



Moving Forward Milwaukie City Council Briefing #2

Overview

- Overview of public involvement
- SWOT analysis
- Financial assumptions & inputs
- **Draft development concepts**
- Next steps



SCHEDULE / DELIVERABLES

2013

2014

AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG

Market Analysis



*Opportunity Site
Development*



*Downtown & Central
Milwaukie Action &
Implementation Plan*



*Central Milwaukie Land
Use & Transportation
Plan*



*Downtown Plan & Code
Amendments*



*Central and
Neighborhood Main
Streets Plan & Code
Amendments*



Results From the Public Workshops

Overview of Workshop Results

- Three public meetings to date
 - Kickoff Event (10/3)
 - Audience instant polling (Downtown)
 - Visual preference surveys
 - Downtown Milwaukie Opportunity Site Workshop (10/28)
 - Audience instant polling
 - Map-based small group exercise
 - Central Milwaukie Opportunity Site Workshop (10/29)
 - Audience instant polling
 - Visual preference surveys
 - Map-based small group exercise



Opportunity Site Workshops: Map Exercise

Overview of Workshop Results

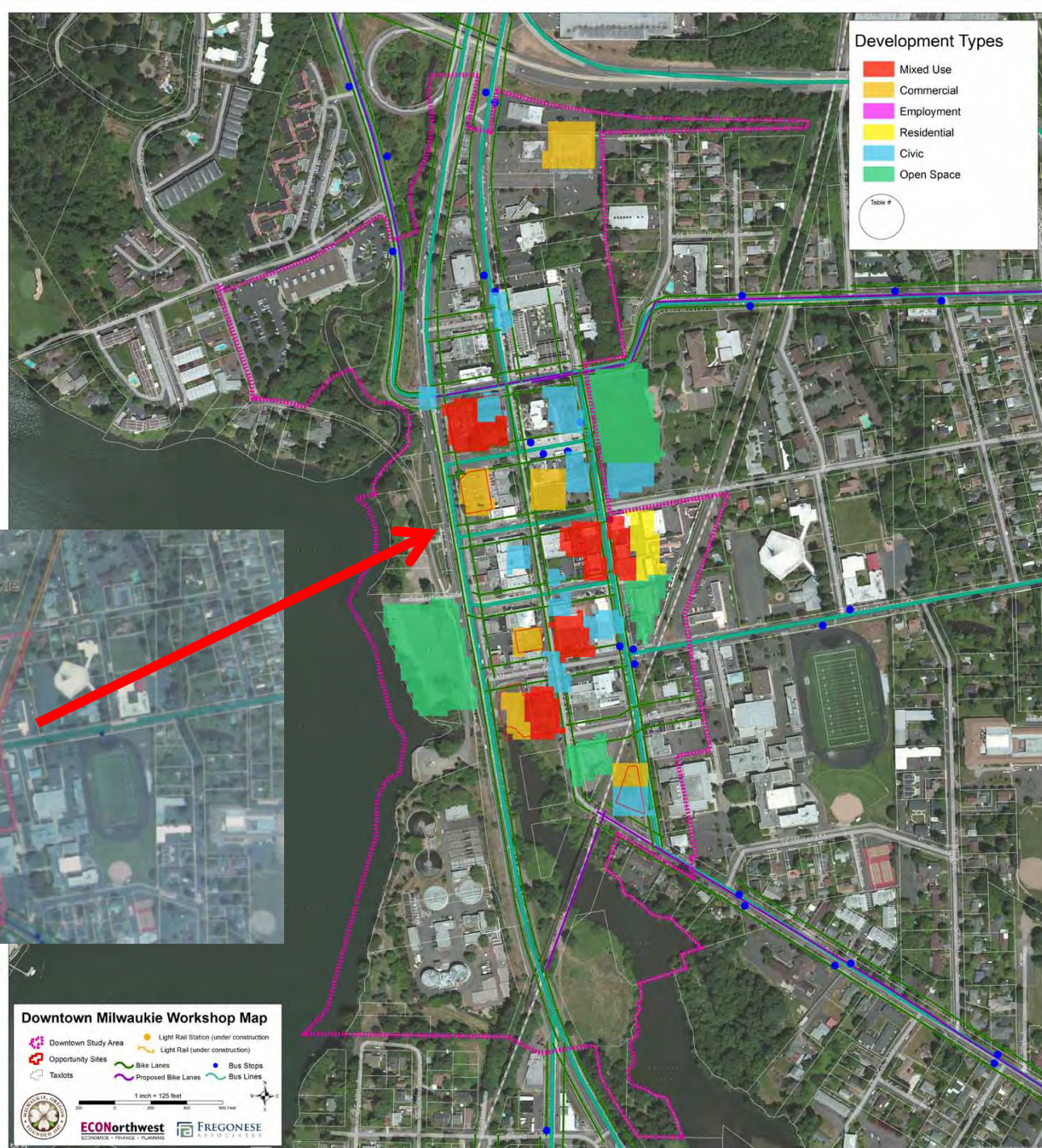
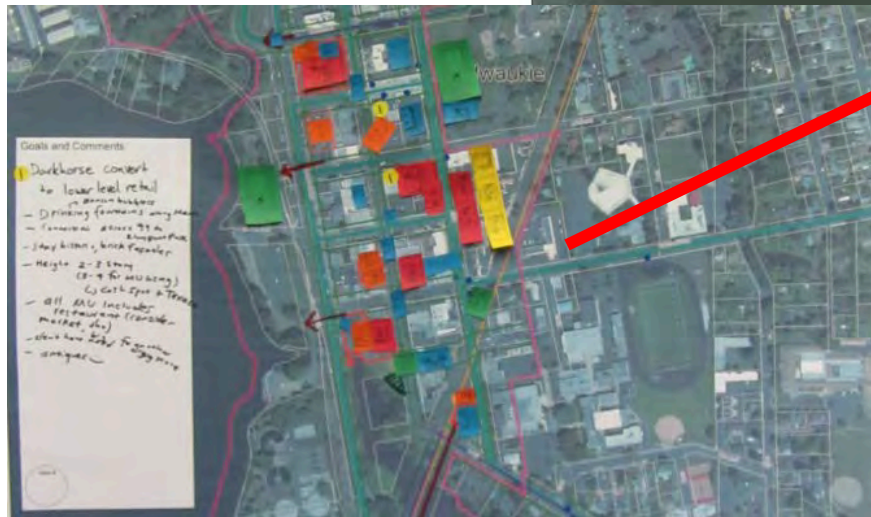
Participants build their own ideal development scenario.



