

\$1.4B light-rail land rush



CATHY CHENEY | PORTLAND BUSINESS JOURNAL

City planner Tom Armstrong says a proposed \$1.4 billion light-rail line through Southeast Portland offers numerous development opportunities.

A new rail line to Milwaukie may create more than 12,000 jobs and spawn dozens of new businesses.

New light-rail line expected to kick-start development

BOOM AND BUST. Some light-rail stations prompted development. Others have been a bust. **PAGE 20.**

BY ANDY SIEGERICH
BUSINESS JOURNAL STAFF WRITER

Developers are racing to snap up land near a new \$1.4 billion light rail line that will connect Milwaukie to downtown Portland. The 7.3-mile line could kick-start development in Southeast Portland and create more than 12,000 jobs.

The line faces regulatory hurdles, but could break ground in less than two years and be operational by 2015.

The exact route has yet to be determined, but an outline exists. It'll begin where the streetcar line ends at Portland State University, travel through the South Waterfront, cross a new bridge near the Oregon Museum of Science and Industry and head south to Milwaukie.

PORTLAND-MILWAUKIE LIGHT RAIL PROJECT TIMELINE

2009-10:	Preliminary engineering and final environmental impact statements
2009-11:	Final design
2011:	Full funding grant agreement
2011-15:	Construction
2015:	Service begins

Source: TriMet

The line will have 12 stations (See graphic on Page 18).

Several sites are slam dunks for development.

Real estate development at Portland State's Lincoln Street station and South Waterfront began

long ago. There's also plenty of property available for development around OMSI and the Clinton Street stations, both of which sit within urban renewal areas that benefit from city financing.

Some say the area around the line's route through the Clinton-Division neighborhood could become the next Mississippi district, which sat dormant for years until light rail and urban renewal benefits revitalized it eight years ago.

"There are already several ideas for Division," said Art Pearce, a project manager for Portland's Bureau of Transportation. "When things fall within a half-mile walk of the light-rail station, people tend to get very excited."

Further south, Milwaukie will likely explode with new shops and real estate development once light rail hits town. The same goes for the Park Road station, which will serve new commuters riding the train from Gladstone and Clackamas.

A whistle stop tour

The stations on a proposed \$1.4 billion light-rail line to Milwaukie offer a variety of development opportunities. Here's what officials envision.

PSU STATION

Development will stem from Portland State's long-range strategies as the school, over time, builds more classrooms and student housing.

LINCOLN STATION

Future development could include transit-oriented structures, such as multi-family housing with retail spots below.

SOUTH WATERFRONT STATION

The station will sit as close to OHSU's tram as possible, allowing medical professionals riding the line to zip up Pill Hill.

OMSI STATION

The area near OMSI is one of two sites in an urban renewal area, which could make it a hot spot for development. Agencies are studying property owned by Ross Island Sand & Gravel and Darigold Inc. A triangular lot that holds liquified gas tanks could be developed, along with industrial sites west of Southeast Seventh Avenue between Sherman and Ivon. A new railroad museum near OMSI could draw visitors.

CLINTON STATION

If the line has a Mississippi Avenue-type development in the making, it's this area, which already features a small retail district at Division near Southeast 12th Avenue. Bike lanes that connect Division to the Springwater Trail will provide easy access for riders. The quirky proposed station setup — it would sit in a triangle just across from Mason's Supply Company — could require street re-configuration.

RHINE STATION

A transitional station will link the industrial land to the east and the Brooklyn neighborhood to the west. Developers could build a mix of retail, services and housing to complement existing businesses. Within 20 years, new mixed-use projects will appear around Southeast 12th Avenue and Franklin Street, as well as on 21st Avenue between Lafayette Street and Powell Boulevard. Portland General Electric, which owns large properties just southeast of the station, could become a major economic player in the neighborhood after light rail opens. However, some businesses along Southeast 17th Avenue, one of the city's oldest industrial neighborhoods, may need to relocate. Planners haven't decided whether to steer new retail growth around the station or push it west on Southeast Milwaukie Avenue.

HOLGATE STATION

In an attempt to provide a Brooklyn neighborhood gateway, the Holgate station could spark development along the train's Southeast 17th Avenue route. Other opportunities could arise around 17th Avenue between Pardee and Raymond streets. Multifamily housing could fortify the area around Pardee Street.

HAROLD STATION

The proposed station, at Harold Street and McLoughlin Boulevard, would primarily offer neighborhood residents train access. However, with the station on the east side of McLoughlin, planners must determine how passengers will get there, and whether it's necessary to rezone any of the area's industrial properties. Some projects could occur east of McLoughlin near Reedway Street, while another transit-oriented development could occur between Steele and Reedway streets and 26th and 28th avenues.

