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# BURNSIDE AND COUCH CATALYST DEVELOPMENT STUDY EXECUTIVE SUMMARY (TO BE UPDATED)

## INTRODUCTION

In December 2002, the City Council adopted the *Burnside Transportation and Urban Design Plan*, which provides a vision and strategy for humanizing Burnside from E 14<sup>th</sup> Avenue to W 24<sup>th</sup> Place. In addition to outlining specific capital improvements, the plan also recommends that staff complete a market analysis to determine development potential and financial return given the plan's proposed investment of \$45 million of transportation and streetscape enhancements.

The *Burnside and Couch Catalyst Development Study* implements this next step and demonstrates the economic impact of potential catalyst development and capital investment on Burnside and Couch over the next 20 years. The study is a companion document to the *Burnside Transportation and Urban Design Plan Technical Refinements*, which more exactly describes the transportation and urban design scheme outlined in the 2002 plan. Development study goals include:

- Determine private development interest that might result from proposed capital improvements
- Analyze development potential of future catalyst sites and study area; and,
- Calculate the economic impact of capital investment and catalyst development on assessed property value within the study area.

## STUDY AREA

The study area for this report is generally bounded by Davis Street on the north, Ankeny and Ash Streets on the South, E 14<sup>th</sup> Avenue on the east, and W 24<sup>th</sup> Place on the west. Three catalyst development sites were selected for analysis based on the number of contiguous blocks available for redevelopment, connection to proposed street reconfiguration, and the properties' blighted character. These sites are:

- Site 1. E 12<sup>th</sup>/Sandy/Burnside/Couch
- Site 2. E 3<sup>rd</sup>/Burnside/Couch
- Site 3. W 4<sup>th</sup>/Burnside/Couch/Ankeny

## ECONOMIC IMPACT

The economic impact of catalyst development and construction of transportation and streetscape improvements was quantified by:

- 1) Determining feasible development programs for each catalyst site, and
- 2) Using a trending analysis to model the incremental increase in study area taxable property value (Maximum Assessed Value) and resultant property taxes given improvements and potential catalyst development over a 20-year period starting in 2005.

The incremental increase in taxable property value (MAV) was calculated as the difference between what the trended MAV would be if the project (including transportation and urban design improvements and catalyst development) moves forward as envisioned compared to a baseline trending without the project.

The MAV trending analysis divided the study area into three distinct segments:

- Lower East Burnside and Couch: from E 14<sup>th</sup> Avenue to the E Burnside bridgehead
- Lower/Central West Burnside and Couch: from the W Burnside bridgehead to W 15<sup>th</sup> Avenue
- Upper West Burnside: from W 15<sup>th</sup> Avenue to W 24<sup>th</sup> Place

The following table summarizes the public investment, economic return, and physical improvements required for and resulting from capital improvements and potential catalyst development in each segment of the study area.

INVESTMENT/COST					
	Flanders Bike Blvd. <sup>1</sup>	Lower East Burnside and Couch	Lower & Central West Burnside and Couch	Upper West Burnside	STUDY AREA (as available)
Transportation Improvements	\$3.5	\$16 M	\$17 M	\$8.5 M	<b>\$45 Million</b>
Development Investment ("Gap Funding")	\$0 M	\$29 M	\$10 M	\$0 M	<b>\$39 Million</b>
<b>Total Project Investment/Cost</b>	<b>\$3.5 M</b>	<b>\$45 M</b>	<b>\$27 M</b>	<b>\$8.5 M</b>	<b>\$84 Million</b>

ECONOMIC RETURN				
	Lower East Burnside and Couch	Lower & Central West Burnside and Couch	Upper West Burnside	STUDY AREA (as available)
<b>New Net Assessed Value</b>	<b>\$300 M</b>	<b>\$425 M</b>	<b>\$25 M</b>	<b>\$750 Million</b>
<b>New Net Taxes in Year 20<sup>2</sup></b>	<b>\$7 M/year</b> <i>(7 year payback after Year 20)</i>	<b>\$9 M/year</b> <i>(3 year payback after Year 20)</i>	<b>\$5 M/year</b> <i>(17 year payback after Year 20)</i>	<b>\$16.5 Million/Year<sup>3</sup></b> <i>(6 year payback after Year 20)</i>

NEW PHYSICAL IMPROVEMENTS			
	Lower East Burnside and Couch	Lower & Central West Burnside and Couch	STUDY AREA (as available)
Site Description	<b>Site 1</b> <ul style="list-style-type: none"> <li>• New commercial and light industrial node at E Burnside and 14<sup>th</sup></li> <li>• Create new multi-family housing to link residential neighborhoods of Buckman and Kerns</li> <li>• Improve neighborhood connection to adjacent public open space</li> </ul> <b>Site 2</b> <ul style="list-style-type: none"> <li>• Gateway development to serve as catalyst for other redevelopment in the area</li> <li>• Link the east side of the central city to Downtown Portland</li> <li>• Create new mixed-use development with housing, light industrial, retail, and other commercial uses</li> </ul>	<b>Site 3</b> <ul style="list-style-type: none"> <li>• Integrate new mixed-use development with rehabilitated historic buildings.</li> <li>• Improve connectivity across Burnside with high-density offices to the south and lower-density housing and retail to the north.</li> <li>• Active ground floor uses to provide better link to downtown development.</li> </ul>	
Housing	710 units	350 units	1,060 units
Office	411,000 SF	395,000 SF	806,000 SF
Retail/Commercial	406,000 SF	87,800 SF	495,000 SF
Industrial	35,000 SF	0 SF	35,000 SF
Community Services	0 SF	10,300 SF	10,300 SF
Hotel	0 rooms	230 rooms	230 rooms
Parking	1,975 spaces	934 spaces	2,910 spaces
Jobs <sup>4</sup>	1,880 jobs	1,450 jobs	3,330 jobs

<sup>1</sup> The Flanders Bike Boulevard is not within the Catalyst Development Study area, and, therefore, the improvements were not considered as part of the MAV trending analysis. The cost is included here to maintain a consistent project cost in all Phase II documents.