Group #2

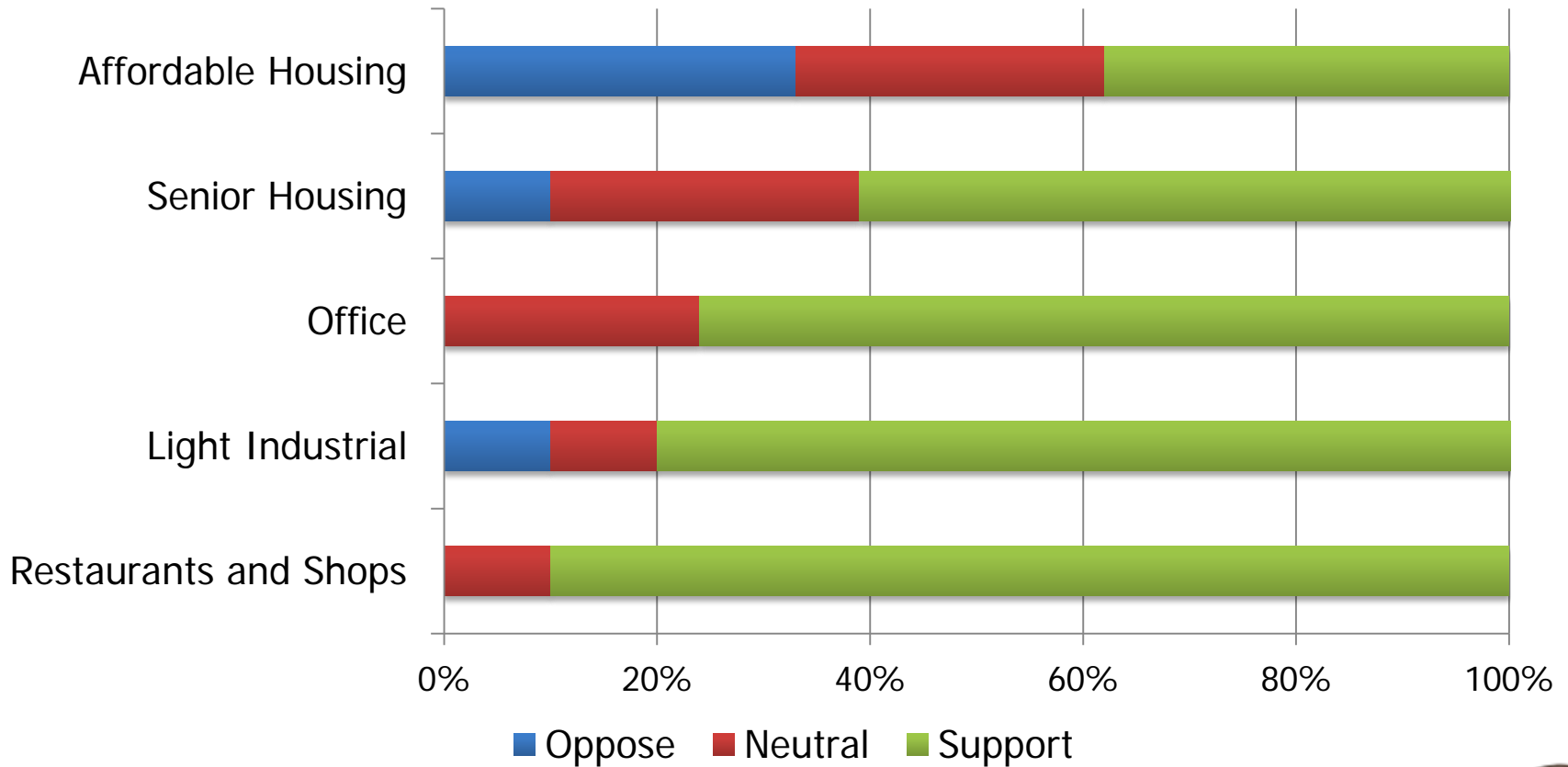
Digitized Workshop Map

Downtown Workshop



Central Milwaukie: Instant Polling

Overview of Workshop Results



Note – We did instant polling at the Central Milwaukie event because it was the first discussion of that area of the project. At the kick-off event instant polling was used for the Downtown.



Central Milwaukie: Instant Polling

Overview of Workshop Results

- Consensus on...
 - New business, new housing, and more retail variety are the top development priorities
 - Medical, manufacturing and retail/service jobs are needed
 - There was strong support for new restaurants and retail (90%), followed by light industrial/flex uses (81%) and office (76%)
- No consensus on...
 - Goal for Murphy & McFarland Sites
 - Desired uses for Murphy & McFarland Sites
 - Vision for Central Milwaukie



