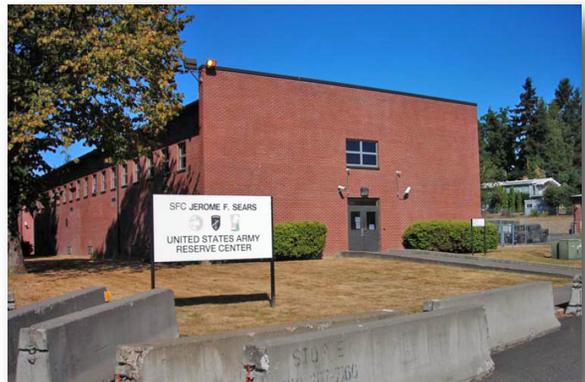


REUSE MASTER PLAN

Sgt. JEROME SEARS USARC



PORTLAND DEVELOPMENT COMMISSION
PORTLAND, OREGON

September 2008

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Section 1: Executive Summary

The Sgt. Jerome Sears USARC Reuse Master Plan, as presented and described in the following Sections, reflects the significant involvement of the City of Portland and the Portland Development Commission over a 24 month planning period. While public interaction and comment played a key role in the development of the Plan, the Authority's overarching vision for redevelopment and its community-driven principles focused the effort and the results described herein.

Background and Overview

Property Setting and Description

On May 13, 2005, the Federal Base Realignment and Closure (BRAC) Commission received a list of recommended base closures from the Department of Defense as part of a federal program designed to reorganize the country's military base structure and make it more efficient. As part of this 2005 round of military base closures, the BRAC Commission voted to close the Sgt. Jerome Sears U.S. Army Reserve Center, a property measuring approximately 4 acres in size that has served as a reserve and mobilization center since its establishment in 1962. After the commission forwarded its decision to the President, the final list of BRAC 2005 round closures was approved on September 15, 2005. The decision to close the Sgt. Jerome Sears USARC was made public when it was published in the June 30, 2006 edition of the *Federal Register*. By law, the Sears USARC facility must be closed before September 15, 2011.

The Property Screening Process

The BRAC process allows for various federal, state, and local agencies and other non-profit organizations to apply for and be considered for property within a closed military installation. First, the Department of Defense is given the option of requesting property, and then other federal departments and agencies are given that same option. Since no federal agency or department requested any facilities or parcels, all 4 acres within the boundaries of the Sears USARC were considered surplus.

The federal Base Closure Community Redevelopment and Homeless Assistance Act provides for a community-based process whereby government and not-for-profit organizations may propose the reuse of surplus military property. The proposed reuses must provide vital public services such as education, health care, open space, parks and recreation related uses, law enforcement, prisons, transportation terminal facilities, aviation uses, homeless facilities, or other public buildings. The Local Redevelopment Authority (LRA) is responsible for developing a reuse plan for the Sears USARC site that appropriately balances the community's needs for economic redevelopment and public facilities and amenities against the needs of the homeless.



The Master Planning Process

After soliciting proposals from national planning consultants, the LRA selected Matrix Design Group, Inc. (Matrix) in June, 2007 to assist it in the preparation of a reuse master plan for Sgt. Jerome Sears USARC. Funded through a grant from the Office of Economic Adjustment (OEA), Department of Defense (DoD), the Matrix Scope of Work developed for the project was designed to understand and respond to a variety of existing local community issues and policies, physical conditions and characteristics, environmental conditions of the property, and market and economic considerations and trends. To that end, the Scope of Work included the following tasks and provisions:

- ▶ An Existing Conditions assessment including analyses of buildings and facilities, transportation and infrastructure, physical site conditions, the Environmental Condition of Property, and surrounding influences such as land use, transportation patterns, utilities, amenities, and zoning
- ▶ A base reuse planning process and development of a "Preferred" Base Reuse Plan that incorporates the results of the market and economic study prepared by E.D. Hovee & Company, the Local & State Screening process, and the LRA's public engagement process
- ▶ A series of targeted workshops coordinated with the LRA, the Bureau of Housing & Community Development, and LRA consultants in order to facilitate the planning process

The Public Engagement Process

The public participation program for the reuse planning effort was designed to allow people to engage in a variety of ways and to demonstrate a concerted outreach to Portland citizens. The process began with an open house held on December 6, 2006 to allow the public to tour the facility and to introduce the Notice of Interest solicitation process. Several months after the open house began a series of three major public meetings that coincided with decision-making points in the base reuse planning process. They included:

- ▶ **Meeting One** – Existing Conditions and Visioning (held on September 18, 2007)
- ▶ **Meeting Two** – Reuse Alternative Scenarios (held on October 13, 2007)
- ▶ **Meeting Three** – Reuse Plan Progress (held on May 8, 2008)

Other opportunities for public participation in the planning process included a visit to the site with City staff on July 7, 2008 followed by a public meeting, and the project website (<http://www.pdc.us/dod>) that features e-mail response capability, a copy of presentations shown at public meetings, information about the property, a Frequently Asked Questions page about BRAC reuse planning, and other resources and materials.



Existing Conditions Assessment

Community Planning Issues and Influences

The property is located in the R1 Multi Family Residential zone; no additional overlay zones are applicable, nor is the property within a plan district. The R1 zone allows multi-dwelling residential development up to a maximum density of one unit per 1,000 square feet of site area, and requires a minimum density of one unit per 1,450 square feet of site area. Newly created lots in the R1 zone must be at least 10,000 square feet in area for multi-dwelling development. There is no minimum lot area for developments with detached or attached houses or duplexes. Minimum lot width and depth standards may apply. Additional density bonuses up to 50% may be awarded if the development satisfies certain "Amenity Bonus" requirements. Based on the size of the parcel, the site would qualify for as many as 215 units or as few as 120 units, without a bonus consideration.

The Sears USARC facility is currently a non-conforming use because it established operations prior to annexation by the City of Portland. A non-conforming use that was lawfully established and is maintained over time is allowed to continue if operations are not interrupted for longer than 3 years. The continued use is not dependent on the property owner or tenant, so non-conforming rights are transferable. However, changes to the type of use or development on the site, such as exterior storage yards becoming exterior parking or increases in floor area, require a non-conforming situation review.

The site zoning currently allows high density residential as described above. Other redevelopment options exist for the property, including changing the current zoning designation to open space zoning, industrial, employment, or commercial, but any of those options would require a comprehensive plan and zoning map amendment with a mandatory pre-application conference. Park uses and some institutional uses are allowed with limitations.

Market and Economic Conditions and Influences

Residential Opportunities

The Sears USARC site is located within already developed communities, and the pace of local residential demand has been modest but steady in recent years, averaging about 35-40 net new units constructed annually nearby. Slower rates of construction are predicted for the next five years, depending on the strength and duration of the current downturn in the housing market.



Multifamily housing provides the greatest residential opportunity, and is consistent with current site zoning. Recent market experience dictates that ownership (townhome or condo) products have supported higher construction values than apartments, but are not favored by the housing market downturn which instead is putting upward pressure on housing rents, suggesting a resurgent demand for multifamily rental housing in years ahead. A multi-family product on this site could be designed for either owner/rental use – depending on which market is more favorable at the time of construction. An affordable housing component may also merit consideration – possibly to serve a broader mix of housing needs than has been the case in the Multnomah area in recent years.

Retail Opportunities

Development of retail at this site appears challenging due to factors including current lack of supportive zoning and market opportunities limited to larger footprint rather than small scale retail uses. The store types for which there is the greatest unmet retail demand for the area served by the Sears site are also generally larger format stores – including home furnishings, building and garden, and general merchandise (whether discount or more traditional department store). These uses potentially could be accommodated by this less than 4 acre site area, though most likely as free-standing stores due to lack of adequate site size for a multi-tenant center.

While Multnomah Boulevard has other retail development, current zoning of the subject site is not supportive of major retail activity. Any retailers of the scale indicated could also be expected to serve customers from beyond the 1-mile trade area. One added possibility would be for a limited number of ancillary small scale retail spaces that might be developed as part of a mixed-use (but primarily residential) project – such as coffee shop/deli. Incorporating residential into any retail project should also be considered because of community sentiment generally seems to favor residential uses over retail uses.

Commercial Office & Service Industrial Opportunities

The Sears property could be well-suited for continued use similar to its current function as an Army Reserve Center. The type of use most readily accommodated would be a private firm or public/non-profit entity requiring on-site transportation/warehouse functions together with a significant component of administrative and/or educational/training space.

The markets served show signs of market demand – as secondary, lower cost locations whether for office or service industrial activity. Market rents should be adequate to support continued use of existing structures, but likely would not be adequate to justify building demolition and significant new construction. Supported land values with service industrial are also below land values supported by residential and commercial office use.



Sgt. Jerome Sears USARC Portland, Oregon Reuse Master Plan

Because this type of use is not consistent with current zoning, the ability to be considered for office/service industrial will hinge on a favorable ruling as continuation of an existing non-conforming activity. The Sears site has attracted some expression of interest for public/non-profit educational use. However, this site has experienced less federal upgrading investment in recent years, meaning that more investment would likely be required from a new office, educational and/or other related service industrial occupant (if permitted). As a result, long-term reuse of the existing buildings for office and service industrial appears challenging.

Reuse Alternatives and Plan Selection

Three Plan Alternatives were developed for consideration by the LRA and the public, based on existing conditions on the Sears USARC site, neighboring uses, market and economic findings, input received as part of the public engagement process, and Notices of Interest received from applicants. The alternatives, discussed in detail in **Section 5**, included:

Alternative 1: Office Industrial

This alternative proposes to reuse the site as an office/industrial facility in a similar fashion to its current function as a U.S. Army Reserve Center. The NOI received from the Portland Office of Transportation, Portland Water Bureau, and the Portland Office of Emergency Management is consistent with this alternative, as their proposed reuse of the facility would contain office as well as vehicle maintenance functions.

