



TOD Steering Committee
Thursday, October 11, 2012
11:00am – 12:00pm
Metro Regional Center, Room 270

Committee Members Present

Mark Ellsworth, Chair
Carlotta Collette
Justin Douglas
Kathryn Krygier
Lainie Smith
John Southgate

Oregon Governor's Office
Metro
Portland Development Commission
TriMet
Oregon Department of Transportation
Hillsboro Chamber of Commerce

Committee Members Excused

Vince Chiotti
Dave Kunz

Oregon Housing and Community Services
Department of Environmental Quality

Metro Staff and Guests

Leila Aman
Derek Abe
Pamela Blackhorse
Elissa Gertler
Megan Gibb
Kathryn Harrington
Jessica Martin
Joel Morton
Meganne Steele
Jodi Wacenske
Michael Walter

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I. CALL TO ORDER, WELCOME AND INTRODUCTIONS, APPROVAL OF MEETING MINUTES FOR JUNE 14, 2012 – CHAIR MARK ELLSWORTH

Chair Mark Ellsworth declared a quorum and called the meeting to order. Chair Ellsworth welcomed new committee member Mr. John Southgate, who has been appointed to an open position based upon his expertise in real estate development and public-private partnerships. Committee members and guests introduced themselves.

Ms. Megan Gibb, TOD Manager, noted that the TOD Steering Committee appointments had been approved by Metro Chief Operating Officer Martha Bennett.

Mr. Joel Morton, Metro Attorney, requested the following changes be made to the June 14, 2012 Steering Committee minutes:

Mr. Douglas asked for clarification regarding TOD easements. Mr. Morton explained that the “easement” encumbering the property ~~program~~ is actually a Covenant, Condition and Restriction - in a “CC&R.” Mr. Morton explained that, if the use of the property changes to one which is no longer transit-supportive, and Metro has the right under the CC&R’s to obtain a court injunction ~~conjunctive relet~~ compelase rights to go to court the developer to comply with the easement, or alternatively, to obtain a refund of the TOD money plus staff costs from ~~have~~ the developer refund the money, if the use of the property changes to one which is no longer transit-supportive. Mr. Kunz commented that, at the end of 30 years, those restrictions expire. Mr. Morton confirmed the 30 year term.

Action Taken: Council Collette moved to approve the June 14, 2012 meeting minutes with the above changes. Ms. Lainie Smith seconded the motion. The motion was unanimously **approved**.

EXECUTIVE SESSION HELD PURSUANT TO ORS 192.660(1)(e), DELIBERATIONS WITH PERSONS DESIGNATED TO NEGOTIATE REAL PROPERTY TRANSACTIONS.

Chair mark Ellsworth declared an Executive Session pursuant to 192.660(1)(e), for the purpose of deliberating with persons authorized to negotiate real property transactions to discuss the following project authorizations for The Rose and The Moreland.

Members present: Councilor Carlotta Collette, Justin Douglas, Chair Mark Ellsworth, Kathryn Krygier, Lainie Smith, and John Southgate.

Staff present: Leila Aman, Pamela Blackhorse, Megan Gibb, Elissa Gertler, Joel Morton, Meganne Steele, Michael Walter, Kathryn Harrington, and Jodi Wacenski.

Guest: Derek Abe

Time executive session started: 11:08am

Time executive session ended: 12:05pm

II. ACTION ITEM: THE ROSE

Chair Ellsworth asked for a motion to modify the authorization for The Rose to increase the previously approved \$300,000 in TOD funding by \$200,000 for a total funding authorization of \$500,000 in TOD funding and \$40,000 in green building funding, with the following modified conditions:

- Two, four-story buildings;
- 90 apartment units;
- Secure bike parking within each unit;
- Not more than 58 parking spaces; and
- Participation in and approval of design of a publicly accessible plaza along NE Everett Place

Action Taken: Ms. Smith motioned to approve. Councilor Collette seconded the motion. The motion **passed** unanimously.

III. ACTION ITEM: THE MORELAND

Chair Ellsworth asked for a motion to authorize \$200,000 TOD funding for Moreland Station Apartments, with the following conditions:

- 4 story building height
- 68 apartment units
- Secure bike parking
- Not to exceed 45 parking spaces.