Central Milwaukie: Visual Preference Survey

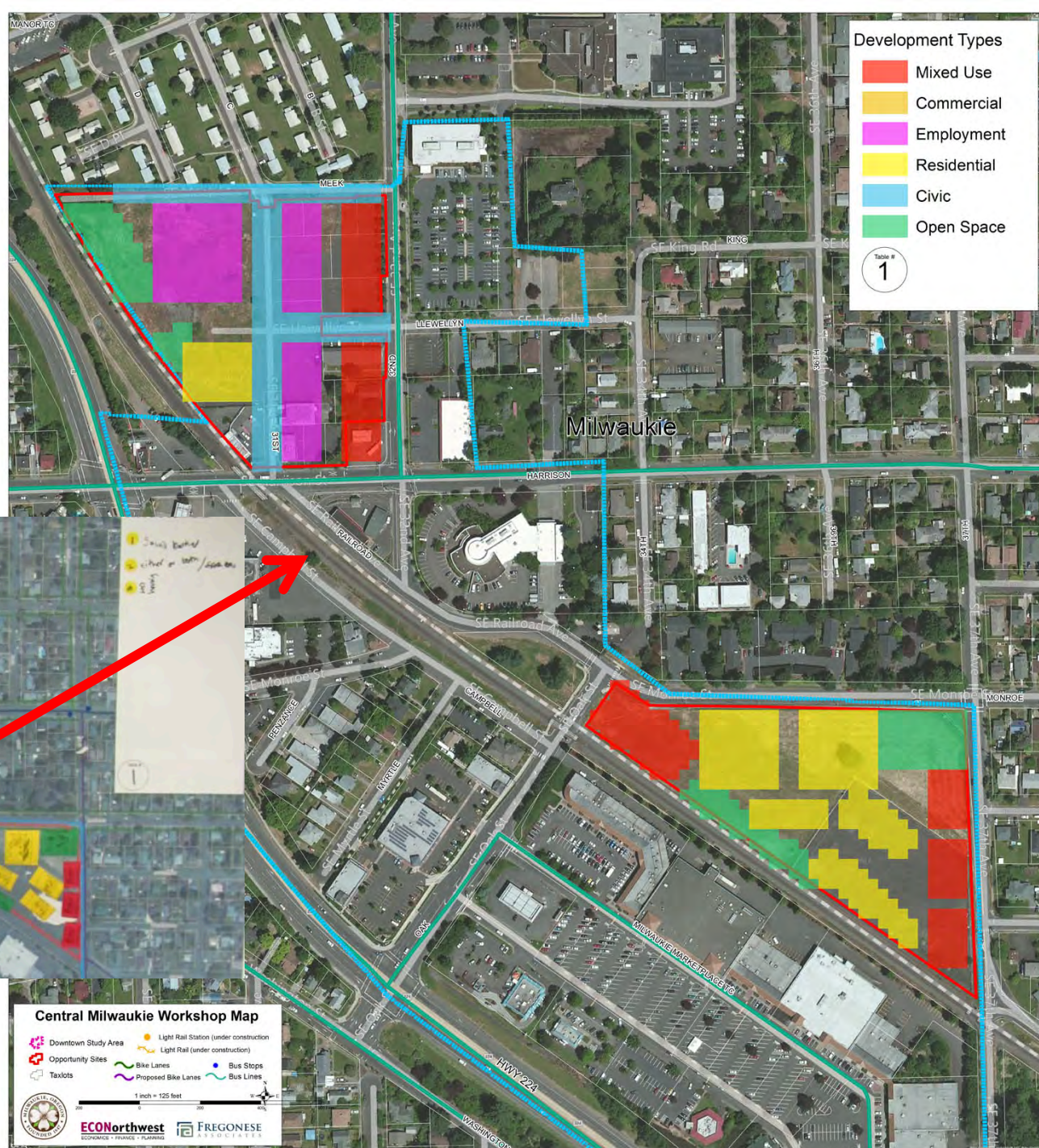
Overview of Workshop Results



Group #1

Digitized Workshop Map

Central Milwaukie Workshop



What is a SWOT Analysis?

SWOT Analysis

SWOT Analysis



The team recently completed a SWOT analysis for all 7 sites. The current draft is included in your briefing packet.



Key Findings

SWOT Analysis

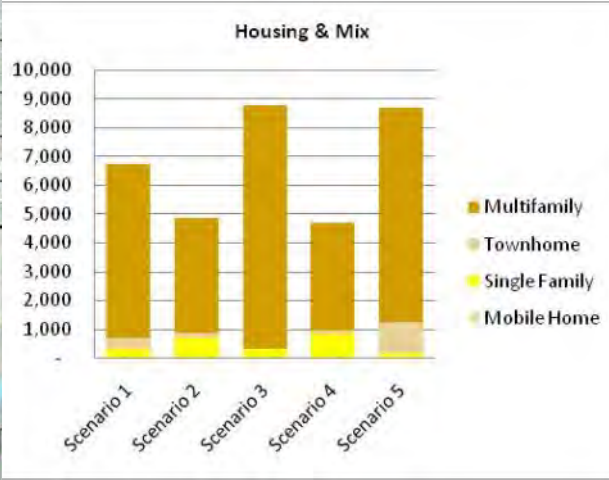
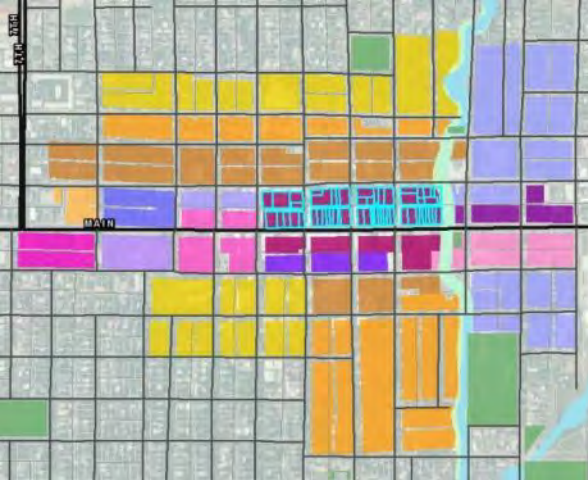
- Market
 - Lower retail and office rental & vacancy rates than the region
 - Strong market demand for existing retail and office buildings
 - New construction requires much higher rents than current levels
- Demographics
 - Lower household income than the region
 - Aging population
 - Opportunities for first-time homebuyers and seniors to “age in place”



