



Moving Forward Milwaukie City Council Briefing #3

Moving Forward Milwaukie • January 21, 2014

Discussion Overview

Overview of Presentation

- Absorption (putting concepts into context)
- 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*



Absorption Overview

What is it? And how do we forecast it?

- What is it? Change in SF of leased space
 - New development or lease existing vacant SF
 - Positive or negative
- How much new development should Milwaukie expect in the future?
- What does this mean for implementation of development concepts?
- How accurately can we really forecast it?



Absorption Methods

What is it? **And how do we forecast it?**

- How do we forecast it?
 1. Historical trends for City of Milwaukie
 2. Historical trends for region with Milwaukie capturing "fair share"
 3. Extrapolate based on population and employment forecasts



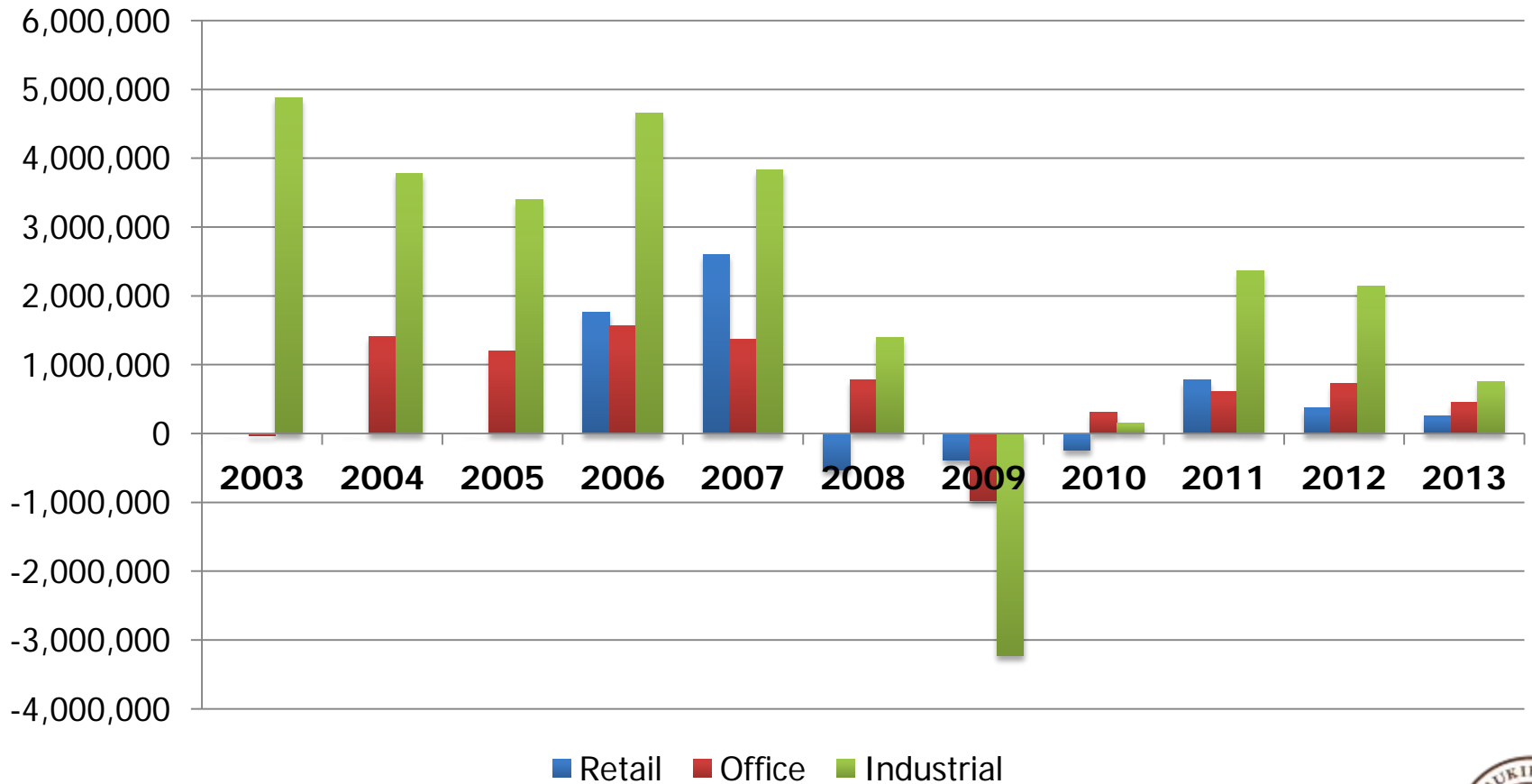
Historical Trends - Milwaukie

SF of net absorption by type by year



Historical Trends – Tri-County Region

SF of net absorption by type each year



Historical Trends

Average SF per Year

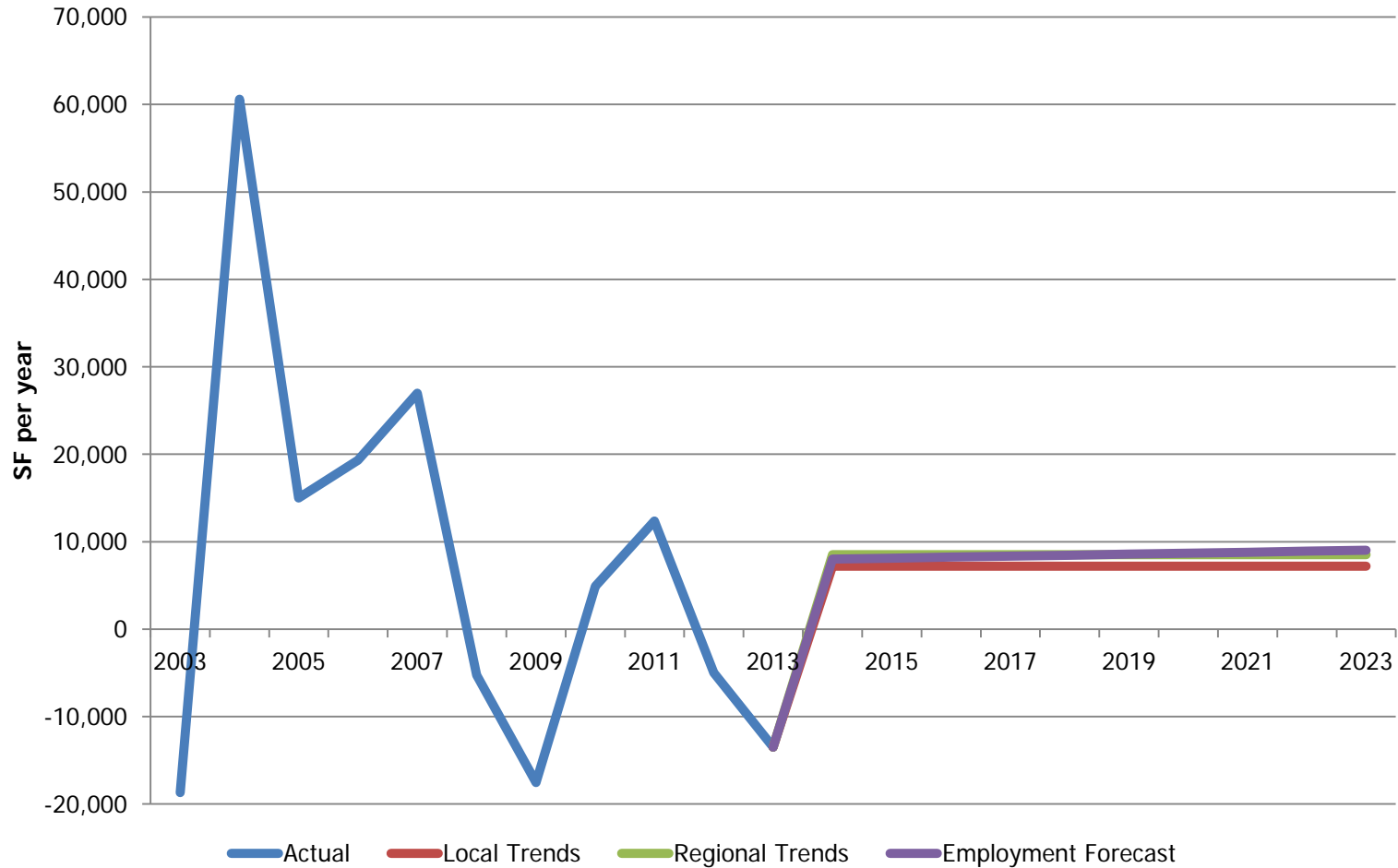
	Milwaukie	Tri-County	Percent
Office	7,200	675,300	1%
Retail	-1,700	574,900	0%
Industrial	104,800	2,194,400	5%
Total	110,300	3,444,600	3%



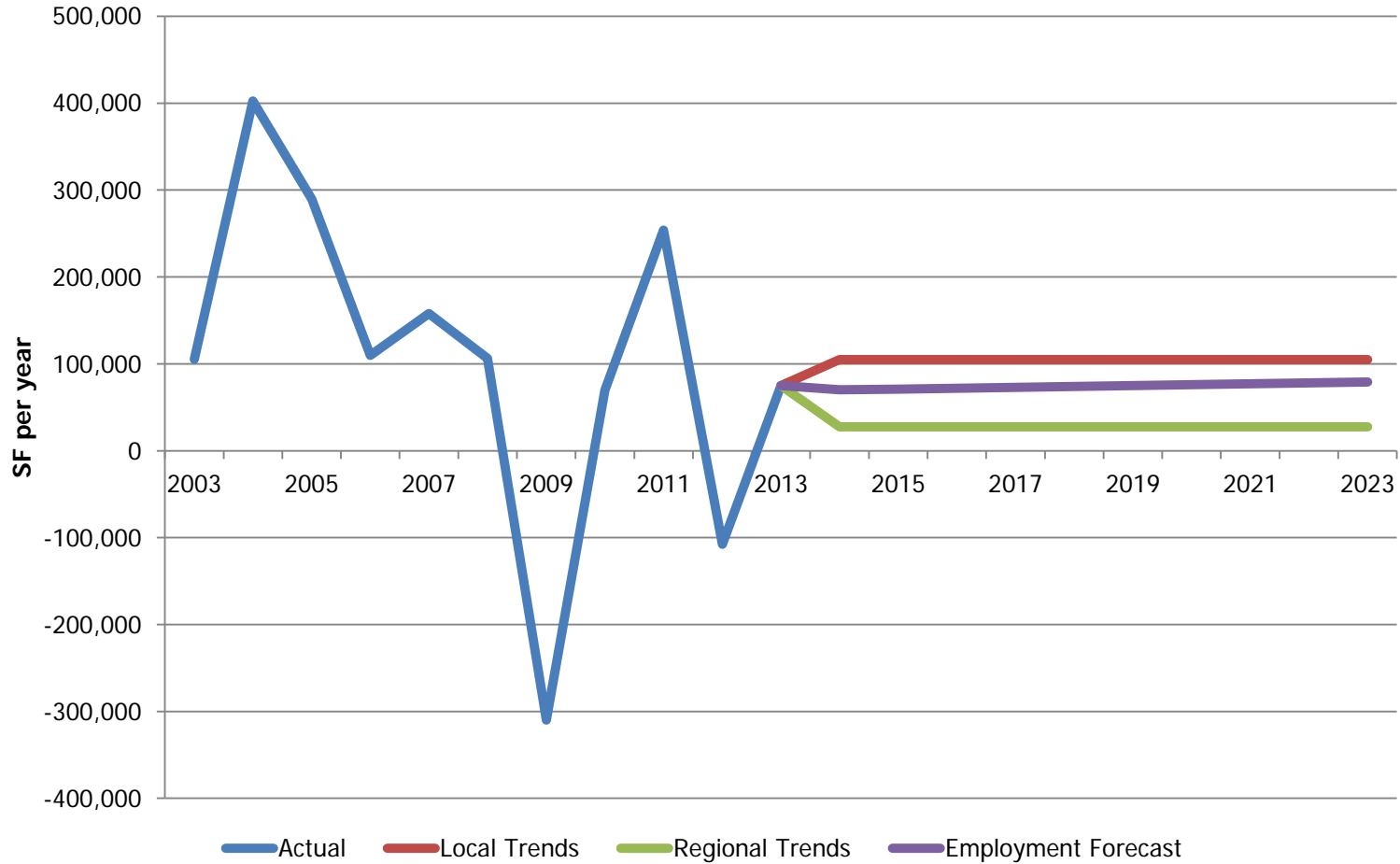
Retail Absorption Forecasts



Office Absorption Forecasts



Industrial Absorption Forecasts



Absorption Forecast Summary

Use	SF per year		
	Local Trends	Regional Trends	Employment Forecast
Retail	-1,700	7,200	12,600
Office	7,200	8,500	8,500
Industrial	104,800	27,700	74,500