Action Taken: Ms. Smith motioned to approve. John Southgate seconded the motion. The motion **passed** unanimously.

IV. STAFF UPDATES

Ms. Steele mentioned that the assumptions for the induced ridership model had been updated, as they are each fiscal year. She said that TriMet provided a new average fare revenue estimate of \$1.74 per trip.

Ms. Steele directed the committee's attention to the FY 2012-13 TOD Budget Report handout (included as part of the meeting record), which confirmed sufficient program funds for the upcoming year.

Ms. Gibb mentioned that the 4th and Main project is progressing, and that the contractor has encountered several unanticipated environmental issues on the site.

The Committee agreed to keep the same meeting time and day for the upcoming 2013 calendar year, which will be the second Thursday of the month at 10:00am.

V. ADJOURN

There being no further business, Chair Ellsworth adjourned the meeting at 12:10pm.

Attachments to the Record:

Item	Topic	Document Date	Description	Document Number
1	Agenda	10/ 11/12	October 2012 Meeting Agenda	101112tsc_01
2	Meeting Summary	06/14/12	TOD S.C. Meeting Summary	101112tsc_02
3	Staff Report	10/11/12	TOD S.C. Staff Report – The Rose	101112tsc_03
4	Staff Report	10/11/12	TOD S.C. Staff Report – Moreland Station	101112tsc_04
5	Budget Report	10/08/12	FY 2012-12 TOD Program Budget Report	101112tsc_05
6	Annual Report	06/11 – 06/12	Transit-Oriented Development Program Annual Report	101112tsc_06

III. Action Item – The Radiator – TOD Project



Project Description

This request is for \$300,000 for the Radiator, a five-story mixed-use office and retail development with four floors of office spaces (29,000 sq. ft.) and three ground-floor retail spaces (2,900 sq. ft.), a roof deck, an open plaza, and a secured bike storage with a shower facility. The Radiator Building also establishes an eco-district with a geo-thermal loop connection between multiple buildings. Eleven tuck-under parking spaces are provided and used as shared parking with the adjacent church. The Radiator Building has the maximum allowed floor-area ratio of 3.0 to 1.0.

Located on N. Vancouver Avenue between N. Fremont Street and N. Beech Street, the Radiator will be constructed on a 0.28 acre (12,000 sq. ft.) site in the Albina Community. The property is located within one block (180 feet) of the #4 frequent bus line stop and the #24 and #44 stops. N. Vancouver Avenue and N. Williams Avenue are both one-way city bikeways and are experiencing tremendous growth in bike commuter traffic.

The target market for the Radiator is small office users that can provide a wide array of services to the community and the region. The Radiator will be marketed to businesses inclined towards energy conservation and bike commuting. The addition of the development into the N. Williams/Vancouver corridor is supportive of building a balanced main street identity. The additional office space will serve as a good complement to an area rapidly developing with residential and retail amenities, allowing for reduced VMT by distributing the jobs/housing balance and capturing internal trips within the district.

Kaiser Group, Inc. is the architect/developer, with Benjamin Kaiser acting as the project manager. Kaiser Group's intentions are to incorporate resiliency into its development. The project is using open, timber- framing floor plans that are designed for extended life-cycle and allow for the possibility of converting uses in the future. Kaiser Group will be entering into a new submarket with the development of a mixed-use office building. Previous projects developed by them include multi-family condo and rental projects.

The developer has been working with the surrounding community and the Life Change Christian Center, the adjacent African American church that has long served the historic population in the neighborhood, to ensure that the Radiator will meet the community's desired character and to mitigate the impacts of development. The developer is negotiating an agreement that will allow the church to use the Radiator's parking spaces to support the church's growing congregation,

particularly during Sunday services. Kaiser Group has also received preliminary approval from the neighborhood association through project updates at meetings and a blog website, and there is community support for the project.

Regarding the proposed eco-district, the project developers are partnering with New Seasons grocery market, located across N. Fremont, and two other adjacent mixed-use development projects currently in planning, to create a first-of-its-kind eco-district for Portland. The eco-district will be a loop of circulating water where excess heating and cooling loads can be shared between buildings and reduce the demand on natural resources. The loop will extend under the street to New Seasons and gather excess heat produced from refrigerator units. It’s estimated that it will heat 50,000 square feet per year.

