Request for Proposals (RFP) for the Redevelopment of RiverPlace Parcel 3

Issued:
April 9, 2015

Proposals due:
May 29, 2015 by 5:00 PM (Pacific Time)

Pre-Proposal Meeting:
Tuesday, April 28, 2015, 11:30 a.m. - 1:00 p.m.
Executive Summary

Through this Request for Proposals (RFP), the Portland Development Commission (PDC), the economic and urban renewal agency for the City of Portland, Oregon (City), in partnership with the Portland Housing Bureau (PHB), is seeking proposals from qualified developers to redevelop a 87,637 square foot (SF) property known as RiverPlace Parcel 3 (Property). The vacant Property is located on the southwest corner of SW River Parkway and SW Moody Avenue in Portland’s central city, RiverPlace neighborhood, and North Macadam Urban Renewal Area (NMURA).

The goals for the redevelopment of the Property include:

- **Affordable Housing:** For the project to (a) maximize the delivery of affordable housing given the public financing resources available; (b) include a minimum of 200 housing units affordable to households with 0-60 percent of the median family income (MFI), and for a minimum of 90 of those units to be affordable to households at 0-30 percent MFI; and (c) plan for the provision of affordable housing services and appropriate partnerships to meet the needs, if any, of the targeted population;

- **Maximize Development Potential:** For the redevelopment project to maximize the development potential of the Property given the level of public financing available;

- **Mixed-Use:** For the project to include ground-floor commercial uses, with a preference for neighborhood serving retail such as a grocery store, and either a commercial office or market-rate housing component;

- **Compatibility:** For the redevelopment to be consistent with zoning regulations and to further the development objectives of the NMURA Plan;

- **Timeliness:** For the redevelopment to be carried out as expeditiously as possible and to commence construction by the end of 2017. The redevelopment project may be phased overall, however, the first phase must include the affordable housing units described above;

- **Public Financing:** For the redevelopment project to minimize the amount of public financing needed while accomplishing the above stated goals;

- **Cost Efficiency:** For the affordable housing portion of the project, demonstrate cost efficient design, construction, financing, and operations;

- **Partnering:** For the project to demonstrate robust partnerships with an emphasis on equity in design, construction, and operations.

The developer selected through this RFP (Developer) may enter into a Memorandum of Understanding (MOU) with PDC. The MOU will generally define roles, responsibilities, contingencies, and commitments of the Developer and PDC. Upon successful negotiation, PDC and the Developer may enter into a Purchase and Sale Agreement (PSA), Disposition and Development Agreement (DDA), or other agreement outlining in detail the terms and conditions of the redevelopment of the Property.

**A pre-proposal meeting will be held on Tuesday, April 28, 2015 from 11:30 a.m. - 1:00 p.m. (Pacific Time) at the Portland Development Commission, 222 NW Fifth Avenue, Portland 97209.**

Those interested in submitting a proposal in response to the RFP should, at a minimum, address the Submittal Requirements outlined in Section 10 of this RFP. Responses—by mail or email—are due at the PDC offices no later than the day and time listed on the cover sheet and addressed to:

Eric Jacobson  
Portland Development Commission  
222 NW Fifth Avenue  
Portland, Oregon 97209-3859  
Phone: 503-823-3306  
E-mail: jacobsone@pdc.us
1. About the Portland Development Commission and the Portland Housing Bureau

Created by Portland voters in 1958, PDC has been a driving force in Portland’s reputation for vibrancy and livability. As Portland’s urban renewal and economic development agency, PDC focuses on investing in the job creation, innovation, and economic opportunity that will transform Portland into one of the world’s most desirable and equitable cities. In neighborhoods throughout the city, PDC has revitalized main streets and increased the capacity of businesses to expand and provide employment opportunities to Portland area residents.