Absorption – Key Findings

- Future Milwaukie absorption likely to come from new development
- Office development likely to occur slowly
- Retail space likely to occur slowly (but forecasts vary)
- Industrial space has been a bright spot for Milwaukie absorption
- All forecasts should be taken with a grain of salt
 - Moving Forward Milwaukie can change the trends
 - Light rail can change the trends



Development Concepts

- Draft Concepts. Lots of refinements to be done, especially on financial pro formas.
- **Lots to cover (24 concepts) and not a lot of time.**

We will cover:

- Uses
- Heights
- Site Plans
- Preliminary Financial Results



Development Concepts

- What has changed since last time?
 - Talked to property owners
 - Ran more numbers
 - More detail about the Murphy and McFarland sites



Preliminary Financial Analysis

- Emphasis on **preliminary**
- Site Size: The bigger the site the bigger the cost
- Structured parking is expensive
- Office use has lower returns than other uses
- Adaptive reuse should be less expensive than new construction
- Additional density leads to higher returns



Development Concepts

Financial Analysis

Financial Considerations Legend

	Cost	Return	Potential Risk
Negative	N/A	<0%	
Low	< \$10M	0-10%	Qualitative Assessment
Medium	\$10-25M	10-15%	
High	> \$25M	>15%	






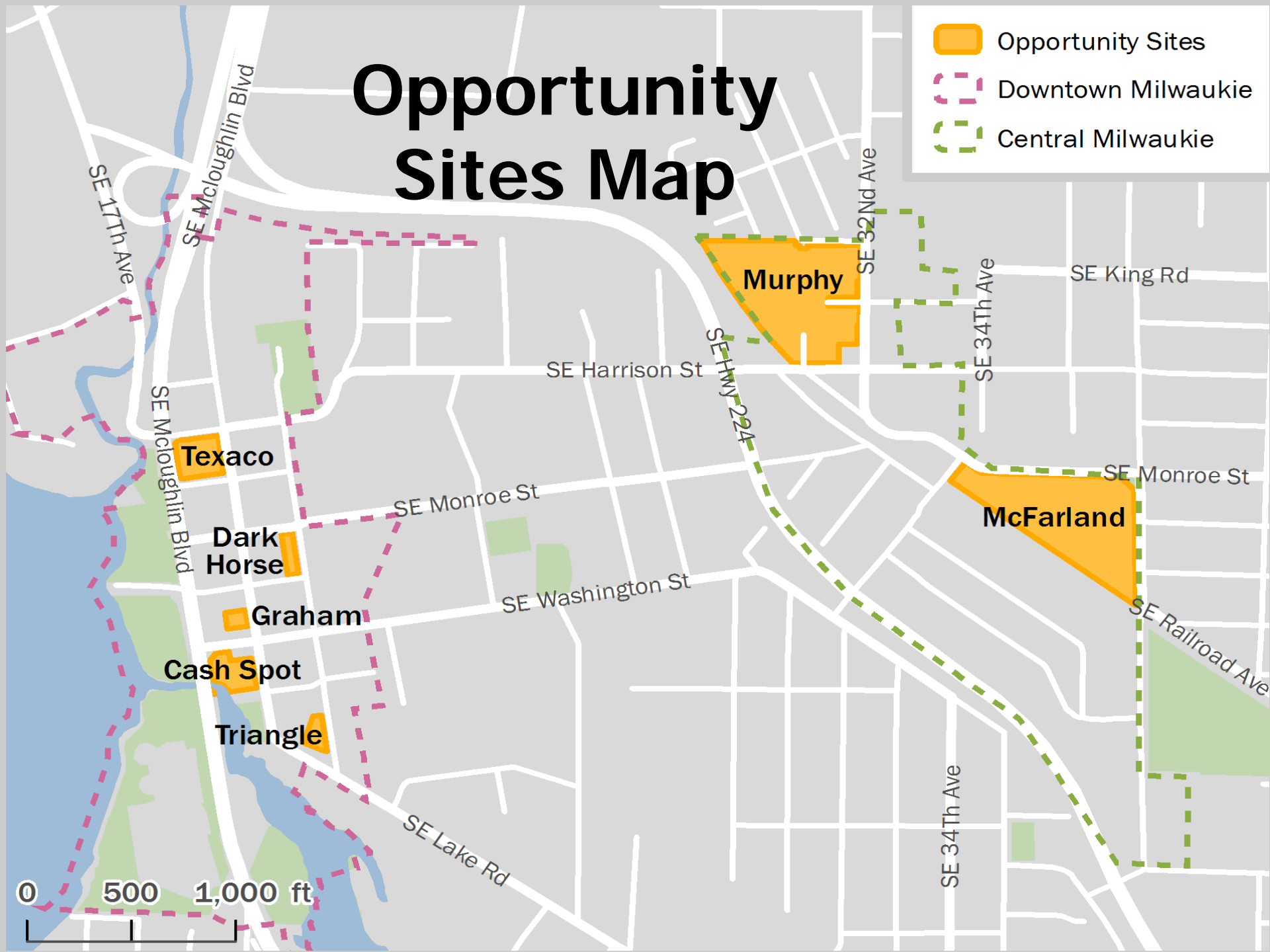
Evaluating “Potential Risk”

		10-Year IRR			
		Negative	Low	Medium	High
Construction Cost	Low	High	Medium	Low	Low
	Medium	High	Medium	Medium	Low
	High	High	High	High	Medium



Opportunity Sites Map

-  Opportunity Sites
-  Downtown Milwaukie
-  Central Milwaukie



0 500 1,000 ft

Murphy and McFarland Sites

- Large sites with potential for multiple buildings
- Likely a mix of uses, but how much of each use?
- Needs to address internal circulation
- Current modeling efforts have only looked at single-use development concepts
 - Let's see how each of these uses works by themselves and then create refined concepts that show a mix of uses.