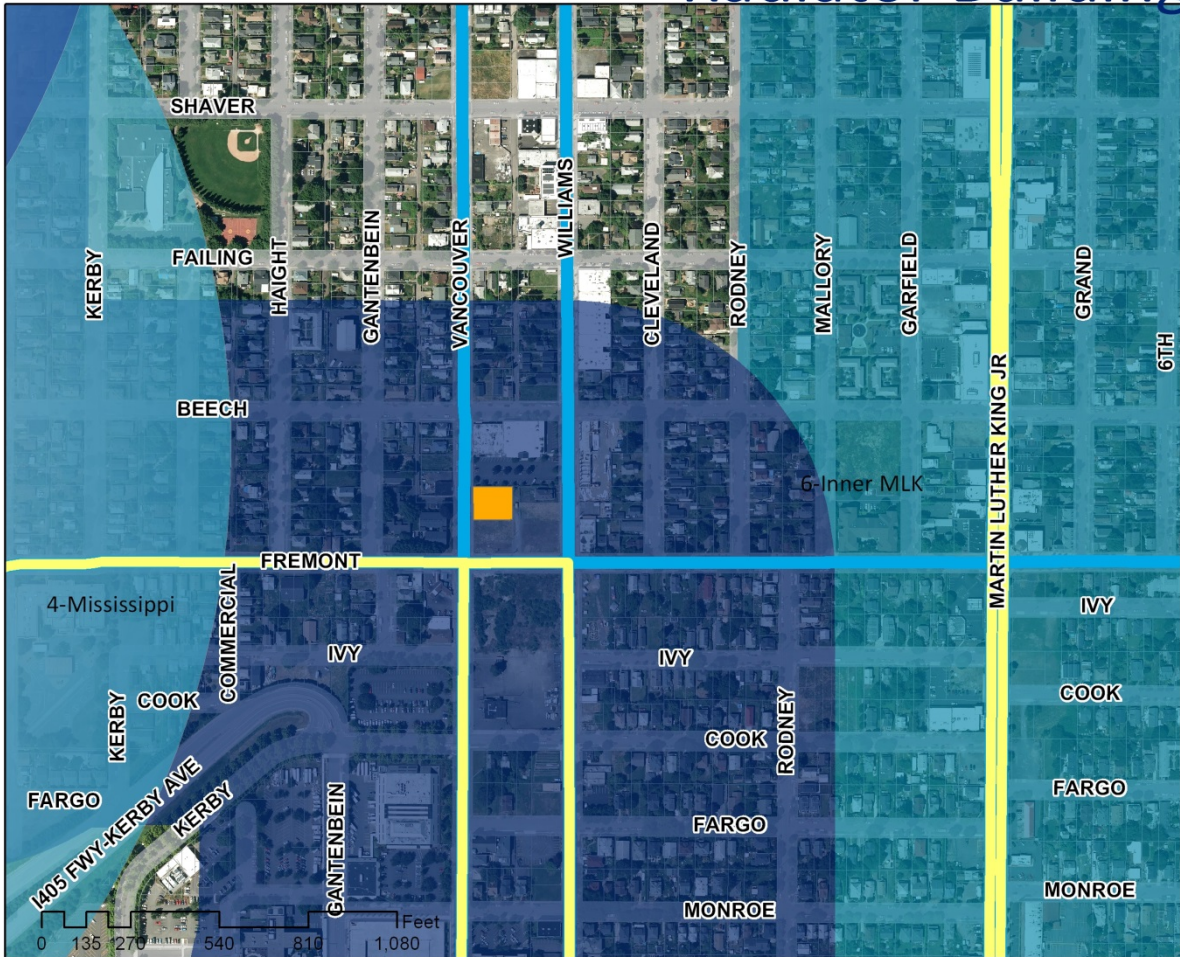
The eco-district is being designed to expand into new and existing development in the area, including Life Change Christian Center and any development along the north/south PBOT-owned alleyway between N. Williams and N. Vancouver. The alleyway begins at N. Fremont and extends three blocks to the north ending at N. Mason. Kaiser Group is examining the potential for two geo-thermal wells to assist the loop and can potentially support an additional 200,000 square feet of building space.