BYBEE STATION

During public hearings, one citizen said, "Bybee is a station that just doesn't make sense." It would sit across from the north edge of Westmoreland Park near the Eastmoreland Golf Course entrance. It would require new capital to attract businesses since few commercial-ready renovation candidate buildings exist nearby.

TACOMA STATION

The station offers opportunities for offices, retail outlets and housing. Most of the area along McLoughlin is already built up, but some residential redevelopment could take place east of the station. The Milwaukie Lumber site is also a redevelopment candidate, and Milwaukie and Portland planners hope to meet with the Bishop family, which owns the Pendleton Woolen Mills building at 8550 S.E. McLoughlin Blvd.

LAKE STATION

Milwaukie's downtown could become a prototype for station-area development. Projects will include rehabilitation of existing buildings, more retail and offices and, essentially, whole new streetscapes.

PARK STATION

North Clackamas County planners could create an urban renewal area that funds future growth along McLoughlin Boulevard's southern reaches. At the very least, several sites zoned for large chain retailers might instead hold mixed-use developments. New office buildings could also appear.

Source: Business Journal research

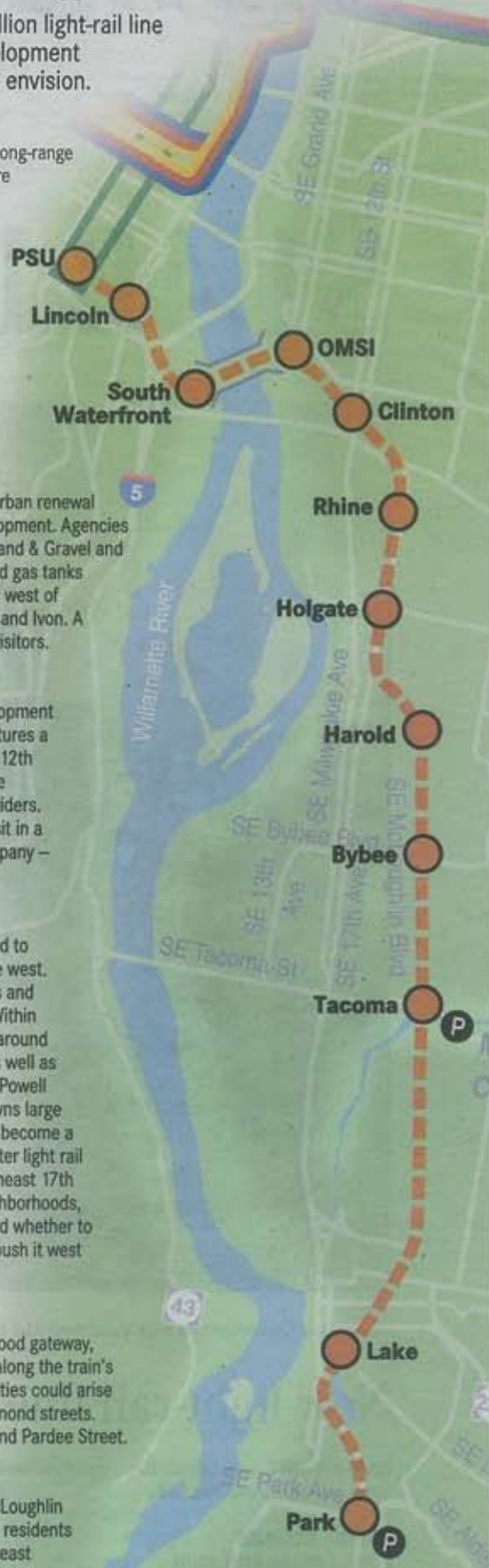


ILLUSTRATION BY CRAIG SPENCER

LIGHT RAIL: Commercial brokers eager for project to break ground

FROM PAGE 17

The real estate development isn't without its challenges. While it could reduce traffic on auto-heavy McLoughlin, stations at Southeast Bybee Boulevard and Tacoma Street could bottle up traffic. Plus, if municipal agencies need to purchase properties along Southeast 17th Avenue, they might eliminate sorely-needed industrial land.

"A lot of the stations have their challenges," said Tom Armstrong, a city planner who specializes in Southeast Portland. "But we're early in the process. We're still six years away, so there's plenty of time to think through what the stations might look like and how they might perform."

Commercial brokers can't wait. "Light rail could be very compatible with the southeast area," said Jack McConnell, a senior vice president for NAI Norris Beggs & Simpson's brokerage division. "It will be a heavily traveled route" that could spawn several new business growth areas.