Murphy Site

Refined Development Concepts

1. Mixed-Use. Max height: 4 stories
 - Senior housing
 - Medical office
 - Small commercial component
2. Mixed-Use. Max height: 5 stories
 - Multifamily residential
 - M/U residential with ground floor commercial
 - Office
3. Mixed-Use. Max height: 3 stories
 - Flex space (one story)
 - Commercial
 - Multifamily residential



Murphy Site

Single-use draft concepts



Murphy Site – Option 1

Draft Development Concepts

- 3-story Residential Buildings
 - Building footprints cover roughly 1/3 of site
 - Remaining 2/3 for surface parking
 - 290 residential units

Financial Considerations

Cost	Return	Potential Risk
High	Low	High



Murphy Site – Option 1

Draft Site Designs



Murphy Site – Option 2

Draft Development Concepts

- Three-story Office Buildings
 - Building footprints cover roughly 1/4 of site
 - Remaining 3/4 for surface parking
 - Office space (176,000 sf.)

Financial Considerations

Cost	Return	Potential Risk
High	Negative	High



Murphy Site – Option 2

Draft Site Designs



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Murphy Site – Option 3

Draft Development Concepts

- One-story Commercial Buildings
 - Building footprints cover roughly 1/3 of site
 - Remaining 2/3 for surface parking
 - Commercial space (73,800 sf.)

Financial Considerations

Cost	Return	Potential Risk
Medium	Low	Medium



Murphy Site – Option 3

Draft Site Designs



Murphy Site – Option 4

Draft Development Concepts

- One-story Flex Buildings
 - Building footprints cover roughly 40% of site
 - Remaining 60% for surface parking
 - Industrial space (72,700 sf.)
 - Office space (18,000 sf.)

Financial Considerations

Cost	Return	Potential Risk
Medium	Negative	High



Murphy Site – Option 4

Draft Site Designs



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McFarland Site

Development Concepts

1. Mixed-Use. Max height: 5 stories
 - Multifamily residential
 - M/U residential above ground floor commercial
 - Office
2. Mixed-Use. Max height: 4 stories
 - Multifamily residential
 - M/U residential above ground floor commercial
 - Office
3. Mixed-Use. Max height: 3 stories
 - Multifamily residential
 - Live/work units
 - Flex



McFarland Site

Single-use draft concepts



McFarland Site – Option 1

Draft Development Concepts

- 2.5-story Residential Buildings
 - Building footprints cover roughly 30% of site
 - Remaining 70% for surface parking and park
 - 146 residential units

Financial Considerations

Cost	Return	Potential Risk
Medium	Low	Medium



McFarland Site – Option 1

Draft Site Designs



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McFarland Site – Option 2

Draft Development Concepts

- 2.5-story Office Buildings
 - Building footprints cover roughly 1/3 of site
 - Remaining 2/3 for surface parking
 - Office space (156,000 sf.)

Financial Considerations

Cost	Return	Potential Risk
High	Negative	High



McFarland Site – Option 2

Draft Site Designs



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McFarland Site – Option 3

Draft Development Concepts

- One-story Commercial Buildings
 - Building footprints cover roughly 40% of site
 - Remaining 60% for surface parking
 - Commercial space (70,000 sf.)

Financial Considerations

Cost	Return	Potential Risk
Medium	Low	Medium



McFarland Site – Option 3

Draft Site Designs



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McFarland Site – Option 4

Draft Development Concepts

- One-story Flex Buildings
 - Building footprints cover roughly 1/2 of site
 - Remaining 1/2 for surface parking
 - Industrial space (65,300 sf.)
 - Office space (16,000 sf.)

Financial Considerations

Cost	Return	Potential Risk
Medium	Negative	High



McFarland Site – Option 4

Draft Site Designs



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Texaco Site - Option 1

Draft Development Concepts

- Full block:
 - 4 stories – Ground floor commercial, residential above
 - U-shaped building with open space in the U