In addition, Kaiser Group is developing the Dock, an open, semi-public plaza space that sits above components of the eco-district infrastructure. The 14,000-square-foot outdoor space will be shared by the Radiator, the Life Change Christian Center, and the two adjacent planned developments. The Dock will feature pedestrian-friendly amenities, possible event space, can be used by the Christian Center for organized gatherings, and will be used as a community amenity.





COST PREMIUM SUMMARY - The Radiator Building

COST PREMIUM CALCULATIONS		
VERTICAL MIXED USE (retail/residential/parking/office)		
Fire proofing		\$125,000
Fire sprinkler system		\$98,000
Electrical		\$22,000
BUILDING HEIGHT		
Other - Public space amenity		\$58,000
PARKING RELATED		
Tuck-under parking		\$96,000
	TOTAL HARD COSTS	\$ 399,000
SOFT COSTS		
Added A&E for more complex MXD		\$64,000
	TOTAL SOFT COSTS	\$64,000
	TOTAL COST PREMIUMS	\$ 463,000



Radiator Building




Legend

-  Light rail station
-  Light rail
-  Bus frequent service
-  Transit lines

Transit Orientation

-  Stronger
-  Limited



Public Benefits

Two base case scenarios were considered for project evaluation, a mixed-use office building and a mixed-use residential building. Both base case scenarios qualify for TOD funding, but the mixed-use office building is determined to be more appropriate. The base case was determined, with consultation from Johnson Reid LLC, to be a 2 and 3 story office building with 9,000 square feet of office space, the same ground floor retail (2,900 sq. ft.), 18 surface parking spaces, and no public plaza. Johnson Reid LLC confirmed that the market and lenders would consider anything less than 2 parking spaces per 1,000 square feet of commercial space to be outside their risk parameters. The Radiator Building will provide double the available office space and new pedestrian amenities compared to the base case.

The induced ridership model estimates indicate an increase of 34 transit trips per day over the base case, and produces additional fare box revenues with a net present value of \$611,472 over the next 30 years. Induced ridership estimates were calculated assuming a conservative transit mode split considering the large bike ridership patterns in the Williams/Vancouver corridor. With TOD funding recommended at \$300,000, the cost per induced rider is \$2.08.

TOD COST EFFECTIVENESS - RADIATOR BUILDING

DENSITY & TRANSIT BENEFITS	BASE CASE	Radiator Building	INCREASE
Residential Units	0	0	0
Acres	0.28	0.28	0.00
Residential Units per Acre	0	0	0
Commercial Sq Footage	11,900	29,345	17,445
Transit Mode Share	8%	12%	4%
Daily Transit Trips	26	60	34
Annual Transit Trips	9,654	21,949	12,295

COST EFFECTIVENESS

Net Present Value Farebox Revenue (30-Years)	\$ 611,472
Total Project Development Costs (TDC)	\$ 7,905,290
Proposed TOD funds	\$ 300,000
TOD funds / TDC	3.8%
Cost per induced rider	\$ 2.08

Alignment with Strategic Plan

The TOD Strategic Plan typology classifies the project vicinity as “Infill and Enhance” because it is transit-related with strong real estate market strength. In these areas the strategic plan recommends for broad investment in strategic investment opportunities such as prototypical TOD projects. The Radiator presents a strategic opportunity to incorporate sustainable geo-thermal heating and cooling mechanisms. The geo-thermal loop will have the capacity to be expanded and incorporated into existing and future developments to create an eco-district.

Recommendation

It is recommended that the TOD Steering Committee authorize \$300,000 in funding for the Radiator Building with the following conditions:

1. Five story building height;
2. Shared plaza space;
3. Secure bike parking; and
4. Not to exceed 11 parking spaces.

IV. Action Item – “The Core” of the Platform District at Orenco Station – TOD Project



Project Description

This request is for \$700,000 in TOD funding to support development of the “The Core,” a 124-unit market-rate apartment building with 9,885 square feet of ground floor retail and office space located directly across from the Orenco Station Max station. The Core is a podium-style building and provides four stories of apartments placed over two stories of parking, including first floor neighborhood commercial uses located on the loop road accessing the Orenco Station MAX stop. The development will also include rooftop courtyards, bicycle facilities for residents and amenities such as social meeting spaces and fitness centers. The development will provide a range of apartment types, including 72 one-bedroom units, 16 two-bedroom units and 36 studio units with an average rent of \$1,243 per unit, or \$1.70 per square foot. The Core will have a density of 165 units per acre, and a floor-area-ratio of 5.15 to 1.0.