Financial Assumptions & Inputs

- Envision Tomorrow
- Construction Cost Matrix
- Pro Forma Analysis



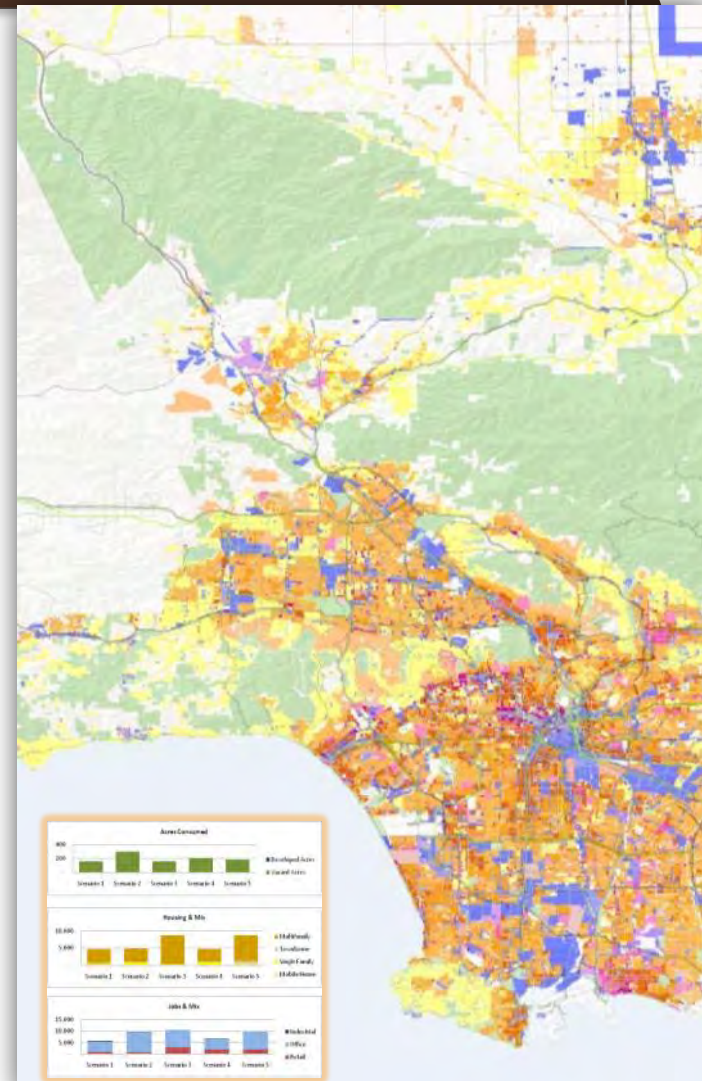


Scenario Planning with Envision Tomorrow

What is Envision Tomorrow?

Overview of Envision Tomorrow

- Prototype Builder
 - Return on Investment (ROI) model
- Scenario Builder
 - Extension for ArcGIS
- 20+ modules or “apps” funded by HUD Sustainable Communities Grants



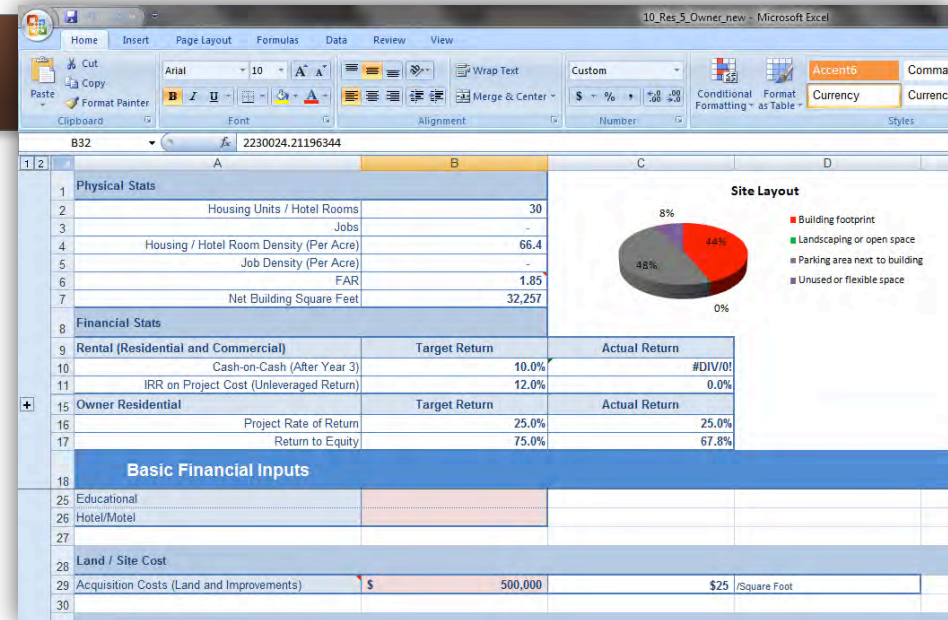
Create Prototype Buildings

Overview of Envision Tomorrow

- Easily modeled & lots of existing data
 - Density and Design
 - Rents and Sales Prices
 - Costs and Affordability
 - Energy and Water Use
 - Fiscal Impacts

- Physical Form
 - Height
 - Unit sizes
 - Parking configurations

- Financial Reality
 - Rents / sales prices
 - Construction costs
 - Land costs



Feasible?



Prototypes Based on Market Research: Allows for “Reality-based Visualizations”

Overview of Envision Tomorrow



*Use Prototypes for Reality-based
Visualizations and 3D Modeling*



Construction Cost Matrix

Financial Assumptions & Inputs

- Range of costs
- Different construction types and different uses
- Costs for building skins, site work, and tenant improvements
- Impact of “prevailing wage” rates



Financial Pro Forma

Financial Assumptions & Inputs

Uses Table	Total	Per SF	# SF	Notes
<i>Hard Costs</i>				
Type V Construction	\$4,000,000	\$100.00	40,000	
Podium Const. (Res/Lobby/leasing)	1,500,000	150.00	10,000	
Podium Construction (Retail)	0	0.00	0	
Parking	1,250,000	100.00	12,500	
Contractor Contingency	\$675,000	10.80	62,500	X% other hard costs
Construction Management Overhead	338,000	5.41	62,500	Y% other hard costs
Subtotal	\$7,763,000	\$124.21	62,500	
<i>Soft Costs</i>				
General Soft Costs	\$1,553,000	\$24.85	62,500	Z% hard costs
Financing Fees	105,000	1.68	62,500	X% all other costs
City Fees and Permits	776,000	12.42	62,500	Y% hard costs
FF&E	388,000	6.21	62,500	Z% hard costs
Subtotal	\$2,822,000	\$45.15	62,500	
Total Cost	\$10,585,000	\$169.36	62,500	