In carrying out our mission over the years, PDC has played a key role in some of Portland’s most important landmarks, including Pioneer Courthouse Square, Pioneer Place, the Lan Su Chinese Garden, Gov. Tom McCall Waterfront Park, the Eastbank Esplanade, and Airport, Interstate and Transit Mall-Clackamas MAX Light Rail. Recent accomplishments involving property conveyance and redevelopment include the following projects:

- renovation of the White Stag Building, now home to the University of Oregon;
- renovation of the Skidmore Building and construction of a new building for Mercy Corps’ global headquarters;
- renovation of the Globe Hotel Building, now home to the Oregon College of Oriental Medicine (OCOM);
- renovation of the Convention Plaza Building, now known as Eastside Exchange which contains more than 60,000 square feet of office space.

The Revised PDC Strategic Plan 2010 – 2014 includes goals related to economic growth, healthy neighborhoods, vibrant central city, social equity, and effective stewardship over resources and operations (Attachment 1). Making the Property available for purchase and redevelopment is intended to advance several of these goals.

The Portland Housing Bureau was created in July 2010 with a mission to “solve the unmet housing needs of the people of Portland.” The Bureau achieves its mission by developing policy, partnering with housing service providers and funding the development and construction of affordable housing. PHB has over 300 projects and 11,000 affordable housing units in its rental portfolio, the majority targeted to households earning 60 percent or less of area MFI. The Bureau accomplishes its mission in partnership with mostly private developers and owners who generally agree to provide affordability for sixty years (see Title 30 of the city code).

PHB projects are located throughout the city, but are particularly concentrated in tax increment finance (TIF) districts (past and current). To date, PHB has partnered on just a single project in NMAC, Gray’s Landing, developed and owned by REACH CDC. The project contains 209 units, 42 of which are designated for veterans. Housing goals for the district established originally in 2003 have recently been revised and can be found here. PHB desires that development of the Property to make a significant contribution to achieving those restated goals.
2. RiverPlace Neighborhood

The RiverPlace neighborhood is a highly-visible and vibrant riverfront community near the award winning South Waterfront Park, RiverPlace Marina and Esplanade. Residential, retail, office, and public parks create a mix of active uses in this area and capitalize on the Willamette Riverfront location. RiverPlace is also conveniently located between the central business district and the developing South Waterfront neighborhood.
3. Property Summary

A. **Street Address:** 2095 SW River Parkway, Portland, OR 97201

B. **Property Identification:** R273073

C. **Parcel Size:** 87,637 Square Feet (2.01 acres)

D. **Existing Structures and Uses:** The Property is vacant and has been used intermittently in recent years for construction staging and event parking.

E. **Comprehensive Plan Designation:** The Property is designated Central Commercial (CX) in Portland’s Comprehensive Plan and within the Central City Plan District.

F. **Zoning Designation:** The Property is zoned Central Commercial with design review and greenway overlays (CXdg), is located in the Central City Plan District and Downtown Subdistrict, and has a base permissible 4:1 floor area ratio (FAR) and base 150 foot height limit.

In 2013, PDC donated to TriMet 9,547 SF of Parcel 3 and the adjacent Parcel 4 to assist with the construction of the Portland-Milwaukie light rail alignment. PDC retained a right of first offer (ROFO) to acquire the FAR from TriMet for the potential transfer to Parcel 3. This FAR may be made available to the redevelopment project if needed and requested by the selected development team.

G. **Existing Structures:** No structures exist on the Property.

H. **Topography:** The Property is relatively flat and is below 50 feet in elevation.

I. **Flood Plain Status:** The Property is located in a Zone X “other flood area” of 0.2 percent annual chance of flood (Flood Insurance Rate Map Number 4101830093E dated October 19, 2004). A small portion of the western boundary of the Property may be located in Zone AE, which is an area subject to inundation by the one percent annual flood event.

J. **Utilities:** The following utilities are available to the Property: electric, natural gas, water service, as well as connections to the City of Portland’s combined sewer and storm lines.

K. **Transportation and Access:** The Property is located in Portland’s highly-walkable central city with convenient access to Portland’s central business district. The Property is served by a Portland Streetcar stop (NS Line) and TriMet bus service (Routes 35 and 36) on SW River Parkway, and a light rail stop for Tri-Met’s Portland-Milwaukie line will be operational in late 2015 at SW 3rd/SW Lincoln Street. The Property also is well served by the region’s freeway network.

