



Moving Forward Milwaukie City Council Study Session #4

Moving Forward Milwaukie • February 20, 2014

Presentation Overview

1. Project Goals
2. Lessons Learned – Quick Recap
3. How to Get Things Moving Forward
4. Public Investment – Benefits and Risks
5. Developer Perspective
6. Available Public Investment Tools
7. Discussion



Project Goals

Why are we doing this?

- The goal of this project is **implementation**
- Make sure our commercial areas look and function the way our community wants them to
 - “Vibrant and amenity-rich downtown”
 - “Murphy & McFarland developed in a thoughtful manner”
- Take steps to have our commercial areas live up to their potential
- Make sure we have the right development standards in place to encourage new development



Lessons Learned

Quick Recap

- Downtown development code is not a significant barrier
 - Development Standards – min/max height; off-street parking
 - Use Standards – requirements/limitations on ground floor commercial
- Central Milwaukie code is a significant barrier
 - No uses permitted by right
- Negative cash flow situation (costs greater than revenues)
- Infrastructure costs are significant – PARs and frontage improvements



How to Get Things Moving Forward

Transforming Real Estate Markets



How to Get Things Moving Forward

Committed Leadership

- Public Leadership
 - Elected leaders who secure community vision
 - Pro-active, skilled staff
- Private Leadership
 - Property owners able/willing to put sites into play
 - Developers interested in untested market



How to Get Things Moving Forward

Strategic, Phased Approach

- Achieving desired transformation requires patience and long-term commitment
 - Martin Luther King Jr. Boulevard
 - Downtown Eugene
 - Cascade Station



How to Get Things Moving Forward

Case Study: Strategic, phased approach – MLK Blvd



How to Get Things Moving Forward

Case Study: Strategic, phased approach – Eugene Downtown Athletic Club



How to Get Things Moving Forward

Case Study: Strategic, phased approach – Cascade Station



How to Get Things Moving Forward

Catalyst Projects

- Catalyst projects come in various sizes, uses (and one project is not always the game changer)
 - Alberta St small scale adaptive re-uses
 - Vanport Square on MLK
 - Eugene Downtown adaptive reuse of Penny's Building



How to Get Things Moving Forward

Case Study: Catalyst Project – Alberta Street Adaptive Reuse



How to Get Things Moving Forward

Case Study: Catalyst Project – Vanport Square



How to Get Things Moving Forward

Case Study: Strategic, phased approach – Downtown Eugene



Adaptive reuse of former Penny's building into Broadway Commerce Center – stimulated new development and adaptive reuse across street into restaurant row



How to Get Things Moving Forward

Case Study: Strategic, phased approach – Downtown Eugene cont'd



How to Get Things Moving Forward

Potential Impacts of Light Rail

- Successful examples in the Portland region
 - Hillsboro – Orenco Station
 - Kenton – Posie's Cafe
 - Halo impacts on Mississippi Blvd