EASTSIDE STORY

While development around the line's west-side stations will benefit from the support of nearby public facilities, such as OMSI, Portland State and Oregon Health & Science University, the possibilities surrounding eastside stations remain less clear.

The train will likely boost attendance at OMSI. Officials expect more than a 50 percent boost in attendance to 1.4 million annual visitors after the line is complete.

"The light rail crossing the river is going to make a world of difference," said Lew Bowers, a Portland Development Commission senior project manager. "The whole area will be minutes from the heart of downtown, as opposed to being on the edge of the river with no easy way to get to it. There will be job-creation potential there because light rail will bring more people into the city."

The area surrounding the museum teems with possibilities. The Portland Opera's nearby headquarters has adjacent property on which a larger building, with uses aimed at promoting the arts, could sprout. With light rail's presence, Portland planners could advocate for rezoning industrial properties along the river in order to spur development of housing and offices.

Further south, riders will likely enjoy a revamped Clinton-Division area with more multi-family housing units and retailers, said Jack Gallagher, NAI Norris Beggs & Simpson's associate vice president.

Northwest Natural Gas, which owns a large block northwest of the proposed Clinton station, could add transit-oriented development to the site.

The Portland Development Commission also might seek to redevelop the so-called Balzer property, at Southeast Division Street and Seventh Avenue.

The light-rail line would follow Union Pacific railroad tracks until it crosses Powell Boulevard, where it would run down the middle of Southeast 17th Avenue to a station at Rhine Street. The alignment would require a widened street to accommodate busses that use 17th to reach TriMet's garages near Southeast Holgate Boulevard.

Two nearby big-name Portland companies would benefit from a light-rail line, including Fred Meyer, whose employees would gain a convenient option for reaching the grocer's isolated headquarters.

Portland General Electric is considering possibilities for a service center to the east of Rhine and 17th.

Planners still aren't sure whether 17th Avenue could host new station-area retail sites since a commercial district a few blocks away, on Southeast Milwaukie Avenue, already exists.

It's even less clear how much transit-

BY THE NUMBERS

\$1.4B	High-end project cost estimate
\$710-\$850M	Amount expected from the federal government
\$250M	Amount provided by Oregon Lottery Funds
12,300	Number of jobs the project could generate
\$490M	Personal earnings the project could generate
7.3	Miles the line will run
27,400	Daily trips that the line will provide by 2030
60,000	Daily vehicle miles the line will reduce by 2030

Source: Trimet, Business Journal research

oriented development might occur at the line's next two stations, at Holgate Boulevard and a tentative site near Harold Street and McLoughlin Boulevard. The Holgate station would provide a gateway into the Brooklyn neighborhood and could bring mixed-use redevelopment opportunities between Pardee and Schiller streets.

Rail yards and industrial land lie immediately east of the proposed Harold Street site, which sits west of the Reed College campus.

Stations at McLoughlin and Bybee Boulevard and Tacoma streets would likely spark new developments, such as retail facilities at a proposed Tacoma park and ride. Developers could erect smaller multi-family projects, such as four-plexes, near each station.

MILWAUKIE'S BEST

The Milwaukie station will be near the heart of the city and just a three-minute walk from City Hall. It's the area most likely to attract commercial development.

City officials envision a plaza where the city's Main Street ends, near Dogwood Park. Just east of the plaza, large office buildings could overlook what will become Kellogg Creek once a dam is removed.

The city continues to negotiate with Multnomah County officials over whether a nearby water treatment plant, which both sides agree is obsolete, can be removed from Milwaukie's riverfront. The site could provide space for a park that might encourage more businesses to move to Milwaukie.

The city could generate \$60 million in economic opportunities if the plant is removed, said Kenny Asher, Milwaukie's community development director.

Elissa Gertler, Clackamas County's director of public affairs, said county planners envision an office building or two around the Park Road site. Several vacant sites zoned for big-box retail could house mixed-use developments. To spur such changes, county planners could establish an urban renewal area that would apply tax dollars toward improvements in the district.

It's a necessary step because, as Gertler puts it, McLoughlin, or 99E, is a state road, and the state's transportation engineers are less concerned with economic development than with unsnarling traffic issues.

"That's why McLoughlin and Powell don't get the same treatments as Hawthorne or Mississippi," she said. "They just want to move cars on and off the highways."

It's also why Asher and other Milwaukie planners believe light rail will bring a pronounced economic boon.

"Because of it, there are a lot of things we can do to strengthen our neighborhoods and the city center," he said.

agiegerich@bizjournals.com | 503-219-3419