Alternative 2: Community/Educational

Alternative 2 provides for the reuse of the site for community/educational land uses; the Notices of Interest received from Portland Community College and the Westside Christian High School are consistent with this Alternative.

A community/educational use for the Sears USARC site could include a range of community-based programs and uses including early childhood and elementary education, religious education, after-school programs and activities, cultural activities, adult and continuing education, and other similar programs and functions.

Alternative 3: Residential

Alternative 3 provides for the reuse of the Sears USARC site as a new residential community that could include a variety of housing types under current zoning regulations, including multifamily attached rental apartments or for-sale condominiums. Additionally, these residential types could be provided at either market rates or subsidized in some form to provide workforce housing or permanent housing for the chronically homeless; the Notices of Interest received from Community Partners for Affordable Housing, the Housing Authority of Portland, and the Volunteers of America-Oregon are consistent with this Alternative.



Reuse Plan Evaluation and Selection

In order to further evaluate the three reuse land use alternatives discussed above, the LRA developed a set of criteria against which the alternatives were tested to assist in selection of the preferred alternative. These evaluation criteria were as follows:

- ▶ **Zoning/Site Regulations:** Would the reuse alternative be allowed under the existing zoning? Would it require a conditional use permit or a change in zoning?
- ▶ **Physical Site Characteristics:** Does the reuse alternative fit well with the site's existing condition (environmental, utilities, traffic access, infrastructure, etc.)? Are there any potential negative impacts associated with the reuse (increased traffic, noise, etc.)?
- ▶ **Neighborhood Compatibility:** Does the reuse alternative fit within the existing neighborhood character? Does the reuse alternative provide needed services or infrastructure not currently present in the neighborhood? Does the neighborhood support the reuse alternative?
- ▶ **Market Demand:** Is there a market demand for the reuse alternative? Would the reuse alternative be able to remain on the site long-term?
- ▶ **City Policy:** Does the reuse alternative address any city policies or needs? Does the reuse alternative provide community benefit in line with city policy?

The Sgt. Jerome Sears Reuse Master Plan

Description

The Reuse Master Plan establishes a vision for redevelopment of the site, designates a land use preference for the property, and describes potential property transfer mechanisms that are available. The Sgt. Jerome Sears USARC Reuse Master Plan, as recommended by the LRA and approved by the Portland City Council on July 9th, 2008, recommends that the general character of the site change from a Office/Industrial type use (Alternative 1) to a Residential one (Alternative 3). Since the Sears USARC site is currently zoned for residential uses and the existing Army Reserve Center operates there as a non-conforming use, the change in land use does not require any type of rezoning or similar procedure. The Reuse Plan allows for the Sears USARC to function in a similar manner to the surrounding area, as it will no longer operate as a non-conforming use.

Property Transfer Considerations

Property Conveyance Mechanisms

Of all the mechanisms available for property transfer from the federal government to a future owner, three stand out as particularly relevant and applicable to the Sears USARC property. They are:



Sgt. Jerome Sears USARC Portland, Oregon Reuse Master Plan

Public Benefit Conveyance

A Public Benefit Conveyance provides for reuse of land and building assets for a public purpose. The Public Benefit Conveyance mechanism provides a community based process by which certain government and not-for-profit organizations may propose the reuse of surplus military property to provide vital public services such as education, health care, open space or parks, park and recreation related uses, law enforcement, prisons, transportation terminal facilities, or other public buildings and facilities.

Negotiated Sale

The negotiated sale mechanism is available only to public entities for a public purpose and requires payment to the Army, based on the asset's fair market value. The Portland Office of Transportation, Portland Water Bureau, Portland Office of Emergency Management, Portland Community College, Portland Housing Authority, and Community Partners for Affordable Housing as well as any other state or local public entity would be eligible for this type of property transfer from the Army.

Public Sale

Public sales are auctions to the highest bidder and may be used to transfer property from the Army to any entity or organization-public, for-profit, or not-for-profit. Both the Portland Office of Transportation/Portland Water Bureau/Portland Office of Emergency Management, and Portland Community College, as well as any other public or private entity would be eligible to potentially obtain the Sears USARC property via a public sale at fair market value.

Six organizations submitted Notice of Interest applications. They are (1) an application by the Portland Office of Transportation, Portland Water Bureau, and Portland Office of Emergency Management which proposed to use the site as an emergency response vehicle maintenance and staging facility; (2) the Housing Authority of Portland, (3) the Community Partners for Affordable Housing, and (4) the Volunteers of America-Oregon, all of which proposed to develop a 100+ unit mixed income project with Permanent Supportive Housing included; (5) Westside Christian High School, which proposed to develop a private high school on the site, and finally, (6) Portland Community College, which proposed to reuse the site for non-credit community educational courses and administrative and support functions related to its operation.



Likely property disposition methods employed by each proposal are as follows:

- ▶ The Portland Office of Transportation/Portland Water Bureau/Portland Office of Emergency Management could potentially receive the Sears USARC property via an Emergency Response Public Benefit Conveyance, with eligibility to be determined by the Federal Emergency Management Agency.
- ▶ The Housing Authority of Portland, the Community Partners for Affordable Housing, and the Volunteers of America-Oregon could potentially receive the Sears USARC property via Negotiated Sale, with discounts tied to the number of Permanent Supportive Housing units offered.
- ▶ Westside Christian High School could potentially receive the Sears USARC property by receiving an Educational Public Benefit Conveyance, which has been approved by the Department of Education of up to a 100% discount.
- ▶ Portland Community College (PCC) could potentially receive the Sears USARC property by receiving an Educational Public Benefit Conveyance; the Department of Education has determined that PCC would be eligible to receive up to an 80% public benefit conveyance discount, as PCC is an institution of higher education accredited by the Northwest Commission on Colleges and Universities.

Reuse Proposal Selection

While several potential users have expressed interest in (and have applied for) the Sears USARC facility, the LRA, along with Portland's City Council, which represents it in this planning effort, are recommending reusing the Sears property according to the proposal set forth by the Community Partners for Affordable Housing. A Resolution to that effect was passed by Portland City Council on July 9th, 2008.

The Resolution was influenced by a variety of factors, including the appropriateness of the current zoning of the site, the favored proposal's support of Portland's comprehensive plan to end homelessness and its inclusion of an affordable housing component, the boost in local student enrollment that a residential use would provide, and support for the proposal from the local neighborhood.

As planned, the reuse of the Sears USARC site will include both rental and for-sale housing units, including permanent supportive housing for homeless individuals and families in need as well as affordable housing.

The City Council and the LRA are recommending that the City of Portland purchase the Sears property from the United States Department of Defense through a negotiated sale at a discounted price. The discount is expected to result from the provision of the permanent supportive housing and will be equal to the percentage of units built for that purpose.



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

Once purchased, the City plans to sell or otherwise transfer ownership of the property to Community Partners for Affordable Housing, which has agreed to develop the site with around 110-120 units of mixed income housing as well as open space and a community building.



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Section 2: Background and Overview



On May 13, 2005, the Federal Base Realignment and Closure (BRAC) Commission received a list of recommended base closures from the Department of Defense as part of a federal program designed to reorganize the country's military base structure and make it more efficient. As part of this 2005 round of military base closures, the BRAC Commission voted to close the Sgt. Jerome Sears U.S. Army Reserve Center, a property measuring approximately 4 acres in size that has served as a reserve and mobilization center since its establishment in 1962. After the commission forwarded its decision to the President, the final list of BRAC 2005 round closures was approved on September 15, 2005. The decision to close the Sgt. Jerome Sears USARC was made public when it was published in the June 30, 2006 edition of the *Federal Register*. By law, the Sears USARC facility must be closed before September 15, 2011.

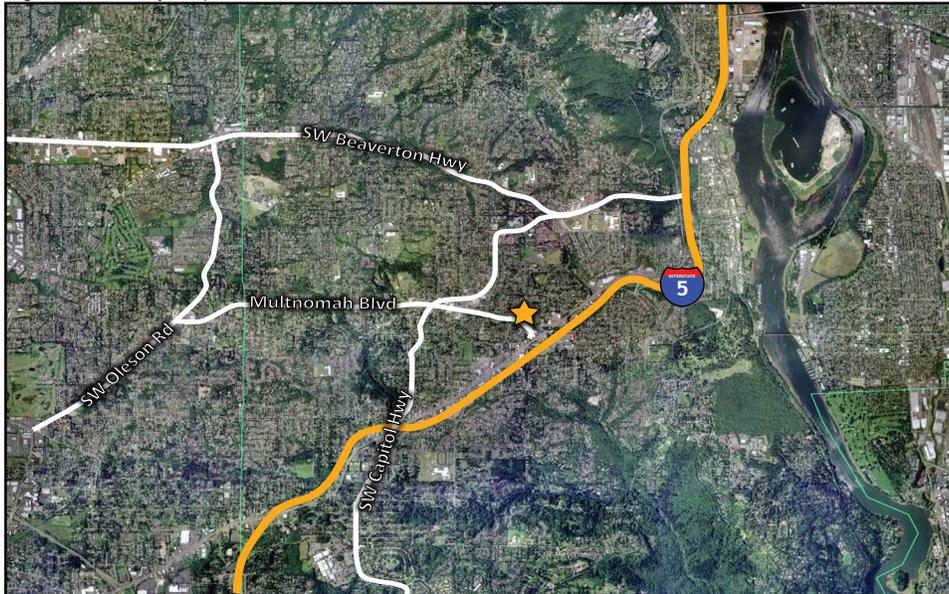
Property Setting and Description

The Sgt. Jerome Sears USARC site (Sears site) is located in the southwest portion of the City of Portland, Oregon, within the Multnomah Neighborhood, approximately 4.5 miles south of downtown Portland. The neighborhood of Hillsdale and South Burlingame lie to the east, and Markham lies to the southeast. The context of the surrounding neighborhood is largely suburban residential, with occasional other neighborhood uses in the vicinity such as a grocery store and a school. Primary access to the site is provided by SW Multnomah Boulevard, which links with Pacific Highway and Interstate 5 to the east and serves as a small arterial road. The limited amount of retail in the area is primarily neighborhood-oriented; most notable is Multnomah Village, the retail heart of the Multnomah Neighborhood, located to the west between the intersections of Multnomah Boulevard, SW Capital Highway and SW 35th Avenue.