Operating Pro Forma

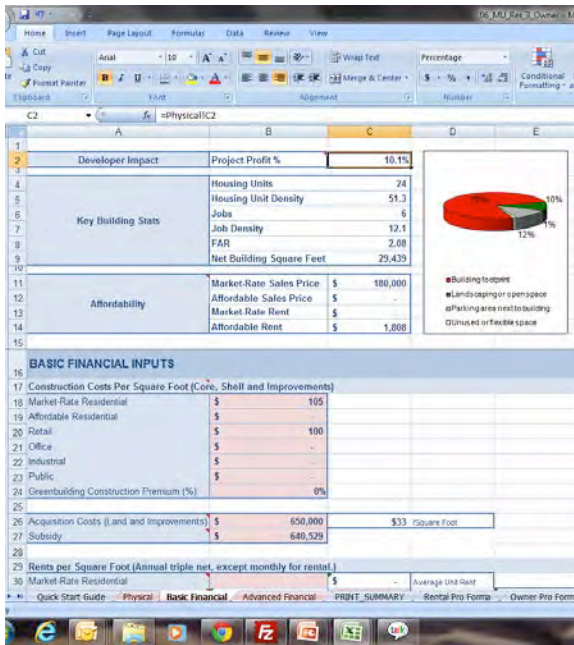
Financial Assumptions & Inputs

	Year 1	Year 2	Year 3	Year 4	Year 5
Potential Gross Revenue	\$ 727,419	\$747,241	\$755,202	\$766,029	\$790,121
General Vacancy (5%)	\$ (36,371)	\$ (37,362)	\$ (37,760)	\$ (38,301)	\$ (39,506)
Effective Gross Revenue	\$ 691,048	\$ 709,879	\$ 717,442	\$ 727,728	\$ 750,615
Total Operating Expenses	\$ (297,781)	\$ (304,618)	\$ (312,696)	\$ (325,393)	\$ (332,236)
Net Operating Income	\$ 393,267	\$ 405,261	\$ 404,746	\$ 402,335	\$ 418,379
<i>Resale Value @ Cap Rate:</i>					
7.50%	\$ 5,243,560	\$ 5,403,480	\$ 5,396,613	\$ 5,364,467	\$ 5,578,387
8.00%	\$ 4,915,838	\$ 5,065,763	\$ 5,059,325	\$ 5,029,188	\$ 5,229,738
8.50%	\$ 4,626,671	\$ 4,767,776	\$ 4,761,718	\$ 4,733,353	\$ 4,922,106



What are Development Concepts?

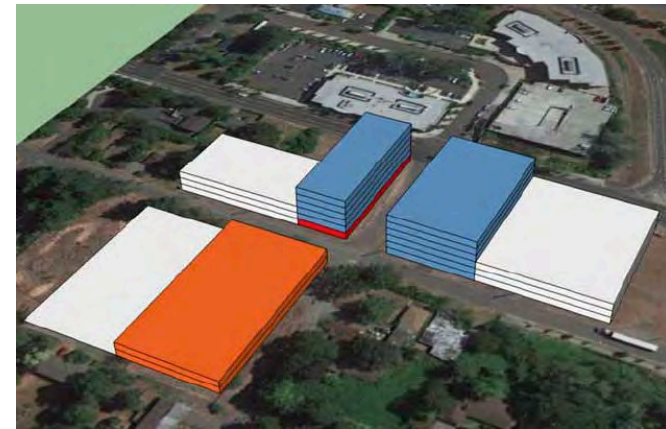
Draft Development Concepts



Development Pro Formas



Site Design Plans



Building Massing Studies

21 draft development concepts will be developed
7 will be selected for the final plan



What are Development Concepts?

Draft Development Concepts

- Looking for realistic development options that appeal to developers, property owners, and the general public.
- Identify financial gaps, and discuss potential strategies for overcoming any gaps
- Concepts will include:
 - Development pro formas
 - Sketch-level site designs
 - Building massing graphics



Why Do Development Concepts

- Used as Case Studies.
- Intended to understand any obstacles.
- Used to modify codes, plans, and policies.
- Used to understand financial feasibility and look for solutions.
- Used to understand this from a developer's perspective.
- An input into the code modification process

- NOT intended to dictate a specific development



Development Program

Draft Development Concepts

	A	B	C	D	E	F	G
1							
2	Developer Impact	Internal Rate of Return	9.5%	<p>42% 30% 24% 4%</p> <ul style="list-style-type: none"> ■ Building footprint ■ Landscaping or open space ■ Parking area next to building ■ Unused or flexible space 			
3							
4	Key Building Stats	Housing Units	134				
5		Housing Unit Density	33.2				
6		Jobs	39				
7		Job Density	9.7				
8		FAR	1.08				
9		Net Building Square Feet	133,843				
10							
92	Land Use Outputs						
93	Square Footage by Use	Gross Square Feet	Net Square Feet	Total Dwelling Units	Total Jobs	DU/acre	Jobs/acre
94	Market-Rate	80,306	68,260	84.1		21	
95	Affordable Residential	47,239	40,153	49		12	
96	Retail	6,299	5,354		5		1
97	Office	1,575	1,338		4		1
98	Health Clinic	6,299	5,354		10		3
99	Public	15,746	13,384		20		5
100	Internal Parking	31,493	31,493				
101	Total	188,955	165,336	133.5	39.1	33.2	9.7



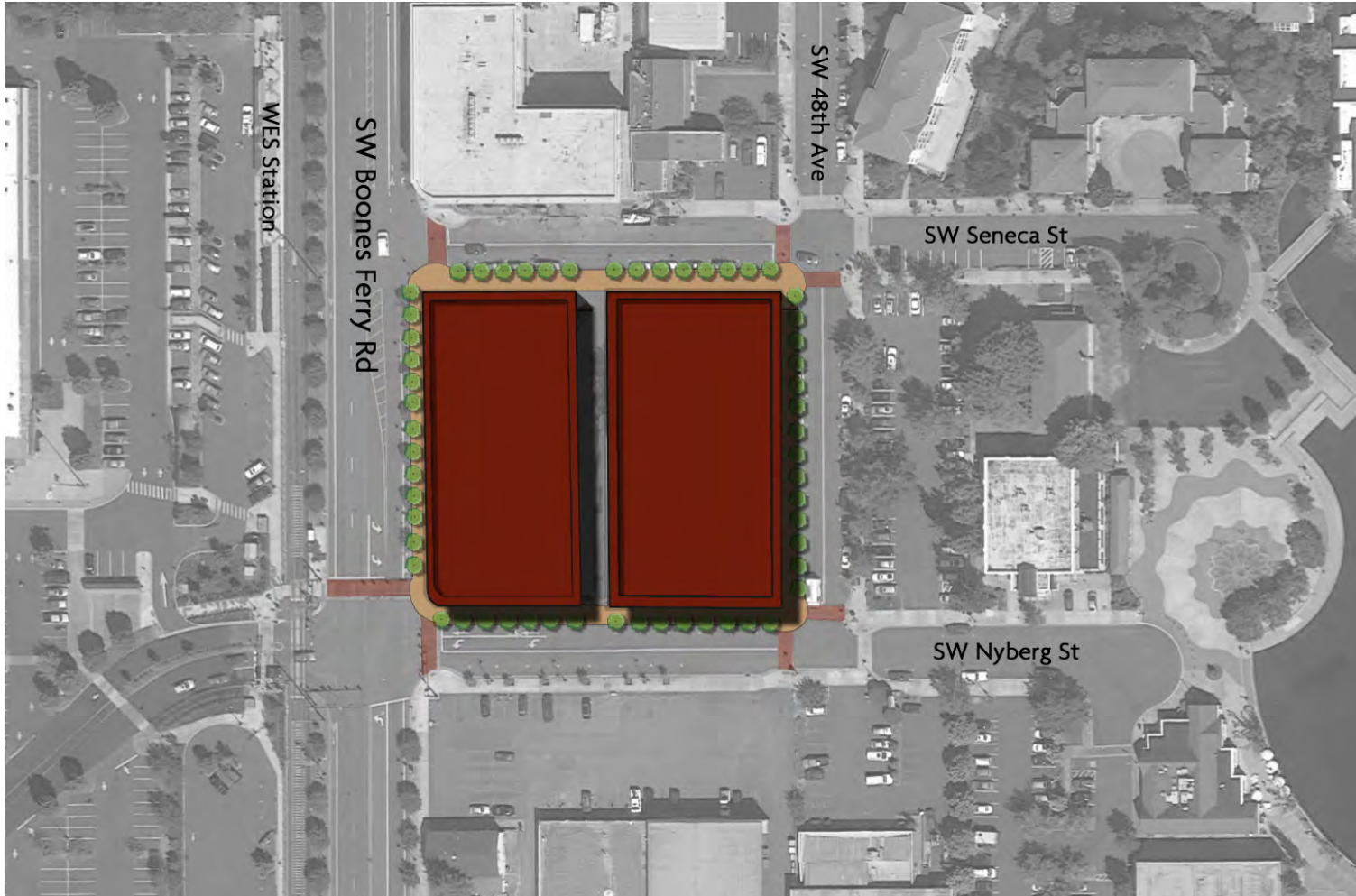
Site Plan A – One Building on Western Site