<sup>2</sup> Assumes constant property tax rate of 2.2% of Maximum Assessed Value.

<sup>3</sup> This figure reflects new net taxes in Year 20 only. In addition, there are new net taxes generated every year subsequent to catalyst development and streetscape improvements; therefore, this is a conservative payback period.

<sup>4</sup> Job estimates based on PDC Economic Development Department ratios.

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## CONCLUSIONS

The *Burnside Transportation and Urban Design Plan* is a sound development investment. An estimated \$45 million transportation and streetscape investment effectively creates a physical environment which, when coupled with about \$39 million in gap development financing, could well lead to several major catalyst projects and infill which generates:

- New assessed value of \$750 million
- Net new annual tax revenues, including \$16.5 million/year additional tax revenues in Year 20 or a 6-year payback of total project costs
- Construction of 1,060 housing units
- Accommodation of 3,330 permanent jobs

### LOWER EAST BURNSIDE AND COUCH

In general, it appears that the development issues are relatively straightforward in the Lower East Burnside and Couch segment. The development issues are different from those of downtown based on land use, zoning, land value and achievable rents.

Catalyst development sites on the eastside, especially Site 1, are clearly linked to the street reconfiguration as proposed in the 2002 plan and the *Burnside Transportation and Urban Design Plan Technical Refinements* providing new land for development. The improvements assist the development potential of Site 2, at the east Burnside Bridgehead, which gains improved access and circulation to existing redevelopable parcels.

Development potential is enhanced due to:

- Current property values that are relatively low (compared to Lower/Central West Burnside and Couch and downtown)
- More opportunities for infill development.
- Fewer impediments to development, with major parcels that are under single ownership facilitating development efforts.

Pressure for high-density development is lower compared to downtown. Therefore, while development is expected without the transportation improvements and public investment, it would likely be fairly modest.

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## LOWER/CENTRAL WEST BURNSIDE AND COUCH

The Lower/Central West Burnside and Couch segment has greater pressure to develop and at higher densities. In addition, the proposed transportation and urban design improvements will certainly enhance the image of the area. The improvements include wider sidewalks for improved pedestrian access, increased auto access, and additional parking. This segment also has numerous challenges to catalyze surrounding development and provide balance within this area of the Central City. These challenges include:

- No major short-term interest in redevelopment from existing area property owners
- Numerous historic properties, many with possible seismic upgrade concerns
- Existing underdeveloped properties that are income generating (primarily surface parking lots)
- Problems assembling large parcels of land and diverse property ownership

Given these development challenges and current lack of redevelopment interest, new development will likely occur in 10 to 15 years - a longer time frame compared to the east segment.

## UPPER WEST BURNSIDE

Upper West Burnside is a dynamic segment poised for redevelopment due to its proximity to downtown as well as Portland Heights, Kings Heights, and Willamette Heights, all affluent urban neighborhoods. The adjacent Pearl District and NW Portland, to the east and north respectively, also place strong pressure for continual upgrade of property. Currently, however, there are few redevelopment sites; many underdeveloped businesses on these sites have recently changed hands or been renovated and are operating successfully.

## NEXT STEPS

The study's recommended next steps are contingent on actions taken on the *Burnside Transportation and Urban Design Plan Technical Refinements*. In addition, funding availability for the *Burnside Couch Transportation and Urban Design Plan's* proposed improvements will help determine budget availability policy direction on catalyst development. Given those qualifications, the study's next steps include:

TASK	RESPONSIBLE PARTY
<b>LOWER EAST BURNSIDE AND COUCH</b>	
As part of the Central Eastside Urban Renewal Study, consider possible inclusion of some or all of catalyst development site at E Burnside/Couch/Sandy/14th.	PDC
<b>LOWER/CENTRAL WEST BURNSIDE AND COUCH</b>	
Determine priority of implementing catalyst development at W Burnside/Couch/4 <sup>th</sup> /5 <sup>th</sup> given other Downtown Waterfront Urban Renewal Area projects.	PDC, OTCT and other neighborhood groups

**If project is determined a priority, then:**

Determine funding availability for catalyst development.	PDC, OTCT and other neighborhood groups
Pursue predevelopment work on catalyst development site at W Burnside/Couch/4 <sup>th</sup> /5 <sup>th</sup> to include: <ul style="list-style-type: none"> <li>- Perform public outreach to help determine redevelopment priorities.</li> <li>- Work with property owners to redevelop properties on Blocks 1, 2, 4 and 5, with priority given to the Grove Hotel.</li> <li>- Coordinate with owners of Blocks 1 and 2 to develop long and short term redevelopment goals.</li> <li>- Research potential developers for private investment.</li> <li>- Study ways to provide for more active ground floor uses.</li> </ul>	PDC
Work with the Old Town/Chinatown neighborhood to consider other efforts to revitalize the Burnside/Couch corridor—possibly through the development of housing, social services, or retail strategies.	PDC
Promote private sector development on catalyst development site.	Friends of Burnside/Couch

LEGEND

PDC Portland Development Commission  
OTCT OldTown/China Town