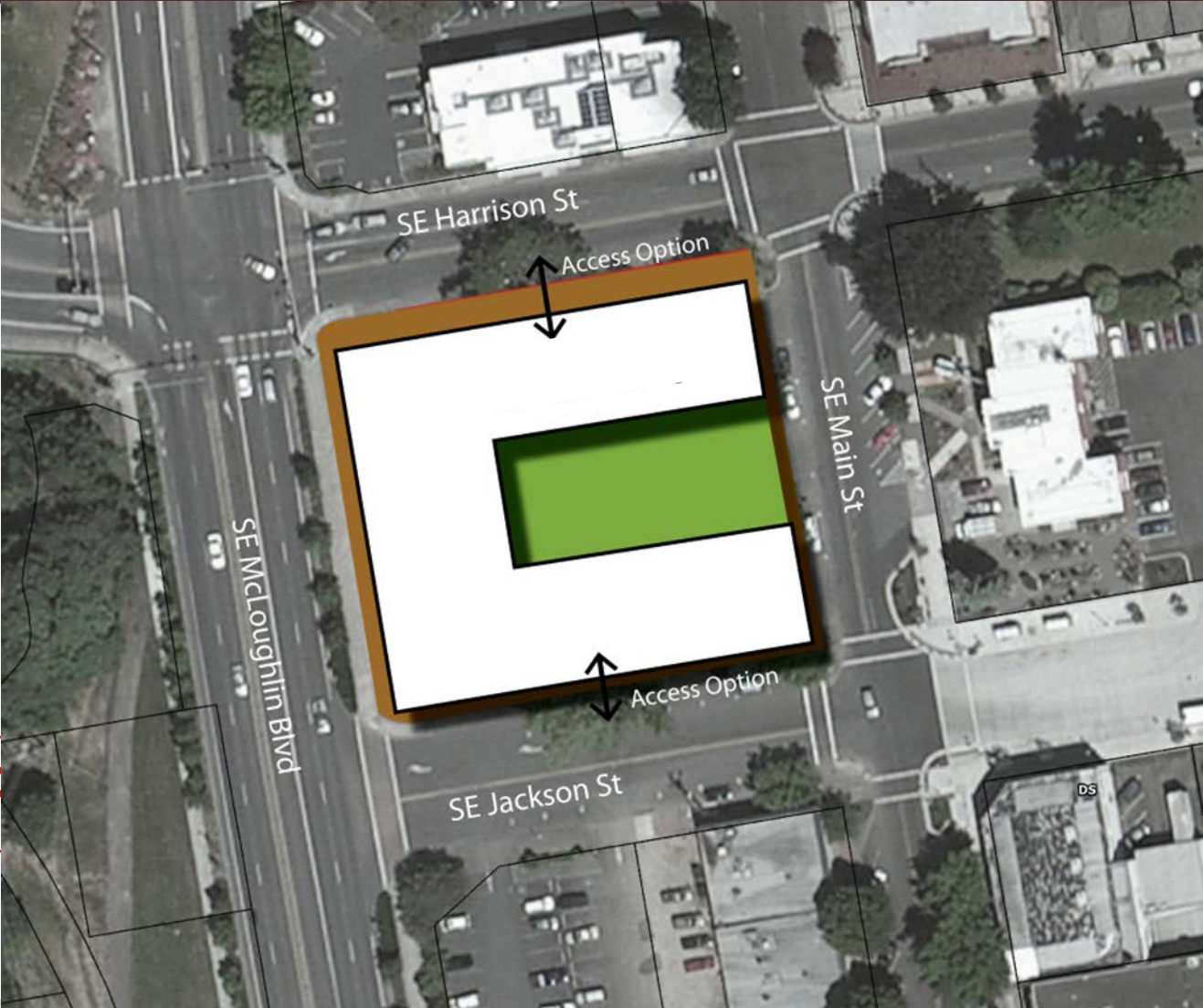
Financial Considerations

Cost	Return	Potential Risk
Unknown	Unknown	Unknown



Texaco Site – Option 1

Draft Site Designs



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Texaco Site – Option 2

Draft Development Concepts

- Two buildings, each on 1/2 block
- Western Metro Parcel
 - Four stories
 - Ground floor commercial, residential and office above
 - Fourth floor is setback
 - Tuck under parking
- Eastern City parcel
 - Three stories
 - Ground floor commercial, residential and office above
 - Third floor is set back
 - Tuck under parking