The Sears USARC Site is bordered on the south by Multnomah Boulevard and office, institutional, and residential properties; on the west and north by residential properties, and on the east by SW 25th Avenue and Qwest Telecommunications facilities. Pacific Highway and Interstate 5 are located about a quarter mile to the east; the Willamette River lies about a mile and a half beyond in the same direction.

An aerial view of the site including regional routes accessing the area is provided below in **Figure 1: Vicinity Map**.

Figure 1 - Vicinity Map



The Local Redevelopment Authority

The Department of Defense's Office of Economic Adjustment (OEA) officially designated the Portland Development Commission (PDC) as the Local Redevelopment Authority (LRA) for reuse planning efforts related to the Sears USARC property. This designation was based on a request by the City of Portland, which cited the following justification:

- ▶ The PDC is the designated redevelopment agency for the City of Portland; its Commission members are appointed by and serve at the sole discretion of the Mayor of Portland;
- ▶ The Sears USARC property falls entirely within the jurisdiction of the City of Portland; and,
- ▶ The City of Portland is the only jurisdiction with zoning authority over the property and regularly works in concert with the PDC to make appropriate zoning decisions as needed.

With the official designation of the PDC as the LRA, the City of Portland appointed the Portland Bureau of Housing and Community Development to serve as a key partner with PDC to manage, plan, and oversee the redevelopment of the Sears USARC property. For the purpose of this Reuse Master Plan Report, the PDC will be referred to as the Local Redevelopment Authority (LRA.)



The Federal Property Screening Process

The BRAC process allows for various federal, state, and local agencies and other non-profit organizations to apply for and be considered for property within a closed military installation. There are two levels of screening, the first of which is the “federal to federal” screening, during which other DoD organizations are notified by the Department of the Navy (or other applicable Military Department) of the availability of “excess” property. After consideration by these agencies, other federal departments are then given the opportunity to request portions of the property. The parcels within the installation remaining that are not transferred to these agencies under this first level screening activity are considered “surplus” property.

These surplus properties are then available to be considered by state and local entities as well as homeless providers for reuse proposals. Since there were no facilities or parcels identified on the property for use by and federal agency or department, all 3.7 acres of the Sears USARC were considered surplus.

State and Local/Homeless Screening Process

The second level of screening is conducted by the Local Redevelopment Authority presiding over the property in question, and considers only property that has been determined to be surplus, as defined above. During this process, the LRA provides notice of the availability of surplus property to homeless provider organizations, state and local governments, and potential recipients of public benefit conveyances, or “PBCs.” The following sections of this report describe this process as it relates to the redevelopment of the Sears USARC site.

The Federal Base Closure Community Redevelopment and Homeless Assistance Act governs the process of how federal defense facilities are disposed. The Redevelopment Act was designed to accommodate the impacted communities’ multiple interests in base reuse, including meeting the national priority to assist homeless individuals and families, and for economic development conveyances for business growth and expansion and Public Benefit Conveyances (PBC) to provide for reuse of land and building assets for a public purpose. The Act provides for a community-based process whereby government and not-for-profit organizations may propose the reuse of surplus military property to provide vital public services such as education, health care, open space or parks, parks and recreation related uses, law enforcement, prisons, transportation terminal facilities, aviation uses or other public buildings and facilities; the Act also provides for a community-based process whereby government and not-for-profit organizations serving homeless individuals or families participate in the local reuse planning process. The PDC is responsible for developing a reuse plan for the Sears USARC that appropriately balances the needs for economic redevelopment, certain public facilities and amenities, and homeless assistance.



The Act requires that the designated LRA conduct outreach to homeless providers and make a good faith effort to accommodate their requests and involve them in the planning process to create legally binding agreements for review by the Department of Housing and Urban Development. There are a number of options for achieving these criteria, including direct incorporation of the homeless provider requests into the reuse plan, provision of alternative facilities, employment for homeless individuals as part of the redevelopment plan, payment to the providers in lieu of the above, or sufficient justification why the provider request is not acceptable. The following process was followed to meet the federal requirements for state and local screening:

State and Local Screening Notice of Interest

The United States Department of Defense (DoD) published a notice declaring the Sears USARC as surplus property in the June 30, 2006 edition of the *Federal Register*. The PDC was required to begin the screening process for homeless providers and state / local agencies and eligible non-profits within 30 days of the official notice of surplus property. The PDC prepared its Notice of Interest for distribution to state and local governments and other interested parties. Elements of the Notice of Interest included the following:

- ▶ A brief schedule and description of the state and local screening process
- ▶ A short list of objectives adopted by the Portland City Council to act as guidelines for each application, including compliance with one of the following city goals and objectives:
 - The Ten-Year Plan to End Chronic Homelessness in Multnomah County, which calls for development that will result in Permanent Supportive Housing or other service facilities
 - Operation H.O.M.E., which calls for development that will help close the minority homeownership gap
 - The Schools Families Housing Initiative, which calls for development that will assist in retaining and attracting families to live in Portland's neighborhoods and have their children attend public schools
- ▶ A contact sheet and certifications
- ▶ An application checklist

The NOI solicitation also noted that applicants must include the following information:

- ▶ A description of eligibility for the proposed transfer
- ▶ The proposed use for the site, including a description of any structures and property necessary to carry out the proposed use
- ▶ The time frame for occupation
- ▶ The benefit to the community from the proposed use, including the number of jobs the proposed use would generate



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

In addition to the above requirements, the NOI solicitation also instructed Homeless Service Providers to provide the following information:

- ▶ A description of the homeless assistance program that the Homeless Service Provider proposes to carry out at the site
- ▶ A description of the need for the proposed program
- ▶ A description of the extent to which the proposed program is or will be coordinated with other homeless assistance programs in the vicinity of the site
- ▶ Information about the physical requirements necessary to carry out the proposed program, including a description of any structures and/or property necessary to carry out the proposed program
- ▶ A description of the financial plan, organizational structure and capacity, prior experience, and qualifications of the organization to carry out the proposed program
- ▶ An assessment of the time required to commence carrying out the proposed program

The NOI solicitation issued by the LRA also invited all applicants to a workshop that would provide an overview of the base redevelopment planning process, a tour of the Sears USARC site, information regarding land use constraints, and further NOI process information. The workshop was held on December 5, 2006.

The LRA also distributed mailings to all property owners within a quarter mile of the property, and held a neighborhood association meeting and open house in the Fall of 2006 to introduce neighbors and surrounding property owners to the redevelopment planning and NOI process. Interested parties were asked to submit their requests to the LRA on or before December 22, 2006.

State and Local/Homeless Notices of Interest Received

The Local Redevelopment Authority received Notice of Interest applications from the following organizations:

Portland Office of Transportation/Portland Water Bureau/Portland Office of Emergency Management

An NOI application was received by the Portland Office of Transportation, the Portland Water Bureau, and the Portland Office of Emergency Management for the reuse of the Sears USARC site as an emergency response facility for the city. The PDOT is the lead agency supporting Portland Police, Fire, and EMS emergency response functions and sought additional space to provide appropriate staging areas for emergency response equipment.



Housing Authority of Portland

A Notice of Interest application was received from the Housing Authority of Portland, which proposed to use the property to construct a 100+ unit residential development aimed at individuals earning less than the area's median income and homeless families exiting transitional housing. This development would include units providing Permanent Supportive Housing.

Community Partners for Affordable Housing

A Notice of Interest application was received from the Housing Authority of Portland, which proposed to use the property to construct a 100+ unit residential development aimed at individuals earning less than the area's median income and homeless families exiting transitional housing. This development would include units providing Permanent Supportive Housing.

Volunteers of America-Oregon

A Notice of Interest application was received from the Housing Authority of Portland, which proposed to use the property to construct a 100+ unit residential development aimed at individuals earning less than the area's median income and homeless families exiting transitional housing. This development would include units providing Permanent Supportive Housing.

Westside Christian High School

Westside Christian High School expressed interest in reusing the site for educational facilities including a 275 student private high school. Existing structures would be reused for various educational functions including classroom and office space. Westside Christian's lease at its current location is due to expire in 2012 and cannot be renewed.

Portland Community College

An NOI expressing interest to reuse the Sears USARC site for non-credit community educational purposes from Portland Community College (PCC). Support services related to transportation and financial services could be moved to the site as well under the PCC plan.

Evaluation of Homeless Provider Applications

The Notices of Interest received from Homeless Service Providers were evaluated according to the following general criteria:

- ▶ The level of public subsidies that would be required to realize each proposal
- ▶ How well each proposal complemented and furthered the goals of Portland's 10-Year Plan to End Homelessness
- ▶ How well each proposal identified resources and filled gaps in the continuum of care for the homeless, as per federal Housing and Urban Development guidelines



Sgt. Jerome Sears USARC Portland, Oregon Reuse Master Plan

Each respondent worked with the LRA during the evaluation process and was evaluated carefully, as the neighborhood displayed general support for mixed-income housing in the redevelopment of the Sears USARC site.