How to Get Things Moving Forward

Case Study: Light Rail – Orenco Station



How to Get Things Moving Forward

Case Study: Light Rail - Kenton

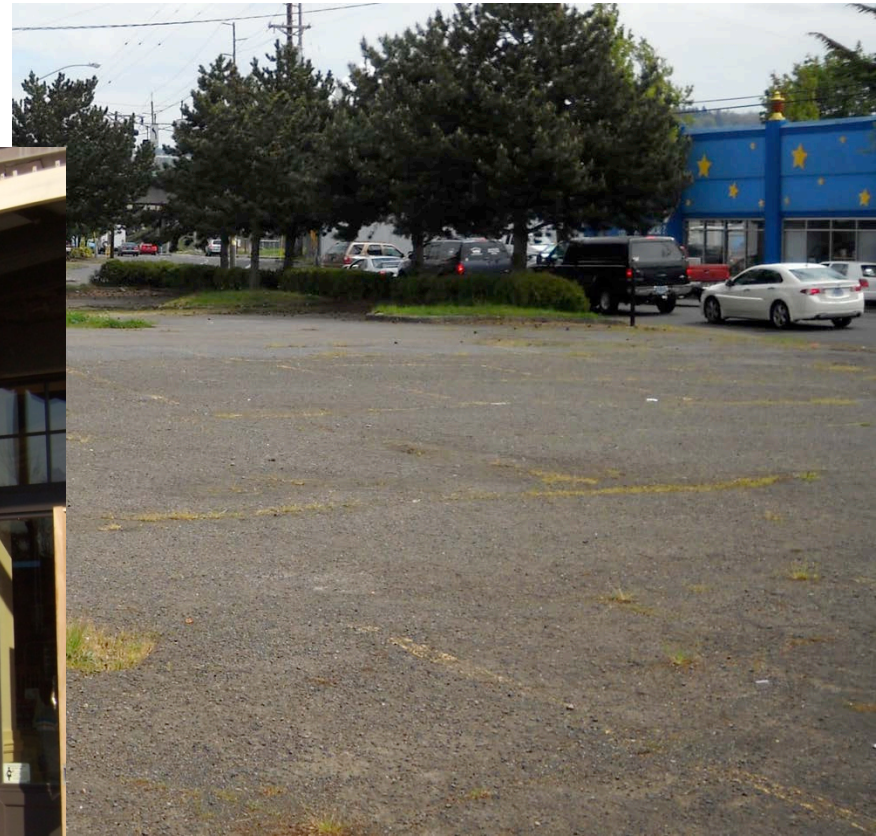


How to Get Things Moving Forward

Case Study: Light Rail – Halo Effect on Mississippi Ave

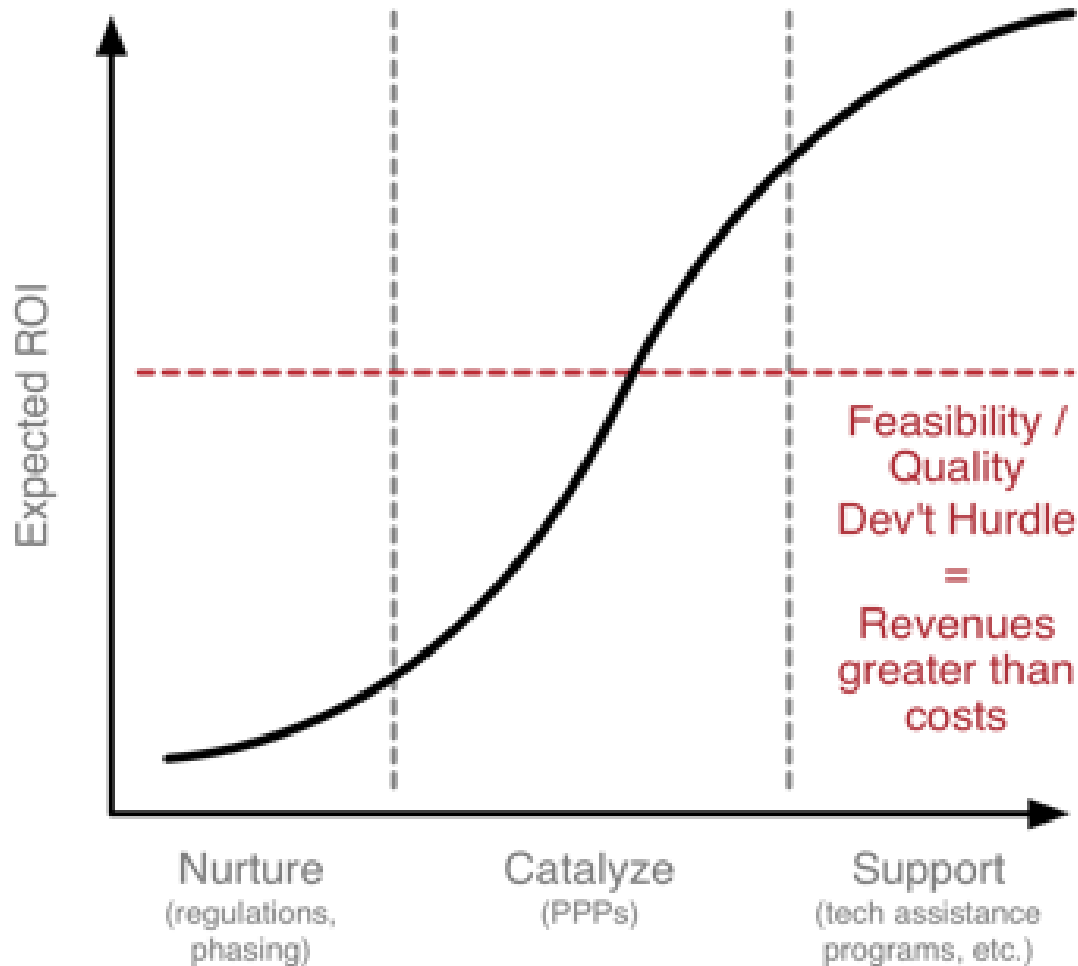


Public Investment: Benefits & Risks



Public Investment: Benefits & Risks

Framework for Public Investment



Public Investment: Benefits & Risks

What are Public Investments?

- Policy Changes: Land use and development codes geared to implement the City vision
- Infrastructure improvements: Parks, streetscapes, light rail, parking
- Direct Investment: Site acquisition, facades, rehab



Public Investment: Benefits & Risks

Risks and Fears of Public Investment

- Project won't deliver on all its promises
- Catalytic impact won't enough to jump start other development
- Perception that project is doable without public funds
- Scarce public resources
- Impact on tax payers



Public Investment: Benefits & Risks

Benefits of Public Investment

- Provide publicly desired services and amenities
- Influence type, quality, timing of development
- Increase the tax base and revenues
- Retain existing residents, businesses and employees
- Attract new residents, businesses, employees and visitors
- Push the market: create new comps, demonstrating higher rents
- Enhance the image and perception of an area



Public Investment: Benefits & Risks

Developer Perspective – Brad Malsin, Beam Development



Available Public Investment Tools

Locally Controlled

1. SDCs & PARs/frontage improvements
2. Local Improvement Districts (LIDs)
3. Publicly-Owned Land Options
4. Urban Renewal (Tax Increment Financing/TIF)
5. Vertical & Multifamily Housing
Vertical Tax Abatement