The Core is being developed by Holland Partners and is the third phase of a multi-parcel development plan called the “Platform District at Orenco Station.” This will be the TOD Program’s first project with Holland Partners. The Platform District area plan is completing the development of several vacant lots located adjacent to the Orenco Station platform. Holland’s Platform District initiative began with the construction of the recently-completed Platform 14 mixed-use building, and a second mixed-use building, the “Tessera,” which is currently under construction. The Core is one of two mixed-use buildings currently under development review and represents the third phase of the Platform District plan. The second building, known as the “The Malcolm,” will include 247 additional housing units and 10,535 square feet of retail and office space and will begin construction approximately four months after construction on “The Core” begins. The projects will be financed together and will bring a total of 371 units to the area. A subsequent and final phase of this plan includes the redevelopment of a Tri Met-owned park-and-ride lot located directly west of The Core project.

The parking for the residential component of the project is 1:1. There will be 124 parking spaces located in The Core for the residential units; parking for the retail component of The Core will be provided in The Malcolm. For both projects, the total parking will include 444 parking spaces for residential and non-residential uses, well below the maximum allowed off-street parking of 495 spaces. The developers will also be charging a fee of \$80 per month for residential parking spaces. The developer has also requested that the City of Hillsboro consider parking time limits with the

commercial-oriented portions of the neighborhood and is hoping to have zip car or car2go at the site.

Holland's Platform District development plan is projected to be completed by the end of 2015 and will include 894 housing units and up to 25,000 square feet of neighborhood retail at full build-out. In addition, Northwest Housing Alternatives' Senior Housing project and nearby Reach Community Development's Orenco Project will also add 200 additional new affordable housing units to the area and will result in the full build-out of Orenco station. In accordance with TOD Program Work Plan parameters, program staff has evaluated only one of the projects in the Platform District plan. However, each project would have qualified for funding independently. The investment amount recommendation is predicated on this larger Platform District plan. Staff believes that a higher investment amount than has been done in the past for projects is appropriate because of the magnitude of goals the project will accomplish as a whole. The project supports the long-time community vision to create a walkable, transit-oriented district at Orenco station. The Platform District will be a fundamental element of building out a complete district demonstrating the opportunities provided by compact urban form and transit-oriented development in a suburban context. This project could serve as a model for development both regionally and nationally.

The recommended investment amount takes into consideration that the build-out of the Platform District plan at Orenco is a public-private partnership between the City and Holland Partners. The City of Hillsboro has entered into a Development Agreement with Holland and is providing SDC financing, allowing Holland to apply its construction budget for the park plaza against the fees it will owe for park system development charges as well as a vertical housing tax exemption for the project area. Lenders and investors would like to get a yield on investment of 6.25%-6.5%. For these buildings, the yield is 5.52% without public investment. Holland believes that they can finance these buildings with a yield of 6.1%. This leaves a funding gap of \$7.3 million. Much of this gap is solved by the Vertical Housing Tax Exemption (VHTE) program which is administered by the State of Oregon Department of Housing and Community Services. The program allows a real estate tax exemption of up to 80% for 10 years. Holland is using some of the future tax exemption to make the future payments for an SDC financing program that the City has made available to the developer. The VHTE and SDC financing account for \$6.2 million towards filling the gap of \$7.3 million. A Metro TOD contribution of \$700,000 will close the gap to \$350,000. With the VHTE, SDC financing, and Metro TOD assistance, the yield is 6.07%. Holland believes that they will be able to get this financed, but the project would not be able to go forward without each of the contributions from the public partners. Tri Met is also working with the City and Holland on the park-and-ride site, and will likely participate in supporting the project financially in some form. Total development costs are \$273 per square foot, \$197 per square foot for hard costs.