The Master Planning Process

After soliciting proposals from national planning consultants, the LRA selected Matrix Design Group, Inc. (Matrix) in June, 2007 to assist it in the preparation of a reuse master plan for Sgt. Jerome Sears USARC. Funded through a grant from the Office of Economic Adjustment (OEA), Department of Defense (DoD), the Matrix Scope of Work developed for the project and approved by the PDC Board was based, in part, on the following PDC study parameters:

- ▶ The existing conditions of the site, including:
 - An assessment of the buildings and facilities on the Sears USARC property
 - A summary and analysis of the transportation and utilities infrastructure surrounding the site
 - A physical site conditions and characteristics assessment detailing topography, grading, natural resources, and visual quality
 - An Environmental Condition of Property report based on a review of the Army's ECP, in order to identify potential redevelopment issues and gaps
 - An analysis of off-site issues such as land use, transportation patterns, utilities, amenities, zoning, and other related plans and conditions
- ▶ A base reuse planning process and development of a "Preferred" Base Reuse Plan that incorporates:
 - The results of the market and economic study by E.D. Hovee & Company
 - The Local and State Screening process
 - The LRA's public engagement process
- ▶ A series of targeted workshops coordinated with the LRA, the Bureau of Housing & Community Development, and other LRA consultants in order to facilitate and conduct the public planning process

The Matrix Planning Team

To bring a local perspective on market and economic opportunities for base redevelopment, and to assist in the formulation of viable reuse alternatives, a Portland-based market and economics firm was directly contracted by the City of Portland to analyze economic conditions and market trends related to reuse planning for the Sears USARC. The roles and responsibilities Matrix Planning Team, including E.D. Hovee & Associates, are noted below:



- ▶ **Matrix Design Group** - Denver, CO
 - Project Management
 - Public Engagement Assistance
 - Existing Conditions Assessment
 - Building & Infrastructure Assessment
 - Base Reuse Master Planning Assistance
 - Report Preparation

- ▶ **E.D. Hovee & Company** - Portland, OR
 - Market and Economic Assessment
 - Market and Economic Programming

Components of the Planning Process

The ultimate reuse plan for the redevelopment of the Sears USARC property, as described in **Section 5** is based on a planning process that has considered a variety of significant data related to physical characteristics, environmental conditions of the property, market, economic and financial issues, and regulatory considerations; pertinent on-base, as well as off-base issues have been addressed. The Plan is also the product of a public engagement program that has generated local and community public interest, serious comment and review, and active participation at many community and neighborhood levels, as described in **Section 3: The Public Engagement Process**, which follows this Section. No one issue has dominated the process, and no one issue is the basis for the Plan. As with all multi-faceted redevelopment projects, the Sgt. Jerome Sears USARC Reuse Master Plan reflects the combination of conditions that best positions the property for successful long-term redevelopment, and balances that against community goals and objectives, environmental sustainability, and political / regulatory realities.



Section 3: The Public Engagement Process

The planning for the reuse of the Sears USARC required not only technical analysis and understanding of local and site issues, but also a sense of the community's issues, concerns, and concepts for redevelopment. The public engagement plan undertaken for the Sears USARC was designed to be open and inclusive, interactive and creative, informative and meaningful and, most importantly, responsive.

General Approach to Public Participation

The public participation program for the Sears site was designed to allow people to engage in a variety of ways: by coming to community meetings, by visiting a website or submitting feedback by e-mail, and/or by learning of issues through the local media. The keystone of the process were three major public meeting opportunities that coincided with decision-making points in the process. They included:

- ▶ **Meeting One** – Existing Conditions and Visioning (held on September 17, 2007)
- ▶ **Meeting Two** – Reuse Alternative Scenarios (held on October 13, 2007)
- ▶ **Meeting Three** – Reuse Plan Progress and Selection (held on May 8, 2008)

Other opportunities for the public to participate in the planning process included access to the project website (<http://www.pdc.us/dod>), which features e-mail interaction capability, meeting minutes and powerpoint presentations from the public meetings, information about the Sears site, a frequently asked questions page pertaining to the overall BRAC reuse process as well as information specific to the redevelopment of the Sears USARC site, and other resources and materials.

Public Meetings and Workshops

Public Meeting One

The first public meeting in the reuse planning process of the Sears USARC was held on September 17, 2007 at the Sears site. The meeting began with an introduction to the project planning team, including representatives from the LRA, the Portland Bureau of Housing and Community Development, and the Matrix planning team. The presentation began with a brief overview of the BRAC closure and reuse planning process and the proposed project schedule, followed by a description of the site's existing conditions. The existing conditions presentation covered issues such as the site's general characteristics, zoning and surrounding land uses, municipal services provided, natural



and environmental conditions, and building/facility assessments (see **Section 4**). Public Meeting One also included a presentation on the market/economic analysis, the Notices of Interest received, the City of Portland's goals and priorities relating to the reuse plan, and an overview of potential reuses, based on interest expressed by a variety of public and private sector entities.

Following the presentation, the meeting continued with the approximately 100 members of the public in attendance gathering in small groups to discuss the general reuse opportunities described earlier along with the merits of each. This discussion was followed by a public comment period that focused on the various reuse concepts considered. A brief summary of the feedback provided by the public at this meeting includes the following:

Potential Reuse Options

- ▶ Market rate housing
- ▶ Affordable housing
- ▶ Mixed use housing
- ▶ Mixed income housing with Permanent Supportive Housing
- ▶ Neighborhood retail
- ▶ Commercial Office
- ▶ Service / industrial
- ▶ Civic / institutional / educational

Public Feedback

Nine groups of citizens and neighborhood residents provided input detailing their preferences for reuse at the Sears USARC site. In general, these groups had a fairly consistent message regarding their preferred uses at the site:

- ▶ Over two thirds of the groups cited affordable or mixed-income housing as a viable choice for the reuse of the property
- ▶ Many groups also expressed preference for an institutional use such as a community center
- ▶ Schools and other educational uses such as a high school or consolidation of existing schools were also commonly mentioned as being preferred
- ▶ Additional park, green space, or open space was mentioned by a third of the groups
- ▶ Most of the groups were opposed to the redevelopment of the site into private office space; only one group listed it as preferable
- ▶ Retail was also consistently mentioned as being a reuse possibility that was not desired, with potential traffic impacts resulting from such a use mentioned multiple times



Sgt. Jerome Sears USARC Portland, Oregon Reuse Master Plan

Other Issues Mentioned

- ▶ The reuse of the site should be compatible with neighboring uses, such as a nearby school
- ▶ Some are concerned over housing that is too high density
- ▶ While affordable and subsidized housing is supported by the residents, there is concern about the possibility of a homeless shelter

Public Meeting Two

The second public meeting for the Sharff reuse planning effort occurred on October 13, 2007 at the Multnomah Arts Center, a few blocks away from the Sears USARC. At the meeting, the planning team presented an analysis of three potential reuse scenarios: office/industrial, community/educational, and residential. For each alternative, the strengths, weaknesses, opportunities, and challenges were presented and discussed. Also, the organizations that had previously submitted Notices of Interest were given the opportunity to display information and materials supporting their proposed reuse of the Sears site, and to engage with local citizens in a discussion about their proposals.

Feedback on Reuse Alternatives

After the presentation, approximately 50 residents in attendance were organized into small groups and were asked to complete a short survey/feedback form that included the following questions:

- ▶ What would be your top choices for reuse of the Sears site?
- ▶ What is your reasoning? Why would these reuse options be a good choice?
- ▶ What reuse option/s would you absolutely not support? Why?

Additionally, participants were asked to answer the following questions for each of the three alternative land use options:

- ▶ Are there any Strengths, Weaknesses, Opportunities, or Challenges that were missed in the analysis?
- ▶ List 3 positive and 3 negative effects this land use may have on the community.
- ▶ I would support/not support this land use option because . . .

To conclude the meeting, participants were given the opportunity to ask questions and provide additional feedback to the planning team regarding their views on the potential reuse scenarios.



Public Meeting Three

The third public meeting was conducted on May 8, 2008 with about 75 people in attendance. The primary focus of the meeting was to inform the public about the progress and due diligence that had been conducted in preparation for presentation to the Portland City Council and the upcoming decision making process. Attendees were updated on the time line of the BRAC reuse planning process and given detailed information about the current proposals for the Sears USARC site, including proposals from the Housing Authority of Portland, Community Partners for Affordable Housing, Westside Christian High School, and the Portland Office of Transportation.

Results from the traffic analysis conducted on the area surrounding the Sears USARC site were also presented, and finally, attendees were informed about the upcoming decision regarding the land use of the Sears site by City Council in a hearing on June 12, 2008. Public feedback was not solicited directly at the meeting, but comment via e-mail and the project website was invited.

City Council Hearing and Plan Adoption

On July 7th, 2008, two days prior to the City Council Hearing on July 9th, City Staff and Housing Commissioner Nick Fish toured the Sears USARC site with neighborhood residents and fielded questions and heard concerns at a public meeting afterwards.

The City Council hearing on July 9th involved the formal adoption of a Resolution supporting the recommendations set forth in the Reuse Master Plan and adhering to the wishes of the local neighborhood organization by recommending that the Sears USARC site be redeveloped as a residential land use.



Section 4: Existing Conditions Assessment



The successful redevelopment of the Sears USARC property will depend, in part, on understanding and responding to a variety of existing market and economic considerations and trends; land use and zoning issues and influences; physical site conditions and characteristics; building assessments; and environmental conditions of the property. While it is not the intent of this report to provide a detailed and comprehensive inventory and assessment of these issues, it is important to understand the critical elements that can influence, or be influenced by private-sector development of the base. This Existing Conditions Assessment will begin to provide the Portland Development Commission with the ability to react to and make recommendations for specific potential reuse proposals that could be submitted by a variety of local and state agencies and interests, as well as potential private-sector interest groups.

While the following information presents an overview of existing conditions and characteristics, no one issue will dominate subsequent land use planning and property transfer recommendations. As with any complex real estate project, the feasibility of future development will be based on a combination of impacts from market, regulatory, and physical conditions and considerations, as well as City of Portland goals and objectives for the property.

Land Use / Zoning Issues and Influences

As a basis for determining future use potential within the limits of current zoning for the property, representatives of PDC requested information from City of Portland's Bureau of Development Services - Land Use Services Division. The following information is taken directly from the Division's official response, dated March 15, 2007.