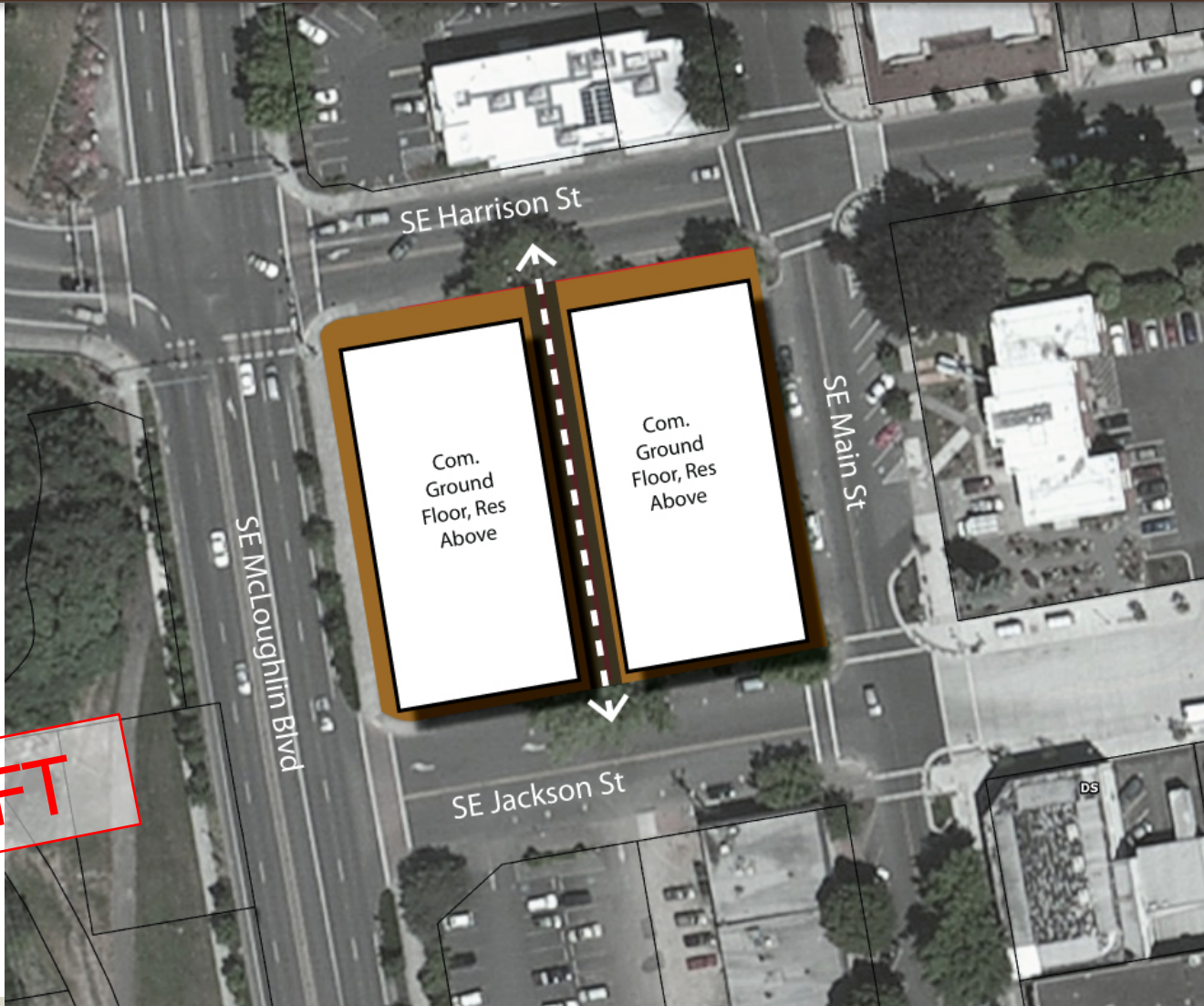
Financial Considerations

Cost	Return	Potential Risk
Medium	Negative	High



Texaco Site – Option 2

Draft Site Designs



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Texaco Site – Option 3

Draft Development Concepts

- Two buildings, each on 1/2 block
- Ground Floor
 - Full block, podium structured parking and retail
- Western Metro Parcel
 - 4 stories of residential on top of podium (5 stories total)
 - 69 residential units
- Eastern City Parcel
 - 2 stories of residential on top of podium (3 stories total)
 - 34 residential units

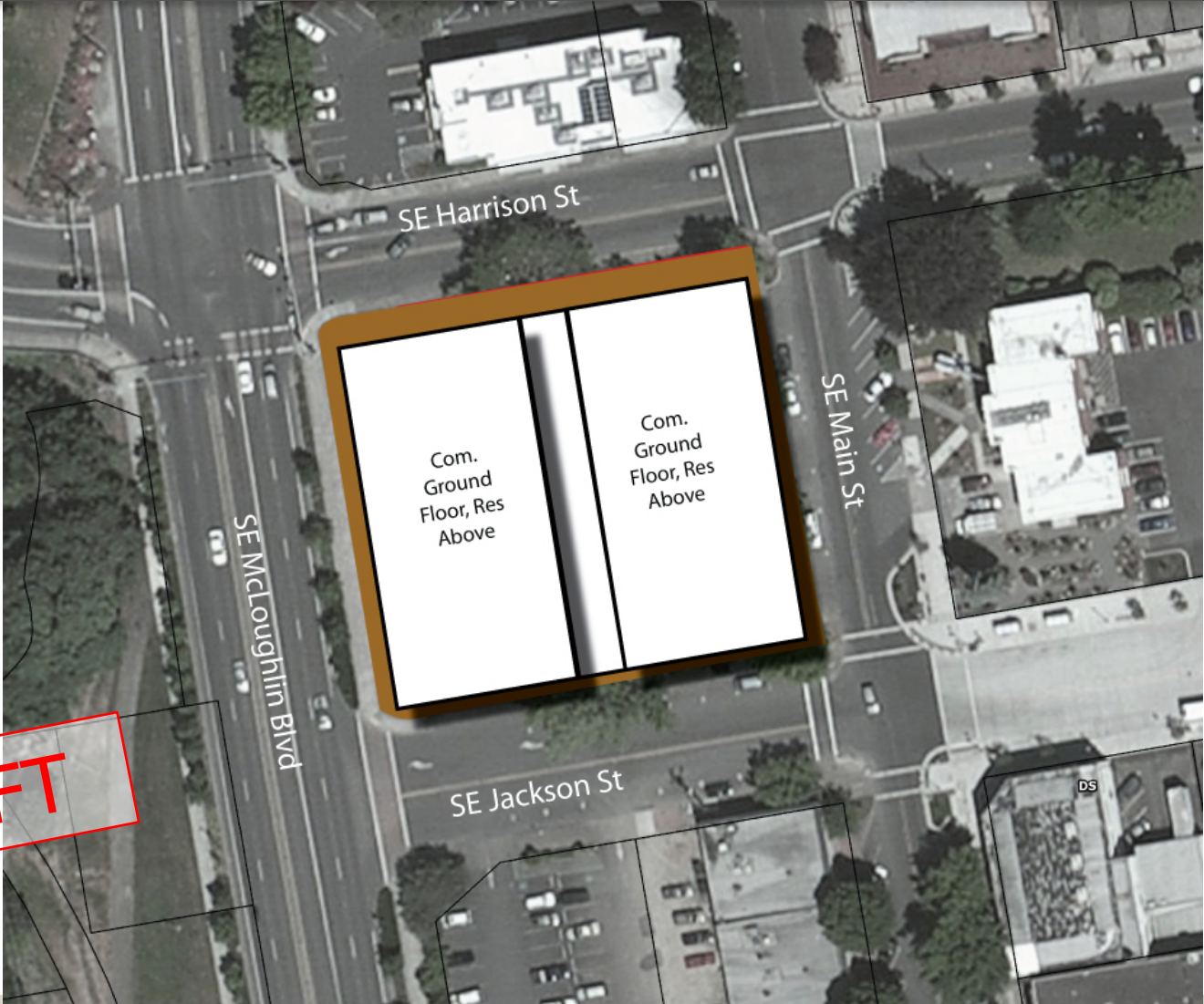
Financial Considerations

Cost	Return	Potential Risk
Medium	Low	Medium



Texaco Site – Option 3

Draft Site Designs



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Dark Horse Site – Option 1

Draft Development Concepts

- Building footprint on Boundary #1
- Three-story Building
 - Live/work units
 - 14 residential units
 - Office space (12,800 sf.)
 - No additional onsite parking

Financial Considerations

Cost	Return	Potential Risk
Low	Negative	High



Dark Horse Site – Option 1

Draft Site Designs



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Dark Horse Site – Option 2

Draft Development Concepts

- Building footprint encompasses Boundary #2
- Four-story Building
 - Ground floor retail (11,200 sf.)
 - 37 residential units above
 - 24 tuck under parking spaces

Financial Considerations

Cost	Return	Potential Risk
Low	Low	Medium



Dark Horse Site – Option 2

Draft Site Designs



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Dark Horse Site – Option 3

Draft Development Concepts

- Two buildings on Boundary #3
- Building #1
 - Adaptive reuse of existing Dark Horse office on NW corner of block
 - No additional parking
 - Ground floor for commercial use
- Building #2
 - Four-story new development on boundary #2
 - Ground floor commercial with office above