The vision for the Platform District is designed to be focused on an urban plaza between the light rail station surrounded by mixed-use buildings containing urban-scale residential and commercial uses. Architecturally, the buildings are designed to act as the key focal point of the Platform District. "The imagery is of an old train station converted to a mixed-use building. The building uses strong architectural elements including a barrel vault steel arch, a remnant of an historic train shed on the south facing facade of the Orenco Station Platform. The masonry base uses a seasoned brick that reinforces the idea of an historic existing building being remodeled to its new use." Holland partners also conducted outreach to the neighbors and surrounding community to gain support for the project. They are also making a big effort to attract high-quality tenants and targeting neighborhood retail and restaurants. Retail leasing is going strong at Platform 14 and momentum is gaining as they anticipate their first tenant, Orenco Taphouse, to open the first week of May. Leases signed to date include the Orenco Taphouse, Salam Restaurant, The Savory Spoon – serving frozen

yogurt and deli items – and Orenco Station Cyclery, a bike shop that will also be serving deli items. Holland is also in negotiations with a salon at Platform 14 as well as a restaurant and a coffee shop that are interested in The Malcolm and The Core. As part of the Development Agreement, the City of Hillsboro has required that there be at least 5 restaurants in the retail spaces of the Platform District buildings.

Cost Premiums

Cost premiums for The Core are estimated to total \$6,194,002. They include the following components:

COST PREMIUM SUMMARY – The Core

COST PREMIUM CALCULATIONS		
VERTICAL MIXED USE (retail/residential/parking/office)		
Fire and life safety (PT slab or ceiling materials)		\$75,000
Advanced fire sprinklers		\$141,120
Other		
BUILDING HEIGHT		
Elevators and Stair Shafts		\$250,000
Building Foundations and Structural Slabs		\$1,143,450
Structural supports (i.e. sheer wall, moment frames)		\$510,000
Exterior skin to meet high rise requirements		NA
Interior halls		\$414,432
Advanced fire sprinkler		See Above
Other		
PARKING-RELATED		
Structured parking		\$3,250,000
Tuck-under parking		
Mechanized parking		
Bicycle parking		
Security Gates		\$60,000
Other		
	TOTAL HARD COSTS	\$ 5,844,002
SOFT COSTS		
Added A&E for more complex MXD		\$350,000
Other		
	TOTAL SOFT COSTS	\$350,000
	TOTAL COST PREMIUMS	\$6,194,002

Public Benefits

The base case reflects what the market would support without public participation: construction of a 4 story building with surface parking and ground floor retail.

The induced ridership model estimates an increase of 164 trips per day over the base case, which would produce additional farebox revenues with a net present value of \$2,920,127 over the next 30 years. With TOD funding at the recommended \$700,000, the cost per induced rider is \$1.00. The following table presents the expected density, transit benefits, and cost effectiveness measures of the Core, compared to the base case.