Site Context Map



The property is located in the R1 - 1,000 square foot Multi Family Residential zone; no additional overlay zones are applicable, nor is the property within a plan district. The R1 zone allows multi-dwelling residential development up to a maximum density of one unit per 1,000 square feet of site area, and requires a



minimum density of one unit per 1,450 square feet of site area. Newly created lots in the R1 zone must be at least 10,000 square feet in area for multi-dwelling development. There is no minimum lot area for developments with detached or attached houses or duplexes. Minimum lot width and depth standards may apply. Additional density bonuses up to 50% may be awarded if the development satisfies certain "Amenity Bonus" requirements. A maximum of 43 units/acre and a minimum of 30 units/acre). Based on the size of the parcel, the site would qualify for as many as 215 units or as few as 120 units, without a bonus consideration. Building height restrictions allow for 1-4 stories, with a maximum height 45 ft (25 ft within 10 ft of front property line).

The property was annexed into the city on November 7, 1950. According to the tax assessment records, the use (shown as being established in 1962) was established after the site was annexed. The zoning for that site when the use was established was single family residential;

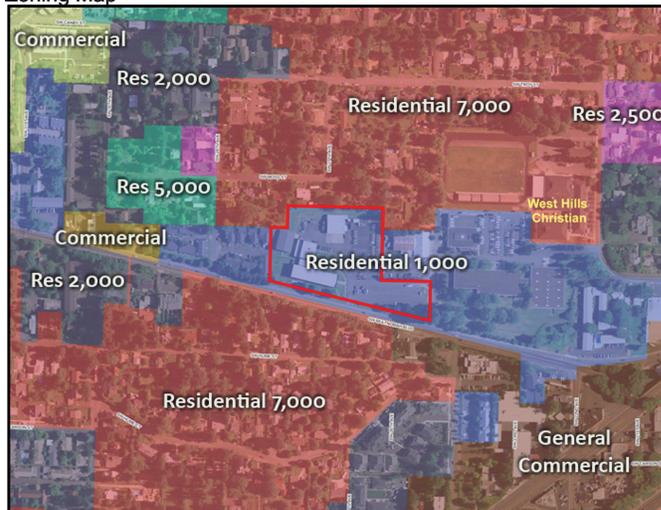
A non-conforming use that was lawfully established and is maintained over time (i.e. the use is in continual operation with no interruptions in the use for longer than 3 years), is allowed to continue. The continued use is not dependent on the property owner or

tenant, so non-conforming rights are transferable. However, changes to the type of use or development on the site, such as exterior storage yards becoming exterior parking or increases in floor area, require a non-conforming situation review;

Based on Bureau of Development Services assessment

of characteristics of the existing site uses, it believes that the property would be more accurately considered as a "Warehouse and Freight" use, as opposed to a mixture office and repair uses.

Zoning Map





Changing the current zoning designation (RI) to open space zoning would require a Type I11 Comprehensive Plan and Zoning Map amendment, with a mandatory pre-application conference. However, parks and open areas are an allowed use in the R1 zone (with conditional use requirements for certain types of active improvements. Any other zone changes to lower the zoning density (e.g. RF to R2.5 in the single dwelling zones, or R3 to R2 in the multi-dwelling zones) would increase the residential density (RH to RX). Changing the zoning to an industrial, employment or commercial zone would require a Type I11 Comprehensive Plan and Zoning Map amendment, with a mandatory pre-application conference. Some institutional uses are allowed with limitations.

Site Characteristics

Approximately 90% of the site is covered by impervious surface features (buildings, asphalt parking areas and driveways, and concrete walkways, etc.), with the remainder of the property covered by lawn, shrubs and trees. Topography at the site is relatively flat and slopes gently towards drains in the paved and unpaved portions of the site, ultimately discharging to storm water collection systems in adjoining roadways. No major surface water features are in the immediate vicinity of the site. The closest major surface water feature is the Willamette River, approximately 1.75 miles east of the site.

An asphalt parking lot for privately owned vehicles (POV) is located to the east of the site. The POV lot contains 100 stalls including one handicap accessible stall. A Military Equipment Parking area (MEP) is located to the north and east of Sears Hall. The pavement and concrete surfaces are in generally good condition; lawns and landscaping around the facility are also in good condition.

Exterior lighting is provided by building mounted wall packs at building entrances and pole mounted utility lighting around the perimeter of the maintenance area. Additional lighting is provided at the main entrance to the building, including ground mounted flood lighting for the flag pole.

Market and Economic Conditions and Influences

ECONOMIC CONDITIONS & TRENDS

The focus of this analysis is the identification of conditions and trends relevant to consideration of potential site reuse. This discussion begins with delineation of trade (or local market) areas potentially served by the property, followed by review of trade area demographics and then economic trends and projections.



Vicinity Area Uses

Opportunities for reuse are related not only to what is currently directly on-site, but also to compatibility with adjoining and other nearby neighborhood uses. While both properties are situated in areas designated largely for residential uses, there are distinct differences in the character and mix of the vicinity area's built environment.

The Sears (Southwest Portland) site is located toward the edge of a residential area just west of Barbur Boulevard and its mix of commercial office and retail. The site itself is adjacent to a complex of duplexes situated immediately to the west, with single-family residences to the north, and a warehouse building owned by Qwest to the east. Located south across Multnomah Boulevard is a thickly vegetated hill with no car access, but with property zoned residential (R7). At the eastern terminus of this block begins a general commercial zone (CG) with a door company and a woodworking shop.

Further to the east stretches more commercial office including a law center and a medical/dental office building. Spanning further to the south is additional residential development, predominantly multi-family with a mixture of owner and renter occupancy. The nearest commercial retail establishment is a hair and body salon located about 0.2 miles south of the site. The nearest full service grocery and pharmacy is Safeway within 0.5 miles, the nearest bank 0.5 miles, and the nearest laundromat 0.9 miles away. The Multnomah Village shopping and business district is situated just 0.3 miles to the west.

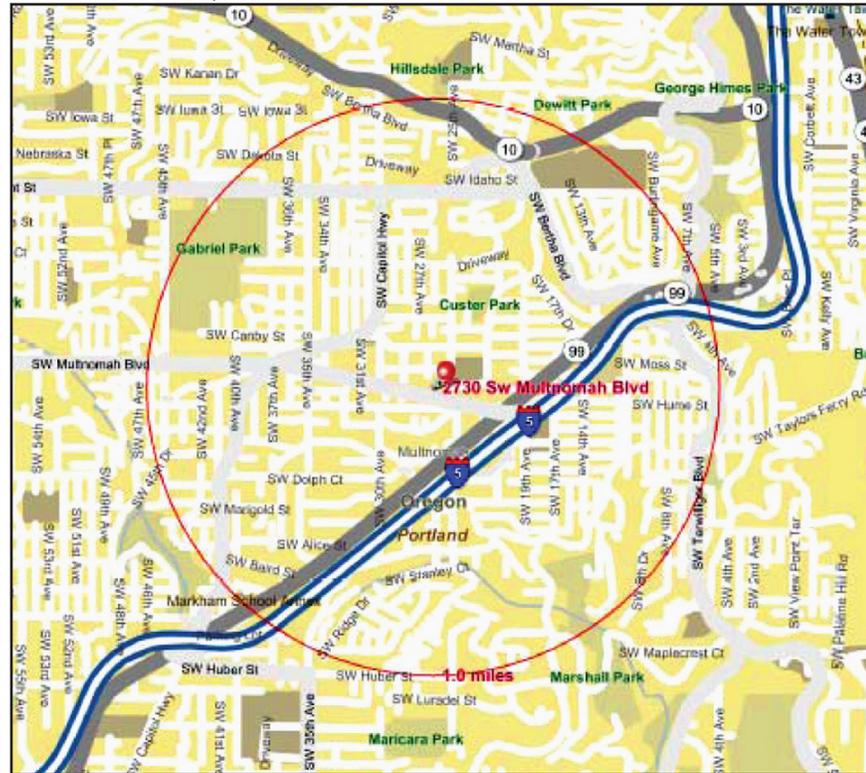
Trade Area Delineation

For purposes of this analysis, a trade area is defined that represents a reasonable sphere of vicinity area influence for the property. In effect, the trade area represents a geography that is useful for assessing neighborhood characteristics of interest for future site reuse. For residential use, the trade area represents uses that define a character of development appropriate for site reuse if housing is considered, as is likely given the residential zoning of each property. For retail use, the trade area represents a geography from which customers might be most readily drawn, especially for neighborhood-oriented retail and related service businesses. For this analysis, a trade area with a 1-mile radius is identified for the site, as depicted by the following map:



**Sgt. Jerome Sears USARC
 Portland, Oregon
 Reuse Master Plan**

Sears Trade Area Map



Source: ESRI Business Information Solutions and E. D. Hovee & Company, LLC.

Trade Area Demographics

Demographics considered with this analysis include population and households, age of population, race/ethnicity, and educational attainment. Detailed data is provided in the Appendix A. The following is a summary of pertinent observations related to the Sears USARC property.

Population & Households

The trade represents just under 3% of Portland’s population and less than 1% of the metro area population. Population growth to 2012 is also projected to be below city and region-wide rates of growth. Within 1-mile of the Sears site are 15,640 residents – projected to increase by 1.6% by 2012. On average, there are 2.14 persons per household – somewhat below the city-wide average of 2.29.



Age and Ethnicity of Population

Median age of residents within the Sears 1-mile trade area is 37.3 – just above the city-wide comparable median figure of 36.9 years of age. More than 85% of Sears area residents are White-alone, above the 75% city-wide average. The most commonly indicated racial characteristic is Asian or Pacific Islander at more than 5%. Persons of Hispanic origin are 6% of the trade area population.

Educational Attainment

City-wide, an estimated 38-39% of in-city residents (of age 25+) have an Associate's, Bachelor's or advanced degree. A relatively high 60% of Sears residents have this level of educational attainment.