Draft Development Concepts



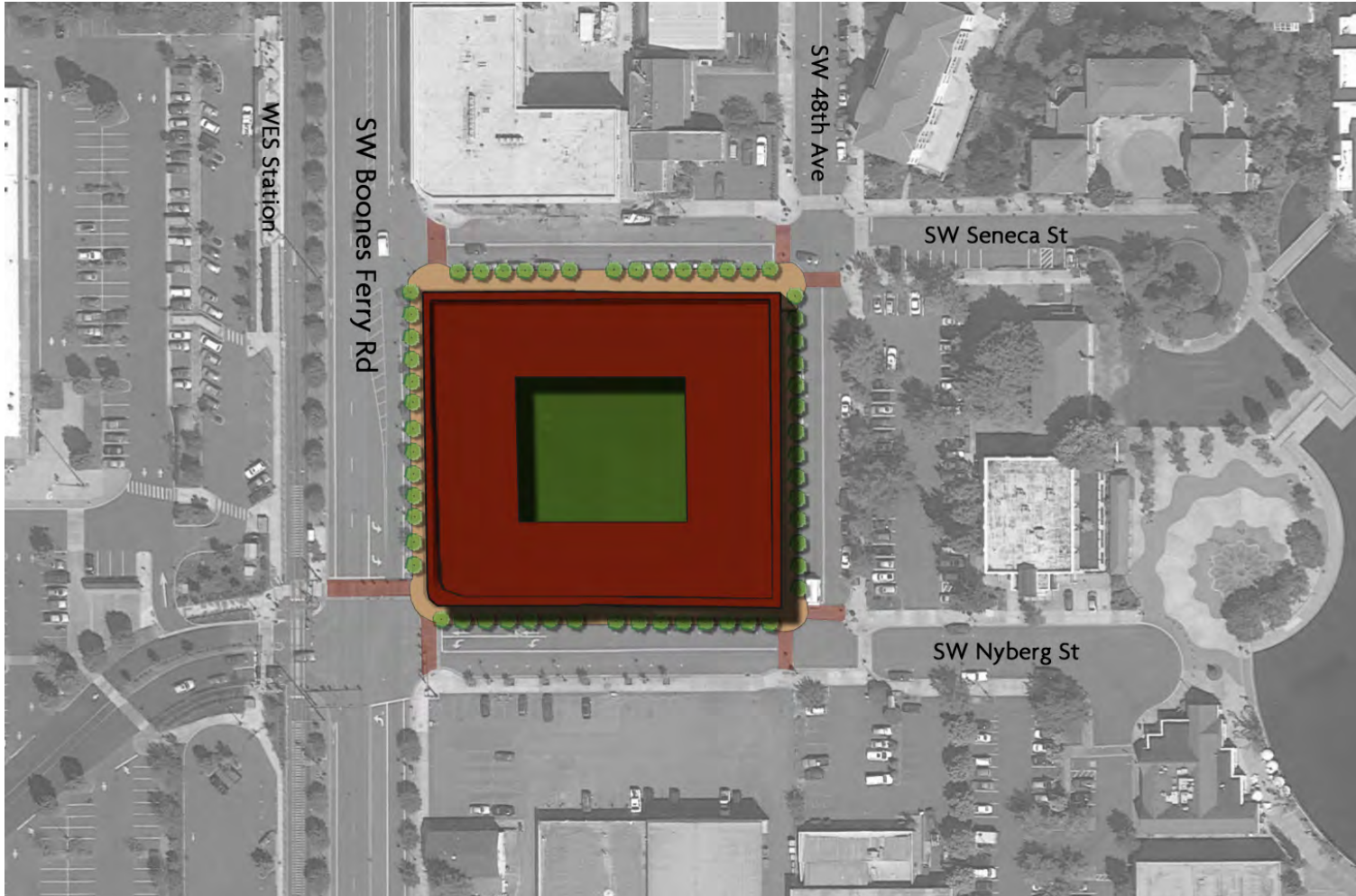
Site Plan B – Buildings on Both Sites

Draft Development Concepts



Site Plan C – One Larger Footprint Building

Draft Development Concepts



Site Plan B – Building Massing

Draft Development Concepts



Photos of Similar Developments

Draft Development Concepts



Visualizations for Final Concepts

Draft Development Concepts



View



Visualizations for Final Concepts

Draft Development Concepts



View



Visualizations for Final Concepts

Draft Development Concepts



View



Financial Pro Forma

Draft Development Concepts

Uses Table	Total	Per SF	# SF	Notes
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How Were the Top 3 Chosen?

Draft Development Concepts

- Kick-Off Event results
- Relevant SWOT findings
- Public workshop findings
- Property owner input
- PAC poster exercise
- Professional opinions of the consultant team

The top 3 concepts presented tonight did not incorporate all of the PAC recommendations.

Reasons for this include: Potential cost, property owner preference, etc.



Input from City Council

Draft Development Concepts

- Key factors:
 - The opinions of the general public
 - The recommendations of the PAC
 - The desires of the property owners

After understanding to the desires of the public, the committee and property owners, the next step is to test development feasibility using Envision Tomorrow.