L. **Environmental Conditions:** PDC has conducted environmental investigations of the Property and determined that subsurface soil contamination is present (Attachments 2 and 3). PDC has prepared a Contaminated Media Management Plan (CMMP) to guide environmental remediation efforts. Soil exported from the Property will require disposal at a Subtitle D landfill (e.g., Hillsboro Landfill).
3. Property Summary (cont’d)

These investigations also determined that the soil located in the upper ten feet is less contaminated that deeper soil and could potentially be re-used on site during future redevelopment. Any work conducted in the more contaminated material located below the 10’ depth will trigger additional work safe protocols.

The selected Developer will be required to work with PDC to minimize environmental remediation costs to the extent practicable. For the purposes of responding to this RFP, responders should describe the extent and location of proposed exaction and the amount of soil generated for disposal, and should assume that PDC will reimburse the selected Developer for incremental environmental costs that would not otherwise be incurred but for the environmental condition of the Property. Proposers should use $50/ton as the incremental cost associated with the disposal of the generated soil at a Subtitle D landfill unless the proposer can document why a different unit cost is reasonable.

M. Easements: The Property has numerous recorded easements documents in the preliminary title report and ALTA survey (Attachments 4 and 5).

N. Electromagnetic Fields (EMF): The Lincoln Substation, a 115/11.7 kilovolt (kV) electric power substation, owned and operated by PacifiCorp, is located immediately south of and adjacent to the Property. Due to potential concerns regarding power-frequency electric and magnetic fields1 from the substation, in 2006 PDC conducted an electric and magnetic field assessment for the Property (Attachment 6). As part of that assessment, both electronic and magnetic force measurements were taken at various locations on the Property. The assessment found that the EMF levels at the Property are far below the “engineering-based” guidelines adopted by other states or guidelines developed by the International Commission on Non-Ionizing Radiation Protection and the American Conference of Governmental Industrial Hygienists. The assessment also made recommendations regarding reasonable or modest cost measures to reduce exposure, including building construction type, exterior shielding materials, setbacks, location of low-occupancy areas, and landscaping.

All proposals submitted in response to this RFP should describe the team’s understanding and approach to EMF including any prudent avoidance measures anticipated through redevelopment of the Property.

O. Geotechnical Investigation: A preliminary Geotechnical Investigation and General Geotechnical Considerations for CSO Easement and Tunnel was prepared by PDC in 2004 (Attachment 7). This report provides geotechnical information that can be relied upon for planning and preliminary design purposes.

P. RiverPlace Planned Community Association: The development entity responsible for developing, owning, and/or operating the development on the Property will be required to join the RiverPlace Planned Community Association.

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1 Electromagnetic fields (EMFs) are invisible fields of electric and magnetic force associated with the movement of charged particles. People are constantly exposed to EMFs through natural and manmade sources, mostly involving the production and distribution of electricity. Neither the Federal government nor State or Oregon has EMF exposure standards.
4. Development Goals

In making the Property available for purchase and redevelopment, PDC seeks to achieve the following primary goals:

- **Affordable Housing:** For the project to (a) maximize the delivery of affordable housing given the public financing resources available; (b) include a minimum of 200 housing units affordable to households with 0-60 percent of the median family income (MFI), and for a minimum of 90 of those units to be affordable to households at 0-30 percent MFI; and (c) plan for the provision of affordable housing services and appropriate partnerships to meet the needs, if any, of the targeted population;

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- **Cost Efficiency:** For the affordable housing portion of the project, demonstrate cost efficient design, construction, financing, and operations;

- **Partnering:** For the project to demonstrate robust partnerships with an emphasis on equity in design, construction, and operations.
5. Compliance with PDC Policies

All development projects shall comply with the following PDC policies whose goals and outcomes are shared by PHB:

**Equity Policy:** PDC is committed to increasing economic opportunity and income for all Portland residents and historically disadvantaged Portlanders in particular as described in PDC’s Equity Policy (Attachments 8 and 9). The selected Developer must comply with the following PDC programs:

- **Business Equity Program.** The goal of the Business Equity Program (BEP) is to ensure that PDC’s work provides professional, supplier, and construction contracting opportunities to Certified Firms (i.e., certified minority-owned businesses, women-owned businesses, disadvantaged businesses, and emerging small businesses). The BEP also encourages the participation of businesses owned by veterans. The utilization goal for Certified Firms is 20 percent of the project’s architectural and engineering and hard construction costs.

- **Workforce Equity Program.** The Workforce Equity Program (WEP) aims to maximize apprenticeship opportunities in the construction trades, ensure employment opportunities for People of Color and women, and encourage the employment of people with disabilities and veterans. The WEP has mandatory requirements related to apprenticeship, and aspirational goals related to achieving workforce diversity, encouraging the employment of veterans and people with disabilities, and achieving a workforce that reflects the diversity of the City of Portland.

**Green Building Policy:** is committed to promoting sustainable, energy efficient buildings. The selected Developer will be required to meet established U.S. Green Building Council LEED Gold or Earth Advantage Small Commercial rating system standards (Attachment 10).

**Prevailing Wage:** PDC follows State of Oregon Prevailing Wage Statutes.
6. Public Financing Resource Availability

NMURA Tax Increment Finance (TIF) Funds
Within the amended and expanded NMURA, PDC and PHB have budgeted $19 million of NMURA funds in the Proposed Fiscal Year (FY) 15-16 and forecast years budget to be made available to support the development of affordable housing on the Property. The use of TIF must adhere to ORS 457, Oregon’s urban renewal statute. Generally, funds may be used for the construction, rehabilitation and/or demolition of buildings and infrastructure. Funds may also be used to acquire property, however, acquisition must be paired with another allowable use of TIF. TIF may also be used for soft costs directly related to the construction, rehabilitation, and/or demolition of a building/infrastructure. TIF may not be used to pay for a project’s regular operating expenses.

Affordable Housing Rent Support
PHB has received a tentative commitment from Home Forward (the metro area’s public housing authority) for 10 Veterans Affairs Supportive Housing (VASH) Vouchers and up to 70 Section 8 Housing Choice Vouchers (HCV) to be project based at the proposed development to support the services and operations associated with up to 80 housing units affordable to households earning 0-30 percent MFI. As a condition of providing rental subsidy vouchers, Home Forward will require that at least 10 additional units are made affordable at 0-30 percent MFI without rental subsidy.

Veterans Affairs Supportive Housing, (VASH) Vouchers are part of one of the nation’s largest permanent supported housing initiatives. The vouchers combine Housing Choice Vouchers (commonly known as Section 8) from the federal Department of Housing and Urban Development (HUD) with Veterans Administration (VA) case management services. The VASH program uses a “housing first” model, providing disabled veterans experiencing homelessness access to housing with few pre-requisites. Once in the unit, the veteran receives case management support through the VA and/or VA partners, as well as linkage to health care and other services. All development teams must be prepared to comply with the requirements of the VASH program. More information on the program can be found here.

Up to 70 Housing Choice Vouchers will be project based for this development. Housing Choice Vouchers (HCV), commonly known as “Section 8,” share a number of features with the VASH program including the provision of rent support to low-income families. However, unlike VASH, HCV’s do not focus on a particular population and do not come with access to case management. Similar to VASH the HCV program serves extremely low-income people who often require reduced screening criteria to ensure eligibility for the subsidized rental units. More information about HCVs can be found here.

For the purposes of responding to this RFP, responders should anticipate these funds and vouchers will be available if necessary and as applicable to achieve the PDC and PHB goals.

PHB has at least two other financial tools developers should consider for use in their projects:

System Development Charge (SDC) Exemptions
SDC exemptions provide for a one for one exemption of all City-imposed SDCs for units reserved for those earning 60 MFI or less. SDC exemption information can be found here.