Tapestry / Lifestmode Groupings

Increasingly, national demographic firms, retailers, and developers are looking beyond traditional demographic characteristics to also consider qualitative lifestyle and psychographic groupings. This approach draws on demographic analysis combined with survey and consumer information regarding spending patterns and lifestyle preferences. Retailers often use this information in deciding where to locate stores; homebuilders use the information in deciding what types of residences will be in demand; and, industrial site locators may use the information in helping to decide whether a particular community will be a good fit for a proposed business or industry.

The national demographics firm ESRI Business Information Solutions categorizes residents of the U.S. into 66 different Tapestry or Lifestmode groupings. Fourteen of the top five Tapestry Lifestmode segments for the Sears facility, the city of Portland and the Portland metro area are defined by ESRI as follows:

Top 5 Tapestry Lifestmode Groupings (2007)

| Tapestry Segment | Percent | Tapestry Segment | Percent |
|----------------------------|----------------|-------------------------|----------------|
| <i>Sears 1-Mile</i> | | <i>Portland</i> | |
| Metropolitans | 33.8% | Main Street, USA | 28.9% |
| Enterprising Professionals | 22.5% | Metro Renters | 12.2% |
| Old and Newcomers | 14.4% | Metropolitans | 10.9% |
| Exurbanites | 10.6% | Old and Newcomers | 6.9% |
| Urban Chic | 8.4% | In Style | 3.4% |
| Total | 89.7% | Total | 62.3% |

Source: ESRI Business Information Solutions and E. D. Hovee & Company, LLC. See Appendix B for more detailed Tapestry Lifestmode grouping definitions.

The only trade area with a different #1 Tapestry segment (than the city or region), the top grouping in the Sears 1-mile trade area consists of Metropolitans. Definitions for the



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

top 5 Sears groupings follow:

- ▶ **Metropolitans** – favor city living in older neighborhoods, 50% singles living alone or with others, 40% married-couple families, median age 37.1, median income \$57,600 with 50% of employed persons in professional or management positions.
- ▶ **Enterprising Professionals** – fast-growing market of young, educated, working professionals, median age 32.4, single or married, prefer newer neighborhoods with cityhomes or apartments, median income \$66,000.
- ▶ **Old and Newcomers** – neighborhoods in transition with those starting their careers or retiring, more single-person and shared households than families, 60% renters, many residents have moved in the last five years.
- ▶ **Exurbanites** – open areas with affluence, 40% empty nesters, 32% married couples with children, median age 43.6 years, median household income \$83,200 with 50% of employed persons in professional or management positions.
- ▶ **Urban Chic** – well educated professionals living an urban, exclusive lifestyle, predominantly married couple families and singles, median age 41.4 years.

Residents of the neighborhood area around the Sears site demonstrate a considerably greater orientation to urban living – about comparable to the entire city of Portland. The top 5 Tapestry groupings can be characterized by terms such as mid-career working adults, well educated, with relatively high proportions of single-person households, favoring a mix of single, attached and multi-family housing products

Economic Trends & Projections

Key economic indicators reviewed for this reuse analysis are household income, value of residences, employment by residence, and work trip commuting patterns.

Household Income

Within 1-mile of the Sears site, median incomes are at \$62,390 – above comparable city and region-wide figures. Southwest Portland incomes are projected to increase by an annual average of 3.4% over the next five years.

Value of Residences

Median home value within the Sears 1-mile area is \$347,270, considerably higher than the comparable figure of \$309,090 for the Portland metro area (\$281,130 within the city).

Employment by Residence

More than 56% of Sears area employed residents work in the services industry, above the 49% city-wide average. Other industries employing a significant proportion of the residents are retail trade at 10% and finance/insurance/real estate at 8%.



Travel Time to Work

City-wide, nearly 96% of employed residents commuted to work in 2000, with an average travel time of 23-24 minutes. Just over 94% of Sears employed residents commute, traveling an average of 20-21 minutes.

Means of Transportation

City-wide, approximately 64% of workers drove alone in 2000, with just over 12% using public transportation, and just under 12% carpooling. Nearly 71% of Sears area residents drove alone to work with 10% using transit.

MARKET DEMAND & REUSE POTENTIALS

With this background demographic and economic data in hand, this reuse analysis now shifts to consideration of market demand by type of real estate product. Key components of this assessment include a review of residential, commercial retail and commercial office/service industrial market demand. This is followed by a preliminary consideration of reuse potentials identified for evaluation and further discussion.

Residential Market

To depict residential market changes in the Sears trade area, information is utilized from data sources including the 2000 U.S. Census, ESRI estimates and projections from 2007-2012, and local industry data from sources including the Metro Multifamily Housing Association, and Metro Data Resource Center. Also reviewed is information from the 2004 report "Home Again: A 10 Year Plan to End Homelessness in Portland and Multnomah County" – including a related housing and homeless needs assessment.

Housing Characteristics

An important question affecting prospects for residential development is the pace of market absorption – or new units per year – that can be supported. ESRI data illustrates observed patterns over the 2000-2007 period, followed by projections from 2007-2012.

- ▶ The Sears USARC facility is located in a neighborhood with relatively high rates of home ownership. Over 57% of housing within 1-mile of Sears is owner-occupied, a 2% point increase since 2000. The entire city of Portland has the lowest rate of owner-occupancy at nearly 54%, whereas the metro area exhibits the highest percentage with nearly 61%. Owner occupancy is projected by ESRI to decrease over the next five years through 2012, especially if recent mortgage market conditions (starting in the summer of 2007) persist longer term.



Sgt. Jerome Sears USARC Portland, Oregon Reuse Master Plan

- ▶ The rental share of the housing inventory has decreased by 2.8% between the 2000-2007 span, with the Sears area decreasing by 3.3%. Decreases in rental occupancy of 2.7-2.8% have been experienced city and region-wide.
- ▶ In contrast, ESRI data indicates that the proportion of housing units that are vacant (or seasonally occupied) has increased over the last seven years, with the Sears area up 1.3%, the city 1.7%, and the metro area 0.9%. The proportion of housing units not occupied full-time is projected by ESRI to continue to increase through 2012.
- ▶ The most recent data on the number of units in a structure is from the 2000 Census. As of 2000, the vast majority of the Sears area exhibiting fewer detached single-family (62%) and more multi-family (36%).
- ▶ Data on the age of housing is also from the 2000 Census. City-wide, median age of housing dates to 1953. Housing stock is newer in the Sears area, with a 1966 median year of construction.

Market Absorption

Market absorption indicates the pace of consumer demand to support net new residential construction. ESRI data illustrates observed patterns over the 2000-2007 period, followed by 5-year projections from 2007-2012.

In the Sears area, net new construction has averaged about 36 units per year – with owner occupancy accounting for virtually all of net new demand. However, it appears a portion of these new units may comprise conversions or redevelopments from renter to owner-occupied housing due to the concurrent decrease in renter-occupied units. ESRI projects new added owner-occupied units to drop down to an increase of 16 per year, with an increase of net added renter-occupied units to about 8 per year from 2007-2012.

Detached & Attached Single-Family Units

The following information on the Sears trade area residential sales transactions from January-August 2007 has been gathered using RLIS Lite data from the Metro Data Resource Center with geographic information system (GIS) software.

- ▶ A total of 166 residential taxlots have sold in 2007 to date;
- ▶ 86% of the Sears area real estate transactions have been for single-family detached residential, with the remaining 14% for single-family attached residential;
- ▶ Area sales prices average \$376,250 for detached product and \$208,480 for attached product.



- ▶ The typical (average size) residence sold is just over 1,810 square feet for a single-family home and 1,100 square feet for an attached unit.
- ▶ On a per square footage of building area basis, 2007 detached product pricing has averaged \$207 versus \$189 for attached residential product in the area.

Apartment Trends

Available information is provided by the Metro Multifamily Housing Association for Southwest Portland, as well as the Portland metropolitan area. The geographic areas for which apartment data is reported include, but are larger than, the 1-mile trade area previously considered. Key observations include the following:

- ▶ Spring 2007 overall market vacancy rates are 3.74%, compared to 3.23% across the entire Portland metro area.
- ▶ Southwest Portland apartment rental rates range from \$1.08 per square foot per month for a studio to \$0.61 per square foot per month for a 3-bedroom. The average unit size for a studio unit averages 470 square feet, while a 3-bedroom ranges between 1,100-1,430 square feet.
- ▶ For the most part, apartment rental rates and sizes across the metro area are at \$1.16 per square foot per month for a 450-square foot studio to \$0.71 per square foot monthly for a 1,030-square foot 3-bedroom.

Affordable Housing

In addition to market rate owner and rental housing, options for affordable housing with varying levels of public funding support are being considered as part of the reuse planning process. As is the case elsewhere across most of the nation, the needs for affordable housing have been well documented across the Portland metro area.

Determination of housing affordability is typically made by comparing housing costs with household income. Households paying more than 30% of their gross income for rent/mortgage and utilities are considered housing cost burdened or "rent burdened." According to data from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Census Bureau 32% of Portland households are considered rent burdened.

Households with housing costs that exceed 30% of their gross income often are forced to choose between paying rent/mortgage and purchasing other necessities like food and health care. A personal or family crisis, such as a medical emergency or job loss, can put a household with an extreme rent burden at risk of homelessness. Nearly 14% of Portland households pay more than 50% of their gross income for rent/mortgage and utilities.



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

As determined by HUD, the 2007 FMR for a 2-bedroom unit in the Portland Metropolitan Statistical Area is \$737 per month. To afford this unit at 30% of gross income, household income would need to be more than \$26,000 a year. In 2005, 27% of low income households could not afford the FMR of a 2-bedroom unit.

For rental housing, needs currently appear to be greatest for units at 0-60% of median household income. These units are typically financed with federal tax credits. Units at the lower 0-30% rate also typically require some form of operating subsidy. With owner units, affordable housing needs are identified as perhaps greatest in the range of 80-100% of median household income, especially for larger family units. While much of the housing needs data has been compiled on a city or county wide basis, some comparative information is provided at a neighborhood level. The Multnomah neighborhood (in which the Sears site is located) does not have high concentrations of racial or ethnic minorities. The proportion of households earning less than 30% of median income falls within a moderate range. However, nearby neighborhoods of Bridlemile and Healy Heights do fall into the range indicating that a high proportion of renters are earning less than 30% of household area median family income.

