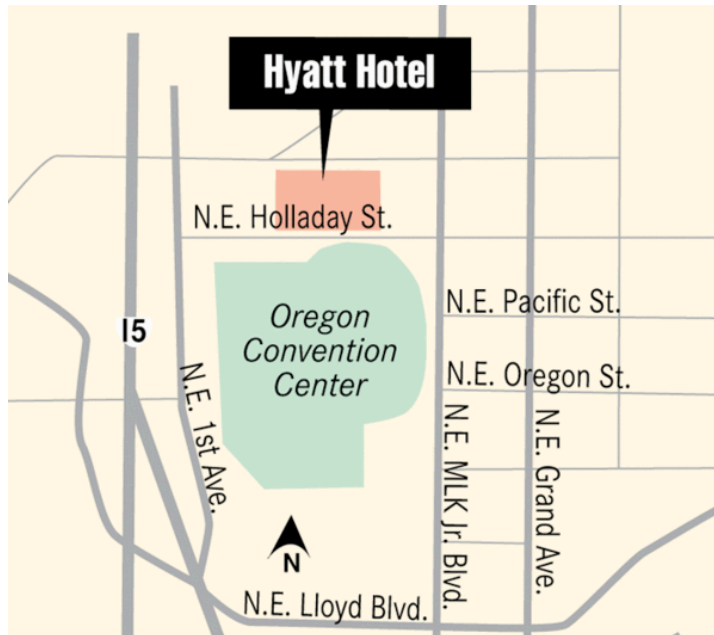


Source: Portland State University – Center for Real Estate

Kaiser’s second priority is determining a proper course of action for the parking deck and surface lot on Block 80 and 81. Kaiser is presently working with four developers that were selected from a Request for Proposals (RFP) that was sent out earlier this year to isolate the best design to address the parking needs of Kaiser. Currently the top floor of the existing parking deck has been condemned and does not allow for parking. The developer that is selected will take ownership of new structure (which may also include other uses, such as residential and/or offices) and manage the building, as Kaiser will either rent or own a portion of the parking spaces.

More residential development in the district will occur when Rembold Companies breaks ground on a 186-unit apartment complex with ground-floor retail by the end of 2013. The site is situated two blocks west of Kaiser and is bound by NE Multnomah Street, NE Martin Luther King Boulevard, NE Holladay Street and NE Second Avenue. According to Kali Bader of Rembold, throughout the design review process for this project, there had been no mention of complying with the EcoDistrict's initiatives, however the development will target a LEED gold rating, even without the recommendations of the Lloyd EcoDistrict organization.

Overshadowing development in the west side of the Lloyd District has been the ongoing debate surrounding construction of a convention center hotel. A 600-room **Hyatt Hotel** north of the Oregon Convention Center (OCC) has been proposed by Minneapolis-based Mortenson Development. Supporters of the project believe that hav-



Source: Portland Business Journal

ing additional hotel rooms will boost business for the OCC bringing new jobs and adding to the revitalization of the Lloyd District. Opponents contend that the existing supply of hotel rooms is sufficient to support the OCC and by allowing more rooms to be built, other hoteliers would suffer. The Daily Journal of Commerce, Oregon reported that, "construction would require Metro to issue \$60 million in bonds that would be paid for via hotel revenue. In addition, \$10 million would come from lottery funds; \$4 million

would come from a Portland Development Commission loan; and \$4 million would come from a Metro grant. Minneapolis-based Mortenson Development and its partners would contribute a \$118 million private investment."

Finally, **The Lloyd Center** shopping complex was sold earlier this year to Cypress Equities Real Estate Investment Management, a Dallas-based real estate firm, which owns retail, residential and mixed-use properties in 20 states. The enclosed three-level Lloyd Center includes 1,478,000 square feet of retail, restaurant and office space; anchored by Nordstrom, Macy's, and Ross Dress for Less, other enter-

tainment amenities include an eight-screen movie theater and an ice skating rink. Locals have expressed a hope that the Lloyd Center will reengage with its surroundings as it once had when it was an open air mall. Cypress Equities has apparently been talking with AAT regarding the synergy among their projects and the greater Lloyd District.

Over the next decades, more blocks could be developed, creating more opportunities for businesses, while shaping the Lloyd Ecodistrict. Even the **Memorial Coliseum** may finally get an overdue facelift. Kyle Anderson suggests that, “because the river is a huge asset, extending the grid beyond the interstate, to incorporate shops and creative office to connect the Coliseum to the river, could really help revitalize the Memorial Coliseum. There needs to be something that draws people to the area when there is no event.”

The systems and infrastructure to achieving the goals of the Lloyd Ecodistrict are still being studied and modified. Sarah Heinicke, Executive Director of the Lloyd EcoDistrict, describes the Hassalo on Eighth project to be a “test case for how the Ecodistrict would approach new development” and in determining how to incentivize sustainable development by working with the city. Some of the benefits might include expedited permitting process and systems development charges that can be directed to the district.

The initiatives the Lloyd EcoDistrict is currently focused on are energy efficiency, waste reduction, and transportation. The District’s Energy Action Plan works with small to large scale businesses by identifying goals that are applicable to the size of the business. With waste reduction, the EcoDistricts hopes to create sustainable businesses to separate reusable items in the waste stream. And in transportation, the Ecodistrict is working with the Lloyd Transportation Management Association to address needs of the district to improve economic development.

To fulfill the goals of the EcoDistrict, merely building and retrofitting to green standards are not enough. According to Heinicke, performance measurements and collaboration among local businesses, nonprofits and developers are critical in ensuring that standards are being met and that goals of the Lloyd EcoDistrict will be reached. And efforts like the EcoDistrict model are gaining notice from national real estate investment firms in places like San Diego, Dallas, and Minneapolis. “Portland is still a boutique market, but is on the radar of a lot of the big national companies,” states Jerry Johnson.

With the city embracing pioneering programs, such as the Ecodistricts, perhaps Portland could shift to becoming a destination for more large-scale investment and thus fostering economic development in the region. ■