Mixed-Use Limited Tax Exemption (MULTE)
The MULTE provides for an up to ten year exemption on the taxes on real estate improvements. While the MULTE includes a number of qualifying criteria, the primary one requires that a minimum 20 percent of units be rented to households earning 60 percent MFI or less (80 percent MFI if the project is determined to be in a high cost area). MULTE information an be found here.
7. Alternative Business Terms

Proposals submitted should identify the development team’s preferred approach to acquiring the Property. In addition to offers to purchase the Property, PDC will consider alternative business terms that may return higher public benefits and/or proceeds. Examples may include:

- Property acquisition for the affordable housing component at less than market value in return for provision of affordable housing;
- Subordinating a land loan so as to reduce the required equity;
- Structuring the land payment to produce a higher long-term value;
- Alternative appraisal methodologies specific to the provision of income-restricted housing; and
- Ground lease.

PDC will investigate these options with the selected development team.

8. Alternative Financing Opportunities

PDC is uniquely able to access or to coordinate sources of development financing. Depending upon the particular requirements and conditions of a project, PDC and PHB may be able to offer or aid in accessing financing that is comparable or superior to that which a chosen development partner is considering, or contribute to a reduction in any requested PDC/PHB financing. Consequently, any development partner shall be obligated to consult with PDC and PHB and provide PDC and PHB information at a time sufficiently early so as to determine if a PDC or PHB source of alternative financing may be available for a particular project.
9. Submission Requirements

Proposals should, at a minimum, provide the following information:

• Cover letter
• Contact information for development team
• Team capability and experience, including completion of Statement of Developer Qualifications and Financial Capability (Attachment 11).
• Preliminary concept program and site plan.
• Description of how this project advances the Development Goals listed above.
• Development schedule including key milestones and phasing.
• Proposed business terms.
• Description of financial feasibility, including a preliminary budget, proforma and financing strategy. The budget and proforma must be provided in the format provided in Attachment 12 and also listed as ‘ProForma.zip’ found here (proprietary formats may be submitted, but must be in addition to the required format). Describe the proposed lease or acquisition terms of any requested PDC financing.
• Experience with and commitment to complying with PDC’s Business and Workforce Equity Policy and Green Building Policy.

10. Submittal Instructions, Requests for Clarification and Changes to this RFP

In an effort to reduce the amount of paper used as part of this RFP, all responses must be submitted either by email or mailed on a compact disk or flash drive. Responses should be in either Adobe Acrobat (.pdf) or Microsoft Word (.doc) format and submitted to:

Eric Jacobson
Portland Development Commission
222 NW Fifth Avenue
Portland, Oregon 97209-3859
Phone: 503-823-3306
E-mail: jacobsone@pdc.us

Responses are not to exceed 30 pages.

Questions about any matter contained in this RFP should be emailed to Eric Jacobson (mail to: jacobsone@pdc.us) no later than ten (10) business days prior to the deadline of this RFP. All material changes or clarification of any matter contained in this RFP will be published in the form of a written addendum to this RFP at this location on PDC’s website: www.pdc.us/bids. PDC may make a courtesy effort to notify interested parties that an addendum has been published, but PDC is under no obligation to do so. As such, parties interested in this RFP should refer frequently to the website for this RFP. PDC may also load supplemental information about this project to that location as well.
11. Evaluation Criteria and Selection

All complete and responsive Proposals will be evaluated by an evaluation committee. The evaluation will be based on the information submitted as well as any related information that PDC/PHB may discover or request in analyzing or verifying information submitted in the proposal. The following Evaluation Criteria will be used to evaluate the proposals:

A. Development Team Capability
   1. Demonstrated successful experience on projects similar in scope and type to proposed project, including projects with public/private development relationship and development, financing, construction, and operation of affordable housing.
   2. Demonstrated financial capacity to complete the project within a reasonable timeframe.