Available Public Investment Tools

Locally Controlled – Code Revisions

- Revise codes to clarify more by-right development consistent with community vision
 - Portland: south waterfront, central east side
 - Oregon City: Willamette Falls
 - Hillsboro: downtown
 - Beaverton: downtown



Available Public Investment Tools

Locally Controlled – SDCs & PARs/Frontage Improvements

- Financing: Gresham, Hillsboro
- Waivers: Molalla
- Sole Source: Bend, Portland



Available Public Investment Tools

Locally Controlled – Local Improvement District (LID)

- Finance specific capital projects. Local jurisdictions issue tax exempt bonds, repaid through payments by affected property owners within the LID.
 - Portland: streetcar and tram
 - Eugene: public parking garage downtown



Available Public Investment Tools

Locally Controlled - Publicly-Owned Land Options

- Write-downs
 - Eugene (Broadway Place mixed use development)
 - Portland (Pioneer Place, Museum Place, River Place)
 - Gresham (Crossings)
- Long-term land leases
 - Port of Portland (Cascade Station)
 - University of Oregon (Riverfront Research Park)
 - Lane County (Expansion of 5th Street Public Market)



Available Public Investment Tools

Locally Controlled – Urban Renewal/Tax Increment Financing (TIF)

- Captures property tax growth from new development and appreciation
 - Salem (downtown)
 - Lake Oswego (downtown)
 - McMinnville (downtown)
 - Portland (downtown, Pearl District, Interstate)
- Property-specific “TIF Zones”
 - Wilsonville (vacant industrial properties)



Available Public Investment Tools

Locally Controlled – Vertical & Multifamily Housing Tax Abatements

- Temporarily reduces or eliminates property tax for qualifying development for a fixed period of time.
 - North Main Village, Milwaukie
 - Royal Building, Springfield
 - Beranger Condominiums, Gresham
 - Third Central, Gresham
 - 4th & Main, Hillsboro (application stage)
 - Orenco Wrap, Hillsboro (application stage)



Available Public Investment Tools

Other Funding Sources

- Metro Transit-Oriented Development (TOD) Program
- EB-5
- Low Income Housing Tax Credit (LIHTC)
- HUD Section 108 and 221d4
- Industrial Development Bonds



Discussion

- How does the Council define “success” for new development in Milwaukie?
- What role should the City play in facilitating private development?
 - Direct investment vs sit back and hope the market provides the type of development the public wants?
- What types of projects are worth investing in, and with what tools?
- How can we realize the benefits of public investment and mitigate our risks and fears?



Available Public Investment Tools

Other Funding Sources – Metro TOD Program

- Grants to stimulate construction of higher-density and mixed-use projects near transit.
 - Hillsboro Central, Hillsboro
 - The Crossings, Gresham
 - Westgate, Beaverton
 - Prescott Apartments, Portland



Available Public Investment Tools

Other Funding Sources – EB-5

- Investment by foreigners in new commercial enterprises that will create new jobs for US citizens.
 - Residence Inn by Marriott in Pearl District
 - Apartment development in Beaverton
 - Senior housing in Newport



Available Public Investment Tools

Other Funding Sources – Low Income Housing Tax Credit (LIHTC)

- Provides tax credits for acquisition, rehabilitation, new construction of rental housing targeted to lower-income or workforce households.
 - 20% of units for residents with <50% median income or 40% of units for residents with <60% of median income
 - Note that 60% of median income is essentially market rate in Milwaukie
- Successful examples in the Portland region:
 - Sitka and Ramona in Pearl
 - Gray's Landing, South Waterfront
 - Patton Park Apartments, Overlook
 - Ritzdorf Apartments, SE Portland



Available Public Investment Tools

Affordable and Work Force Housing Can Look Good!



Available Public Investment Tools

Other Funding Sources - HUD Section 108 and 221d4

- HUD Section 108: Allows a community to borrow up to 5 times its annual CDBG allocation to offer developers low interest rate loans.
 - Salem: hotel/conference center
 - Eugene: Downtown Broadway Commerce Center
 - Gresham: Arts Plaza Children's Fountain
- HUD 221d4 Housing program: Reduced equity requirements (20%) for market-rate multifamily development.
 - Portland: Cathedral Apartments
 - Portland: Prescott Apartments



Available Public Investment Tools

Other Funding Sources – Industrial Development Bonds

- Tax-exempt bonds issued by the state of Oregon that provide long-term financing for land, buildings and equipment for manufacturers.
- IDBs can provide up to 100% of project financing
- Projects must have eligible anchor tenant (cannot be speculative)
 - Breedlove Guitars - Bend



Discussion

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Thank you for your input!

Next Steps

- Public Event #4 – March 6th
 - Review the lessons learned from the development concepts & receive additional feedback from the public.
- Public Advisory Committee Meeting #4 – March 31st
 - Review code and transportation challenges
 - Potential policy & regulatory changes
- Council Work Session – April 1st (tentative)
 - Present results of Public Event #4
 - Select concepts for detailed development concept
 - Discussion of which financial tools, if any, to pursue