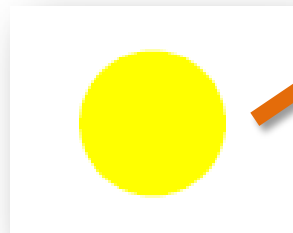


PAC Input - Poster and Sticker Exercise

Draft Development Concepts




Stickers for Voting:

- Format: Each member had 3 stickers for each site
- Directions: Place stickers on posters for uses and heights that you most want to see as draft development concepts



Place on the poster

Texaco

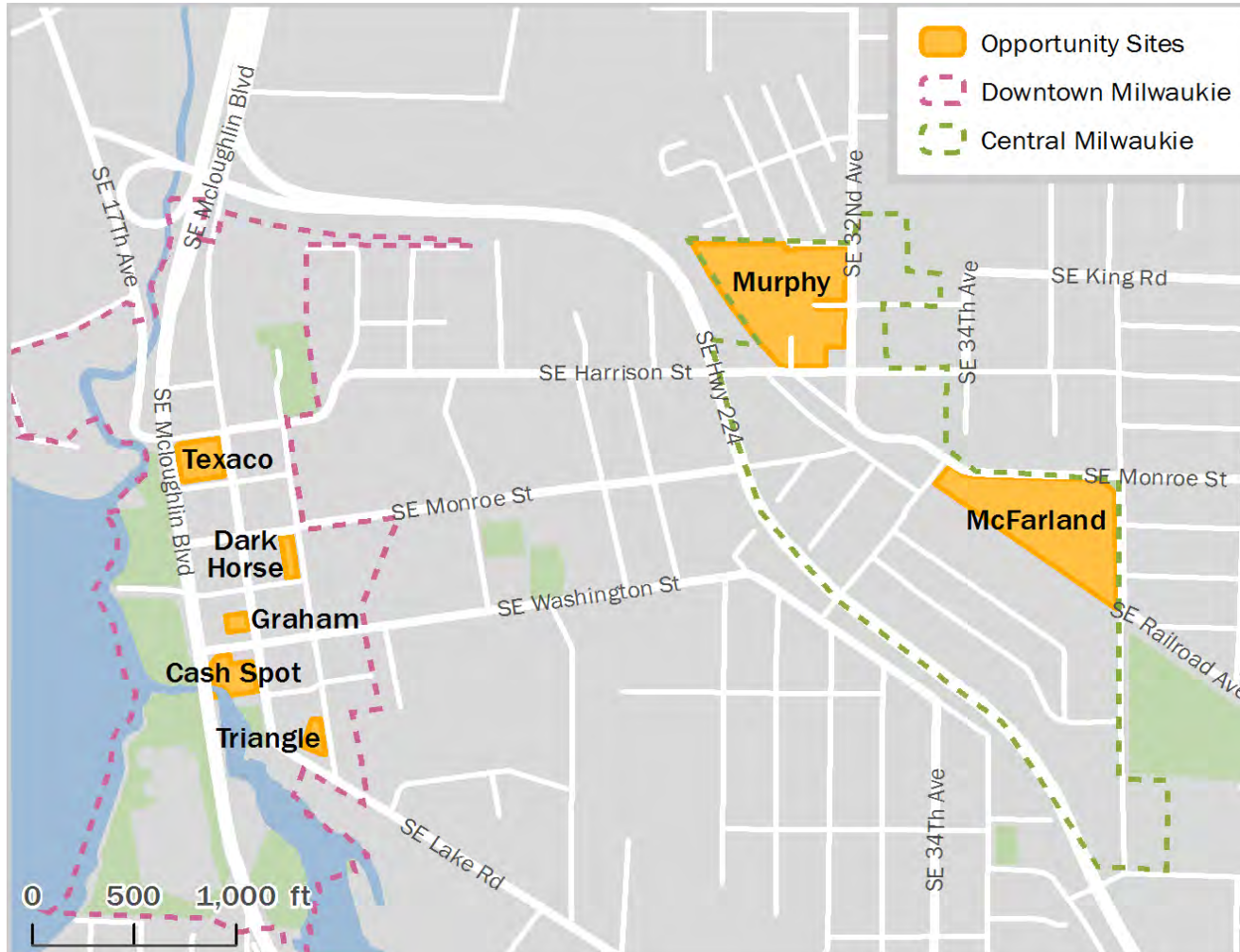


	MAXIMUM FLOORS						
	1	2	3	4	5	6	7+
MIXED USE							
Ground floor commercial, residential above			●				
Live/Work							
SINGLE USE							
Multifamily Residential							
Office							
Retail/Commercial							
Plaza							
Parking Garage							
OTHER 1							
OTHER 2							
OTHER 3							



Opportunity Sites Map

Draft Development Concepts



Murphy Site

Draft Development Concepts



Murphy Site

Draft Development Concepts

What we heard:

- Consensus:
 - Support for a wide-range of uses
- Lack of Consensus:
 - Specific location of different uses on the site
- Considerations:
 - Property owners are interested in a wide-range of development options, but want zoning to be flexible
 - Senior housing on Murphy Site could help hospital implement Providence Hospital's vision to become a "Center of Excellence for Senior Care"



Murphy Site

Draft Development Concepts

Top three options

- 4 stories – Mixed-use (residential, office, and commercial)
- 4 stories - Mixed-use (residential, commercial, and employment)
- *1-2 stories – Mixed-use (commercial and employment)*

Other options

- 3 stories - Indoor/outdoor sports and recreation complex
- *5 stories - mixed-use development (residential, office, and commercial)*
- *1-2 stories - mixed use development (employment and residential)*
- *3 stories - multifamily residential*
- *4 stories - office park*



McFarland Site

Draft Development Concepts



McFarland Site

Draft Development Concepts

What we heard:

- Consensus:
 - Support for a wide-range of uses
- Lack of Consensus:
 - Specific location of different uses on the site
- Considerations:
 - Contamination issues on SE parcel preclude residential
 - Other uses may involve mitigation, but not to the same level as required for residential uses



McFarland Site

Draft Development Concepts

Top three options

- 1-5 story mixed-use (flex and residential)
 - One story - flex space
 - Five stories - multifamily residential
- 4 story mixed-use (recreation and residential)
- 5 story mixed-use (office and residential)

Other options

- *3 story mixed-use (residential and office)*
- *1-3 story mixed use (office and light industrial)*



Dark Horse Site

Draft Development Concepts



Dark Horse Site

Draft Development Concepts

What we heard:

- Consensus:
 - Building height for the site should be between 3 and 4 stories
 - Ground floor commercial is preferred
- Lack of Consensus:
 - How much of the entire block should redevelop
- Considerations:
 - Public workshops: ideal would be to redevelop entire block (or all Dark Horse parcels) as ground floor retail with a centralized office for Dark Horse on upper floors.
 - Property owner: redevelopment of larger Dark Horse Site would be disruptive and likely to be expensive.