B. Proposed Project
   1. Proposed project advances all of the PDC/PHB Development Goals described in Section 4 and maximizes the delivery of affordable housing units given the public financing resources available.
   2. Appropriateness of proposed approach to affordable housing including population served and type and duration of services, if any, to be provided to serve that population.
   3. For proposals that include VASH and/or Housing Choice Vouchers, additional priority will be given based on:
      • The development team/sponsor’s demonstrated understanding of and practices for residency screening criteria that reduce barriers to access for both VASH and Project based vouchers.
      • Experience administering Project based vouchers including administering waiting lists according to Section 8 and fair housing regulatory requirements.
   And for VASH vouchers only:
      • Provision of a community meeting space(s) within the building available for classes and services to be provided by the VA;
   4. Proposed project incorporates cost-effective design, financing, construction, and operations.

C. Business Terms
   1. Proposed purchase price or lease terms including any below-market price or terms related to the affordable housing component.
   2. Amount and terms of any requested PDC and/or PHB financing.
   3. Proposed earnest money payment timing and amount.
   4. Project schedule: due diligence period, anticipated date of property conveyance, date or start of project construction (prior to end of 2017), and date of project completion.
   5. Projected value of proposed development.

D. Compliance with PDC Business and Workforce Equity and Green Building Policy
   1. Demonstrated ability to maximize diversity in its past projects or business practices and commitment to strive to meet the PDC Equity Policy.
   2. Demonstrated ability to advance green building and sustainable developments in past projects and commitment to strive to meet the PDC Green Building Policy.

PDC may request additional information and conduct interviews with responders as part of the evaluation process.

This RFP may lead to one of the following outcomes:

- Direct negotiations for sale or lease and redevelopment of the Property through a Memorandum of Understanding (MOU), Lease Agreement, or Purchase and Sale Agreement (PSA) with a Developer selected as part of this RFP.
- The issuance of a Request for Proposals (RFP) to a developer or developers chosen as part of this RFP requesting more detailed information.
- Cancellation of this RFP without the selection of a development team.

PDC expects the evaluation of submittals will be completed by the end of May 2015. PDC anticipates engaging the selected Developer in a MOU or PSA by June 2015.
12. Terms of this RFP

This RFP is not a request for competitive proposals and is not subject to the Oregon Public Contracting Code (ORS 279). This RFP in no way obligates PDC or PHB to enter into a relationship with any entity that responds to this RFP or limits or restricts PDC’s or PHB’s right to enter into a relationship with an entity that does not respond to this RFP. In its sole discretion, PDC and/or PHB may pursue discussions with one or more entities responding to this RFP or none at all. PDC and PHB further reserve the right, in their sole discretion, to cancel this RFP at any time for any reason. To the extent that PDC and/or PHAB elect to enter into a relationship with an entity regarding a development proposal, such entity shall be required to comply with PDC’s policies, including its Business and Workforce Equity Policy and Green Building Policy in connection with any work undertaken on such proposal.

Information provided to PDC/PHB in response to this RFP will become the property of PDC and will be subject to public inspection in accordance with the Oregon Public Records Law, ORS 192.410, et seq. If an entity responding to this RFP believes that a specific portion of its response constitutes a “trade secret” under Oregon Public Records Law (ORS 192.501.2) and is, therefore, exempt from disclosure, the entity must clearly identify that specific information as a “trade secret.” All such information should be clearly labelled and included in one section of the Proposal (i.e., an appendix). Identification of information as a “trade secret” does not necessarily mean that the information will be exempt from disclosure. PDC will make that determination based on the nature of the information and the requirements of the Oregon Public Records Law.

PDC is self-represented for this transaction and will not be paying any third party brokerage fees.
Appendix: Supplemental Information Available

4. Preliminary Title Report
5. ALTA Survey
8. PDC Equity Policy, January 9, 2013.
9. PDC Equity Administrative Procedures, April 1, 2013.
11. Developers Statement of Qualifications and Financial Capability
12. 2014 NOFA Budget and Proforma
13. Revised NMAC Housing Memo