As part of a national movement to end homelessness, an action plan to end homelessness for Portland and Multnomah County over 10 years has been prepared. The plan also addresses broader questions of housing affordability includes nine actions to end homelessness, the first of which is to address the lack of permanent housing.

While shelters are intended for quick access and transition to permanent housing, many are using shelters as continued temporary housing. One of the most effective tools for ending long-term homelessness is Permanent Supportive Housing. As part of this action plan, the City and County aim to provide 2,200 new Permanent Supportive Housing units by 2015. A related action addresses the need for new and innovative partnerships to be created to end homelessness.

The Sears property has attracted interest and Notice of Interest submittals from prospective providers of affordable housing as part of a Homeless assistance or public benefit conveyance process. These uses may be evaluated with others through the BRAC base redevelopment planning process.

Residential Opportunities Summarized

Because the site is located within already developed communities, the pace of nearby residential demand in recent years has been modest but steady – averaging about 35-40 net new units constructed annually near each facility. Slower rates of new construction have been predicted for the next five years – with the level of activity likely affected by the strength and duration of the current housing downturn.



The Sears site would appear to offer greater opportunity for a multi-family housing product, also consistent with current zoning for the site. Recent market experience suggests an ownership (i.e. townhome or condo) product which has supported higher construction values than apartments. However, market trends are now going against owner product with rents on the rise – suggesting resurgent demand for multi-family rental housing in the years ahead. A multi-family product on this site could be designed for either owner/rental use – depending on which market is more favorable at the time of construction. An affordable housing component may also merit consideration – possibly to serve a broader mix of housing needs than has been the case in the Multnomah area in recent years.

Commercial Retail Market

Current zoning of the Sears property suggests that it is readily suitable for residential use. However, commercial use is also considered by this reuse analysis because of the presence of commercial activity nearby and for the potential to serve neighborhood needs, whether as a small or major part of a reuse project. Key dimensions of the commercial retail market considered by this reuse analysis are retail sales supported and the vicinity area retail leasing market.

Retail Sales & Leakage

Retail demand relates to the volume of retail purchases made by local residents – whether made in the local trade area or elsewhere. Supply is defined as the volume of retail sales activity actually experienced by local businesses. In conditions where demand outstrips supply, retail sales leakage occurs as local residents travel outside the immediate trade area to shop. In some areas, the volume of sales will outstrip locally generated demand, meaning that retailers are drawing from well beyond the local trade area. For this analysis, the key question is the whether the local community is currently well served or could benefit from additional retail businesses closer to home.

Sears Area Retail Patterns

Retail purchasing power generated by residents within the immediate 1-mile trade area is estimated at \$236 million per year. Actual retail sales are estimated at \$162 million, with an estimated \$75 million in annual sales leakage. Broken down by store type:

- ▶ The immediate Sears market area appears the most under-served by the retail categories of motor vehicles, general merchandise, and apparel. However, these are categories of retail that typically require larger sites and serve comparison trade areas extending well beyond 1-mile.



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

- ▶ The retail categories for which the Sears market appears the most over-served are health and personal care stores, specialty store retailers (such as florists, stationery, gift and antique stores), and sporting goods, hobby, book and music stores. These represent store types that often function well in smaller spaces serving smaller population bases; however, this market need already appears to be well met (as in the nearby Multnomah Village commercial area).
- ▶ Through 2012, the Sears area (on paper) could support up to an added 149,000 square feet of retail space: 141,000 square feet for recapture of existing leakage and 8,000 square feet to serve population growth over the 2007-2012 time period.
- ▶ General merchandise represents the retail category that could conceivably support the greatest increase in commercial building space – followed by apparel and building materials and garden supplies stores. However, these store types likely would require relatively large sites and would attract customers from well beyond the local neighborhood area.

Retail Leasing Market

With over 1.5 million square feet of retail and shopping center space, Southwest Portland (Sears) comprises 1.1 million square feet of retail and shopping center space, accounting for 1.4% of the region's commercial retail space:

- ▶ The average annual per square foot retail (triple net) rental rate is at \$17.71 in Southwest Portland, somewhat lower than the average rental rate of \$19.85 for retail properties throughout the Portland metro area.
- ▶ Rental rates are higher in free-standing retail at \$20.82 than in multi-tenant centers at \$17.28.
- ▶ As of August 2007, commercial retail vacancy stands at 4.2%; rental rates are below the comparable Portland metro-wide figure of 5.1%.
- ▶ Through August 2007, shopping center properties within Southwest Portland are experiencing negative absorption, meaning more properties are being vacated than leased. Both locally and regionally, absorption recently has been stronger for stand-alone than for shopping center space.
- ▶ Out of 4.96 million square feet of new retail development that is proposed or under construction throughout the Portland metro area, Southwest Portland accounts for 3,335 square feet – indicating that these sub-markets are either being overlooked or viewed as already well-served.



Retail Opportunities Summarized

Development of retail at this site appears challenging due to factors including current lack of supportive zoning and market opportunities limited to larger footprint rather than small scale retail uses. The store types for which there is the greatest unmet retail demand for the area served by the Sears site are also generally larger format stores – including home furnishings, building and garden, and general merchandise (whether discount or more traditional department store). These uses potentially could be accommodated by this less than 4 acre site area, though most likely as free-standing stores due to lack of adequate site size for a multi-tenant center.

While Multnomah Boulevard has other retail development, current zoning of the subject site is not supportive of major retail activity. Any retailers of the scale indicated could also be expected to serve customers from beyond the 1-mile trade area. One added possibility would be for a limited number of ancillary small scale retail spaces that might be developed as part of a mixed-use (but primarily residential) project – such as coffee shop/deli.

Commercial Office / Service Industrial

The last type of reuse opportunity considered for the Sears site would consist of some form of commercial office and/or service industrial activity. These activities are most similar to how these properties are currently used and could therefore most readily support continued occupancy of the existing structures rather than demolition and new construction. While not currently zoned for office or service industrial use, the Bureau of Planning has indicated that reoccupancy for what is described as a “Warehouse and Freight Movement Use” could be supported as a continued non-conforming use activity.

Base information for commercial office/service industrial space is typically available from commercial real estate brokerage sources. For this analysis, the primary source of information is the national real estate data firm CoStar, which compiles its data from sources including field surveys, and broker and owner contacts. Office buildings are rated as Class A, B or C; industrial space is separated into flex and industrial space.

Office Space

Based on CoStar data, Southwest Portland has just under 2.2 million square feet of competitive rentable building area in 173 office buildings – comprising 3% of the region-wide office space:

- ▶ All of the office space in Southwest Portland is classified as Class B or C space, with no Class A space.
- ▶ The typical office building in Southwest Portland has nearly half the leasable area – averaging 12,500 square feet per property.



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

- ▶ Overall full service gross rental rates reported for commercial office properties are at just under \$17.20 per square foot; Class B space commands the highest rents. Class B and Class C rates are below comparable rental rate averages for the entire Portland metro area.
- ▶ As of August 2007, composite office market vacancies were highest in Southwest Portland at 11.2%, with the metro area vacancy figure at 9.9%. By office type, vacancy rates are highest for Class B space (12.9%).
- ▶ Through August 2007, similar to recent retail market experience, Class B office properties within Southwest Portland have been experiencing negative absorption as more properties are being vacated than leased. Regionally, absorption has been strongest for Class B space.
- ▶ Out of 4.9 million square feet of new office development that is proposed or under construction throughout the Portland metro area, Southwest Portland accounts for 20,000 square feet.

Service Industrial Space

Southwest Portland has just over 306,200 square feet of competitive rentable building area in 23 buildings – comprising less than 1% of the region-wide industrial space:

- ▶ Flex space comprises more than 14% of Southwest Portland's inventory. Flex space accounts for nearly 13% of total industrial space throughout the Portland metro area.
- ▶ Industrial buildings have about one-third the leasable area region-wide – averaging only 13,300 square feet per property.
- ▶ Overall modified gross rental rates reported for industrial properties are \$5.40 per square foot in Southwest Portland. The metro area-wide rental rate is considerably higher at over \$8.30 per square foot. Rents are only reported for industrial space (and not for the more limited inventory of flex users). Across the Portland metro area, flex space commands a higher rent rate of \$10.40 versus \$7.40 for industrial space.
- ▶ As of August 2007, composite industrial market vacancies are 1.5% in Southwest Portland. Metro area total industrial market vacancy rate is 6.6%. By industrial type, the highest vacancies are for industrial space (1.8%) in Southwest Portland.
- ▶ Through August 2007, properties within Southwest Portland comprise less than 1% of the metro area absorption. Regionally, absorption has been strongest for industrial space rather than flex space.
- ▶ Nearly 11 million square feet of new industrial development is proposed or under construction throughout the Portland metro area; Southwest Portland accounts for 5,000 square feet.



Commercial Office & Service Industrial Opportunities Summarized

The Sears property could be well-suited for continued use similar to that of USARC. The type of use most readily accommodated would be a private firm or public/non-profit entity requiring on-site transportation/warehouse functions together with a significant component of administrative and/or educational/training space.

The markets served show signs of market demand – as secondary, lower cost locations whether for office or service industrial activity. Market rents should be adequate to support continued use of existing structures, but likely would not be adequate to justify building demolition and significant new construction. Supported land values with service industrial are also below land values supported by residential and commercial office use.

Because this type of use is not consistent with current zoning, the ability to be considered for office/service industrial will hinge on a favorable ruling as continuation of an existing non-conforming activity. The Sears site has attracted some expression of interest for public/non-profit educational use. However, this site has experienced less federal upgrading investment in recent years, meaning that more investment would likely be required from a new office, educational and/or other related service industrial occupant (if permitted). As a result, long-term reuse of the existing buildings for office and service industrial appears challenging.