Dark Horse Site

Draft Development Concepts

Top three options

- 4 stories – ground floor commercial, office above.
- 4 stories – ground floor commercial, residential above.
- *3 stories – live/work units*

Other options

- 3 stories – multifamily residential
- *4 stories – adaptive reuse and new construction*
- *5 stories – mixed-use new construction (ground floor structured parking/commercial, office)*
- *3 stories – adaptive reuse of Sully's building, live/work units on remainder of site.*



Graham Site

Draft Development Concepts



Graham Site

Draft Development Concepts

What we heard:

- Consensus:
 - Adaptive reuse is an obvious quick fix
 - Ground floor commercial is preferred
- Lack of Consensus:
 - What type of use should occupy the building
- Considerations:
 - PAC: Interest in more height and a rooftop restaurant



Graham Site

Draft Development Concepts

Top three options

- Two stories – adaptive reuse of (commercial use), adding an additional floor, and a rooftop patio/bar/restaurant as a top level.
- Three stories – new development, ground floor commercial with residential above.
- *One story – adaptive reuse of existing building for commercial use; utilize existing parking lot for the adjacent commercial use*

Other options

- Three stories – new development, ground floor commercial with office above.
- *One story – adaptive reuse of existing building for commercial use, and add a rooftop patio.*
- *Three stories – new development, top floor restaurant above two floors of office/commercial.*



Cash Spot Site

Draft Development Concepts



Cash Spot Site

Draft Development Concepts

What we heard:

- Consensus:
 - Views from site are an asset (at or above Main Street level)
 - “Gateway” for Milwaukie puts higher importance on building design
 - Ground floor commercial is preferred along the Main Street side
- Lack of Consensus:
 - Whether the site should include any “public” parking for Downtown
- Considerations:
 - Slope provides opportunity for structured parking
 - Auto access to the site is challenging
 - Environmental/flood plain overlays



Cash Spot Site

Draft Development Concepts

Top three options

- Three stories – ground floor commercial with office above and structured parking below.
- Four stories – ground floor commercial with residential above and structured parking below.
- *Three stories – half-block building fronting Main Street. Ground floor commercial with office above; “tuck under” parking below. Interim surface parking on McLoughlin frontage. No structured parking.*



Cash Spot Site

Draft Development Concepts

Other options

- *Two stories – ground floor commercial with restaurant/bar above, and structured parking below.*
- *Two – three stories - two separate buildings:
Building 1 (on McLoughlin Blvd): two stories – commercial.
Building 2 (on Main): three stories – commercial with office above. No structured parking. Tuck under parking, and surface parking between the two buildings.*
- *Four stories – ground floor commercial with office above and structured parking below.*
- *Three stories – ground floor commercial with residential above and structured parking below.*
- *Two stories – structured parking, with commercial on Main Street*



Triangle Site

Draft Development Concepts



Triangle Site

Draft Development Concepts

What we heard:

- Consensus:
 - The use(s) need to be “transit oriented”
- Lack of Consensus:
 - Food carts on the site
- Considerations:
 - Development should activate the station
 - SWOT: small building footprint and irregular shape of parcel makes development challenging
 - Opportunity for second level platform access



Triangle Site

Draft Development Concepts

Top three options

- Two stories – ground floor commercial, office above.
- Food cart pod (interim use)
- *Three stories – ground floor commercial, office above.*

Other options

- Two stories – commercial
- Public plaza
- *Three stories – ground floor commercial, residential or office above.*
- *Four stories – ground floor commercial, residential or office above.*
- *Five stories – ground floor commercial, residential or office above.*



Texaco Site

Draft Development Concepts



Texaco Site

Draft Development Concepts

What we heard:

- Consensus:
 - 3 to 4 stories
 - Mixed-use development with ground floor commercial
 - Public plaza on some or all of site
- Lack of Consensus:
 - Upper level residential or office
 - Private development of the site
- Considerations:
 - Metro purchased site specifically for a transit-oriented development (TOD)
 - Public ranked public plaza highly, but a plaza does not generate ridership or meet federal requirements
 - TOD-program eligibility will likely require minimum of 4-story building.
 - Past conversations with developers suggested higher achievable rents on 4th and 5th floors, due to better views of River.



Texaco Site

Draft Development Concepts

Top three options

- Metro half block: three stories – ground floor commercial, residential above.
Milwaukie half block: public plaza.
- Full block: four stories – ground floor commercial, residential above. U-shaped building with public plaza in the U.
- *Metro half block: three stories – ground floor commercial, office above.
Milwaukie half block: four stories – ground floor commercial, residential above.*

Other options

- Full block: public plaza
- *Full block: four stories – ground floor commercial, residential above.*
- *Full block: five stories – ground floor commercial, residential above.*
- *Metro half block: three stories – ground floor commercial, residential above.
Milwaukie half block: surface parking.*



Upcoming Project Tasks

Next Steps

- Development Concepts
 - Council provides direction on 3 draft concepts for testing
 - Build each concept in Envision Tomorrow
 - Financial pro formas
 - Development programs and massing illustrations
 - Developer Roundtable in January
 - Unveil draft concepts at public workshop in January
 - Refine concepts, select preferred concepts, and finalize
 - Present to Council



Thanks!

www.milwaukieoregon.gov/planning

MILWAUKIE
Dogwood City of the West

OUR COMMUNITY BUSINESS DEPARTMENTS E-SERVICES

Find it here!

Planning
(Contact Us)

Planning FAQs Overview Documents Projects Development Review Forms, Applications, and Checklists

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Headlines



**Moving Forward Milwaukie:
Enhancing Our Commercial Districts**

A healthy community needs thriving and vibrant commercial districts. Building on the insights of several past studies, *Moving Forward Milwaukie* will implement strategies that strengthen and revitalize Milwaukie's most important commercial hubs.

MORE

Key Topics



**Moving Forward
Milwaukie:
Enhancing Our**



**Transportation
System Plan 2013
Update**

Planning Home

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