Financial Considerations

Cost	Return	Potential Risk
Medium	Negative	High



Dark Horse Site – Option 3

Draft Site Designs



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Graham Site – Option 1

Draft Development Concepts

- One-story Building
 - Adaptive reuse of existing building
 - Commercial use (3,479 sf.)
 - Use existing parking lot for adjacent commercial use

Financial Considerations

Cost	Return	Potential Risk
Low	Medium	Low



Graham Site – Option 1

Draft Site Designs



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Graham Site – Option 2

Draft Development Concepts

- Three-story Building
 - Ground floor retail (4,498 sf.)
 - 15 units of residential above
 - No additional parking

Financial Considerations

Cost	Return	Potential Risk
Low	Low	Medium



Graham Site – Option 2

Draft Site Designs



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Graham Site – Option 3

Draft Development Concepts

- Three-story Building
 - Rooftop patio/bar/restaurant as a top level (4,700 sf.)
 - Two stories of office (14,000 sf.)
 - No additional parking

Financial Considerations

Cost	Return	Potential Risk
Low	Negative	High



Graham Site – Option 3

Draft Site Designs



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Cash Spot Site – Option 1

Draft Development Concepts

- Two buildings above a shared one-story commercial parking structure with 74 spaces, and small amount of ground floor commercial
- Building #1
 - 2 stories of office (13,650 sf.) above parking garage (3 story building)
- Building #2
 - 3 stories of office (38,000 sf.) above parking garage (4 story building)

Financial Considerations

Cost	Return	Potential Risk
Medium	Negative	High



Cash Spot Site – Option 1

Draft Site Designs



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Cash Spot Site – Option 2

Draft Development Concepts

- Three-story Building
 - Ground floor retail (8,000 sf.)
 - Two stories of office above (16,000 sf.)
 - 22 tuck under parking spots and 15 surface parking

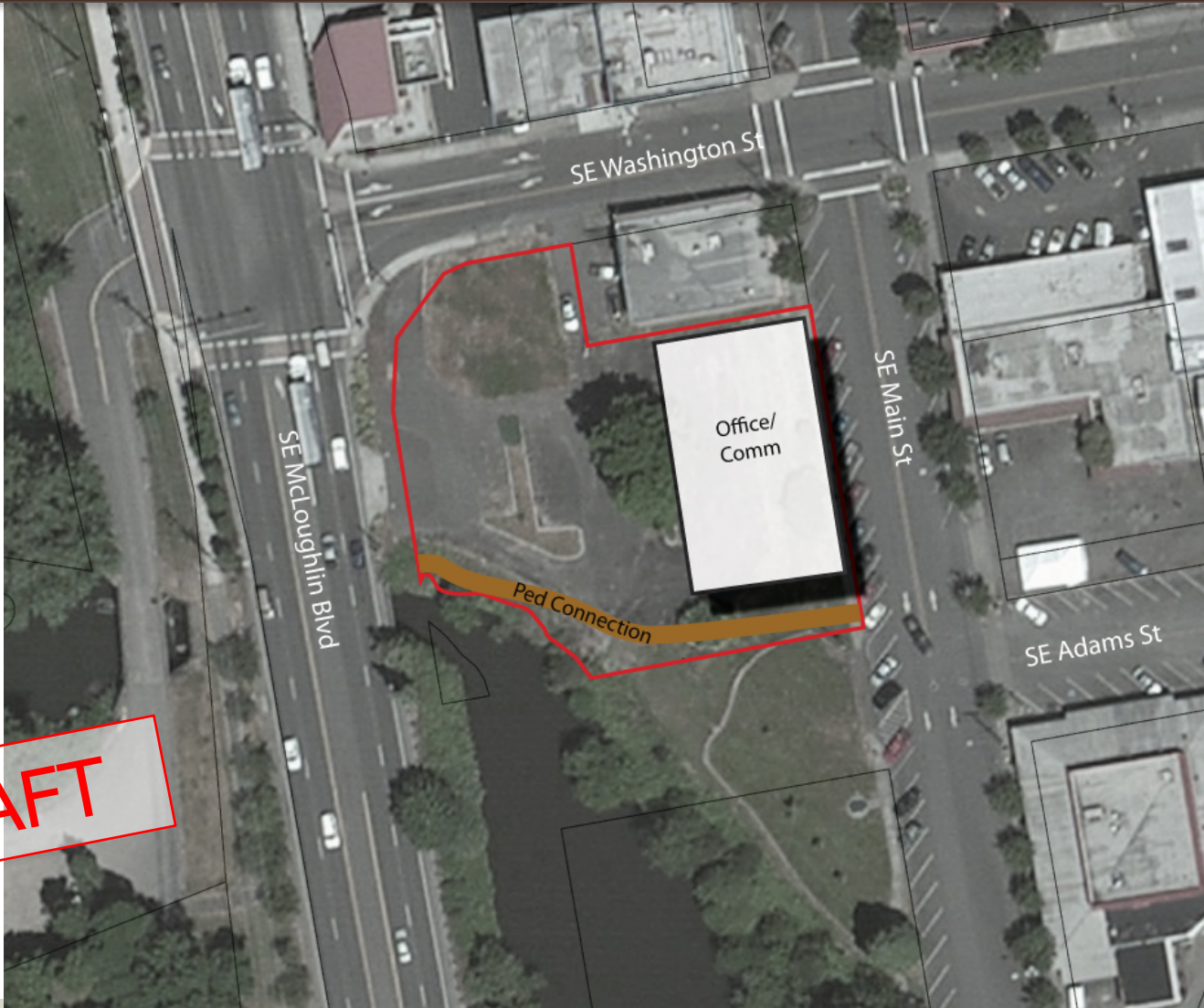
Financial Considerations

Cost	Return	Potential Risk
Low	Negative	High



Cash Spot Site – Option 2

Draft Site Designs



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Cash Spot Site – Option 3

Draft Development Concepts

- Multiple buildings
 - Up to 3 stories
 - Ground floor retail (8,000 sf.)
 - Residential above (16,000 sf.)
 - No onsite parking

Financial Considerations

Cost	Return	Potential Risk
Low	Low	Medium



Cash Spot Site – Option 3

Draft Site Designs



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Triangle Site – Option 1

Draft Development Concepts

- One-story Building
 - Building footprint (11,000 sf.)
 - Retail space (9,500 sf.)