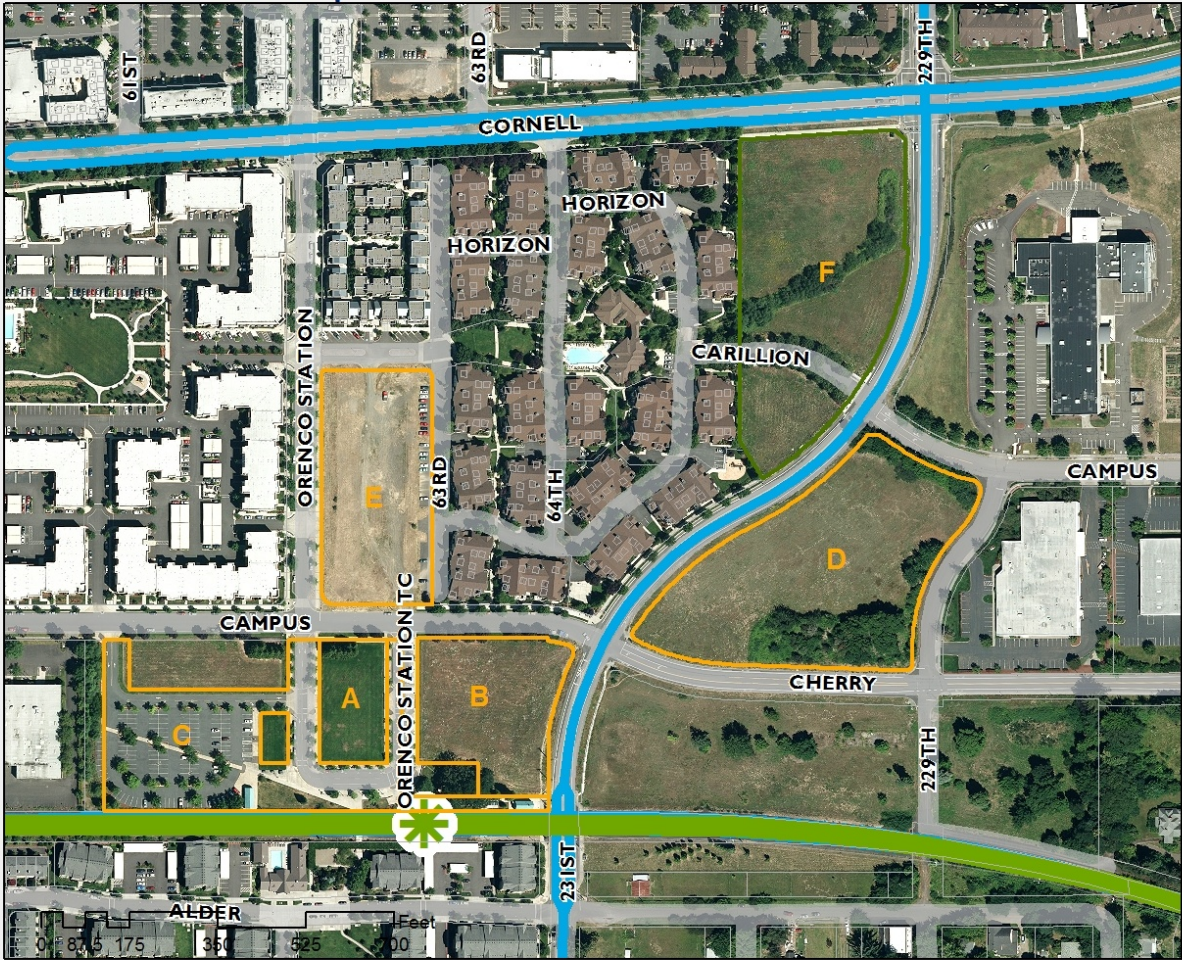
TOD COST EFFECTIVENESS - The Core

DENSITY & TRANSIT BENEFITS	BASE CASE	TOD	INCREASE
Residential Units	63	124	61
Residential Units per Acre	84	165	81
Commercial Sq Footage	1896	9886	7990
Transit Mode Share (residential)	15%	12%	3%
Transit Mode Share (commercial)	12%	8%	4%
Daily Transit Trips	54	218	164
Annual Transit Trips	19,699	79,462	59,762
COST EFFECTIVENESS			
Net Present Value Farebox Revenue (30-Years)			\$ 2,920,127
Total Project Development Costs (TDC)			\$ 25,872,281
Proposed TOD funds			\$ 700,000
TOD funds / TDC			3%
Cost per induced rider			\$1.00

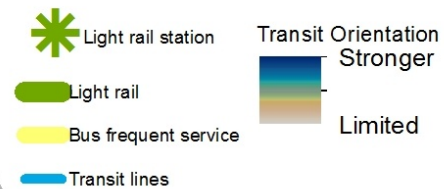
Alignment with Strategic Plan

The TOD Strategic Plan typology classifies the project vicinity as “infill and enhance” because it is transit-oriented with moderate real estate market strength. In these areas, the Plan recommends the broad investment approach of promoting more intensive infill development and enhancement of local services and amenities. The Core is helping to complete a larger vision for the Orenco station and Town Center. It will be a signature project that demonstrates the potential for urban style development in a suburban market.

The Core | Platform District at Orenco Station



- A | The Core (Central Podium)
- B | The Malcolm (East Podium)
- C | West Podium / Plaza (Tri Met Park and Ride)
- D | Tessera (under construction)
- E | Platform 14
- F | City of Hillsboro Public Park



Recommendation

It is recommended that the TOD Steering Committee authorize \$700,000 in funding for The Core with the following conditions:

1. 6 story building height;
2. 124 apartment units; and
3. Not to exceed 124 parking spaces.