WEST PORTLAND TOWN CENTER PLAN

Development Feasibility Analysis Summary

The West Portland Town Center Plan undertook a feasibility analysis to understand the current and possible future market conditions that will inform redevelopment, including challenges and opportunities for implementation of the proposed Plan. This handout briefly summarizes the key findings.

**CURRENT CONDITIONS**
- Low rents
- High construction costs
- No market rate activity or interest
- Inequitable housing cost burden by race

**FUTURE CONDITIONS**
- Self-sustaining market interest
- Mixed-income market rate housing
- Equitable development

**NON-PROFIT AND PUBLIC SECTOR**
(1st Real Estate Cycle)
- Land banking
- Non-profit housing with co-located services
- Infrastructure investment

**PRIME THE PUMP + PAVE THE WAY**

No market rate development is anticipated in the near future so...

Non-profits are uniquely poised to play a major role in the West Portland Town Center’s first real estate cycle. Tools such as Chase Bank’s grant to local funders for non-profit site acquisition present opportunities for land banking in advance of market appreciation. The lower financial returns required by non-profits allow them to act now to prime the pump in the local market for future profit-dependent, market-rate development.

At the same time, public investments in strategic locations will pave the way to activate future development potential in future stronger real estate cycles.

**FUTURE DEVELOPMENT CYCLES**

After non-profits “prove the concept” that development is achievable in the area, market interest becomes self-sustaining with the goal of development carrying the costs to contribute to further infrastructure build out.
FEASIBILITY ANALYSIS FINDINGS

CURRENT CONDITIONS

PAVE THE WAY
A complete and safe sidewalk and bike network is essential for future redevelopment of the area. This speaks to values, vision and development issues. Funding tools for proactive and holistic development can avoid the “sidewalk” to nowhere problem. Some existing tools include:
- SDCs - overlay
- TIF in support of affordable housing or economic development projects
- LID formation
- LTIC

MIXED USE AREA (CM2 with bonuses)
- Residential rents will need to increase 20-30% over time to make development feasible.
- Feasibility for mixed-use zoning and bonus structure increases over time
  - Inclusionary housing
  - Transfer of development rights
  - Providing affordable commercial
  - Providing daycare
  - Providing open space
  - Tree preservation
  - Affordable commercial space is the easiest public benefit to provide in the near term

DEVELOPER FEEDBACK
- Given current rents, lack of infrastructure, and lack of market activity in WPTC, there is consensus that market rate development will not happen in the near term even if zoning changes
- The zoning reward structure is currently more challenging than rewarding; with improvements to the area this risk-to-reward ratio could change
- Reducing regulations and increasing public subsidy of private development will increase feasibility

RESIDENTIAL AREA (RM1 and RM2 with bonuses)
- Multi-family rents will have to increase 7% over time to make development feasible.
- Infrastructure costs vary widely across the town center area
- Multi-family buildings over 20 units are more likely to provide infrastructure
- Frontage improvement for a single development almost pencils now, however it will not create a holistic sidewalk network
- A bonus for aggregating sites has the most positive effect on feasibility