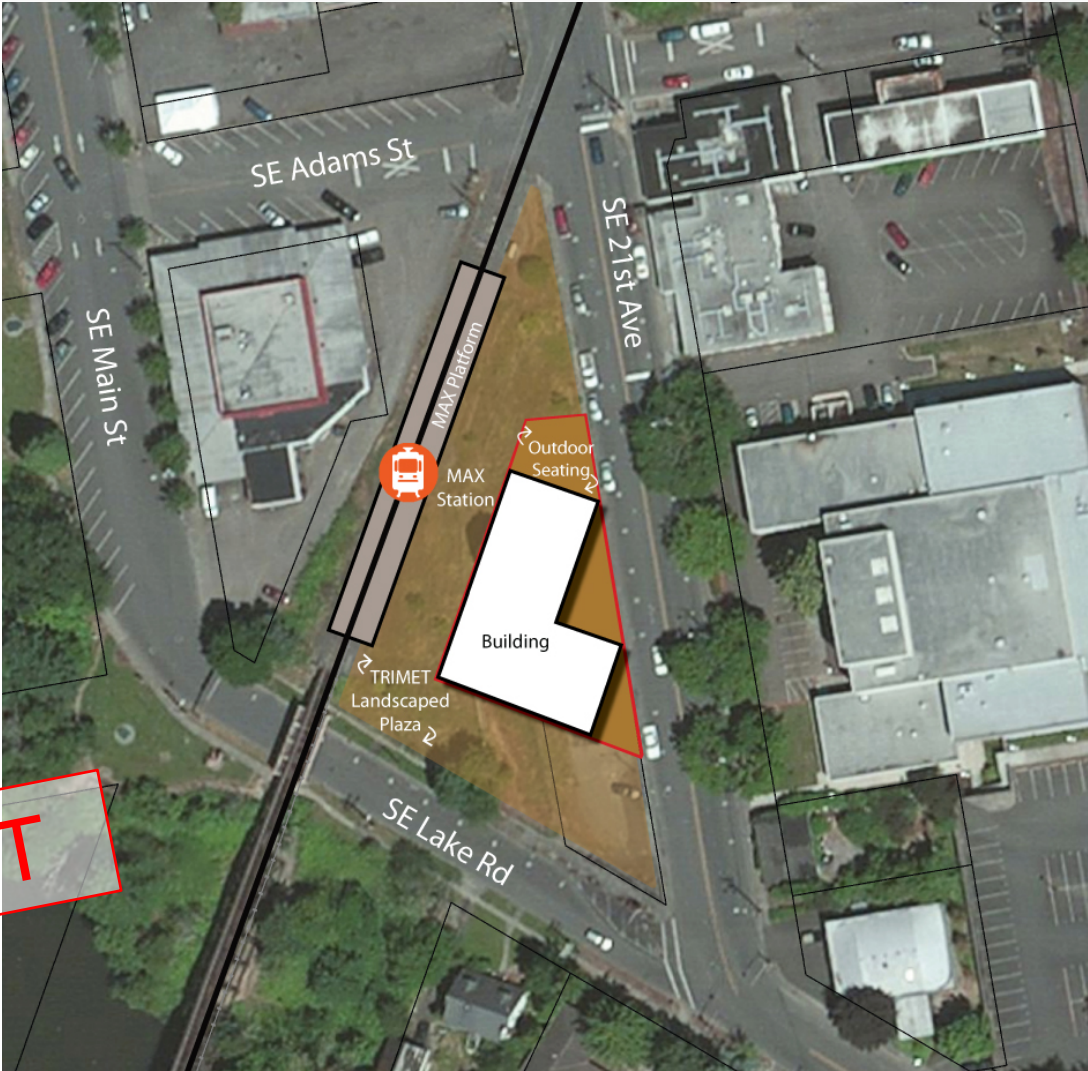
Financial Considerations

Cost	Return	Potential Risk
Low	Low	Medium



Triangle Site – Option 1

Draft Site Designs



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Triangle Site – Option 2

Draft Development Concepts

- Two-story Building
 - Building footprint is 60% of site
 - Remaining 40% is landscaped
 - Ground floor commercial (6,500 sf.)
 - Office above (6,500 sf.)

Financial Considerations

Cost	Return	Potential Risk
Low	Negative	High



Triangle Site – Option 3

Draft Development Concepts

- Three-story Building
 - Building footprint is 60% of site
 - Remaining 40% is landscaped
 - Ground floor commercial (6,500 sf.)
 - 14 residential units above (13,000 sf.)

Financial Considerations

Cost	Return	Potential Risk
Low	Low	Medium



Triangle Site – Option 4

Draft Development Concepts

- Four-story Building
 - Building footprint is 60% of site
 - Remaining 40% is landscaped
 - Ground floor commercial (6,500 sf.)
 - 21 residential units above (19,600 sf.)

Financial Considerations

Cost	Return	Potential Risk
Low	Low	Medium



Key Questions

1. Does Council concur with the refined draft development concepts that have been put forth through this process, or are there modifications to these concepts, alternative concepts to be tested, or concepts that should be removed from consideration?
2. Should the project team advance community-supported draft development concepts that will require significant public investment?
3. Is Council comfortable with the project team modifying the concepts that are publicly presented to decrease the amount of public investment required?



Next Steps

- Developer Roundtable #2 – January 23
 - Test assumptions about financial feasibility
- Council Worksessions #4 and #5 – February 18 & 20
 - Feb 18: Refined draft concepts
 - Feb 20: Potential tools for filling financial gaps
- Public Event #4 – March 6
 - Review top 3 concepts for each site. Choose the “best” for each.
- Council Worksession #6 – March TBD
 - Present results of Public Event #4
 - Select one concept for each site for detailed development concept