Buildings and Facilities

As a major part of the study's inventory and analysis of existing conditions, a Building and Facilities Assessment was conducted for the building resources on the Sears USARC property. The purpose of the study was threefold: (1) to identify and document significant buildings and facilities that might be considered for similar or adaptive reuse in the future; (2) to determine the extent of conditions and characteristics that might impact a building's cost-effective utilization or adaptive reuse; and, (3) to provide a standard method and format to document the data for use during this planning study, and for future marketing of the building and facility resources.

During the data collection and building and site inventory process, Matrix Design Group Planning Team members obtained digital information, comprising record documents (drawings, databases, environmental reports) associated with the study area. The review of the data and resulting summaries are based in large part on data and information provided by the U.S. Army, as well as information obtained during on-site reconnaissance and walkthroughs of each building. Additional detailed data, such as building floor plans made available by the Army is provided in the appendix of this report. It should be noted that the data obtained may not include all facilities on the property.



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

Over the years, since the base was originally developed, facilities were sometimes built, added to or demolished. Consequently, not all of the information was necessarily recorded in the current database. However, it is believed that pertinent data is substantially complete and provides a reasonably adequate view of the built environment at the Sears site. The primary source of this data was made available from the local BRAC representatives and/or local property managers of the facility. Reports, maps and other related information collected are included in the appendix.

Evaluation Approach and Inventory Assumptions

The material presented in this report is in general conformance with portions of ASTM standard E 2018-01, "Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process." The goal of this report is to present current, general physical conditions of the subject facility subsequent to a physical site visit and walk through and to identify "readily observed" deficiencies with building systems, components and/or finishes. Physical measurements were not taken. Record drawings and building department records provided by the client were relied upon for base drawing information. To the extent possible the most current record drawings were used in this report, unless graphic quality necessitated the use of an earlier version to convey an observation or existing condition noted in the report.

Site reviews documented and/or reviewed the following:

- ▶ Record drawing information
- ▶ General Building Information
- ▶ Year Built, Area, L/W/H, stories
- ▶ Architectural, Structural, Electrical
- ▶ Site, Accessibility
- ▶ HVAC, Plumbing, Fire Alarm, Sprinkler
- ▶ Roofing, Interiors, Exterior
- ▶ Noted Deficiencies
- ▶ Photographic documentation

Site Utilities

Water Service

The City of Portland, Water Bureau provides water service to the site. A 3" service line connects the site to a pressurized main located in the center of SW Multnomah Boulevard. Using average water demand criteria for the existing use (Office/Industrial) the existing water supply to the site is adequate.

Sewer Service

The City of Portland, Bureau of Environmental Services provides storm and sanitary sewer service to the site. A 30" concrete sanitary gravity main located beneath SW Multnomah Boulevard services the site. The sanitary main is connected to the site by a 6" line. Storm water is collected on site in inlets dispersed around the hardstand area and carried to the city storm sewer system through 8" concrete pipes. Using average sewer demand criteria for the existing use (Office/Industrial) and the existing sewer capacity at the site is adequate.

Water & Sewer System Detail



Gas and Electric

Portland General Electric provides electricity and Northwest Natural Gas provides gas to the site. Electricity is delivered to the site via an underground, 3 phase transmission line which connects to the site through two separate meters. Gas is delivered to the site via a 2" pressurized gas main. Per Mr. Roger Binns of Northwest Natural gas the existing 2" line is adequate to support a change in service to residential units.



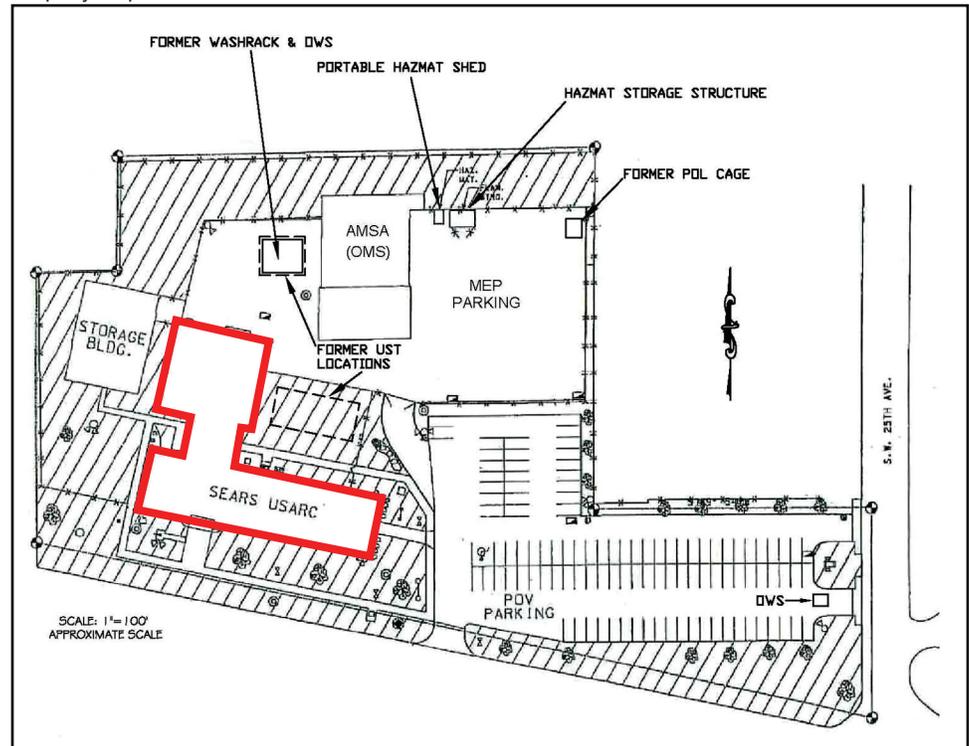
Sears Hall Summary

Sears Hall is one of four permanent structures on the approximately 4-acre SGT Jerome F. Sears U.S. Army Reserve Center.

Key Statistics:

- ▶ Year Built: 1959/60
- ▶ Last Major Renovation: 2001 (~\$1M)
- ▶ Gross Square Footage: 24,104
- ▶ Building Footprint: 15,490 square feet
- ▶ Dimensions: 184'-8" x 47'-4", 41'-9" x 33'-0", 74'-2" x 72'-5"
- ▶ IBC Use and Occupancy Classification: Mixed – Group A-4 (Assembly), Group B (Business) and Group S-2 Low-Hazard Storage
- ▶ IBC Construction Type: Type I
- ▶ City Zoning: R1 (Residential)
- ▶ Existing Use: Office, administration, training, assembly, storage

Property Map





Front South Elevation



Rear Elevation



West Elevation



East Elevation



Structure

The building foundation consists of 8" reinforced concrete walls on 12" deep continuous reinforced concrete footings of varying width at varying depths beneath grade. Floors on the first level are 4" thick concrete slab on grade with 6X6-10/10 welded wire mesh reinforcing. The floor slab in the auditorium is 9" unreinforced concrete on "drainage fill" and the slab beneath the boiler room is 12" unreinforced concrete on drainage fill. Second story floor slabs are 8" concrete reinforced with varying amounts of temperature steel. The roof system consists of steel joists supporting 20 gauge metal decking. The roof membrane is rolled asphalt roofing on rigid asphalt. Three 9" wide by 29 1/4" deep glu-lam beams support the roof over the auditorium.

Exterior load bearing walls are 8" reinforced concrete with brick veneer. Interior load bearing walls are 8" reinforced concrete masonry units. Non-load bearing partitions are constructed of 3 1/2" metal stud with 5/8" gypsum board.

Wind and seismic (lateral) loads are resisted entirely by the reinforced concrete exterior walls and monolithic reinforced concrete floors. Minimal (if any) upgrades would be required to meet current seismic design standards.



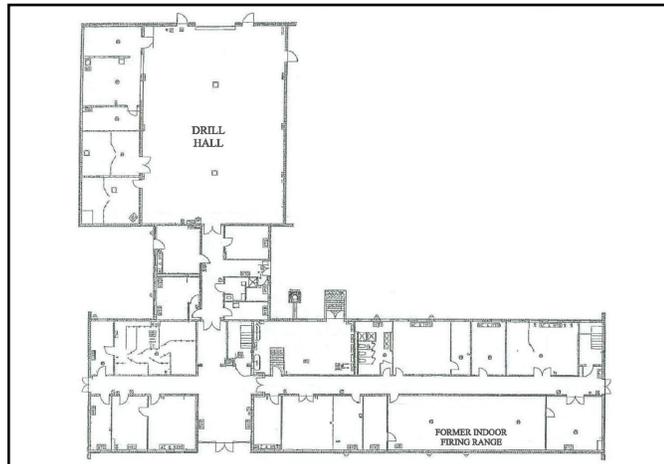
Architecture

Sears Hall is a large administrative facility capable of supporting numerous functions including office, training, assembly and storage. Originally built in the early 1960s from standardized "U.S. Army Reserve Center – 2 Unit, Expansible" plans produced by the Office of the Chief Engineers, United States Army in Washington DC during the 1950s, the building is typical of administrative support facilities built by the Army during this era. The structure is comprised of three separate elements. The primary space is a two-story, 17,480 square foot rectangular shaped building housing office, classroom and administrative space as well as the boiler room which provides heat to the entire structure. An approximately 96 square foot armory for the storage of weapons is located on the first floor. A two-story high, 3,770 square foot assembly area is behind the main building. To the west of the assembly area is a single story, 1,593 square foot area that was added as part of a 1983 renovation of the facility. The two major building elements are connected by a single story, 1,378 square foot area which originally housed the kitchen area.

A major renovation of Sears Hall was undertaken in 1983. Significant components of that renovation include the demolition of the indoor rifle range and conversion of that space into a unit storage area, the addition of a 22'-0" x 72'-5" kitchen area to the side of the assembly area and upgrading of the mechanical and electrical systems.

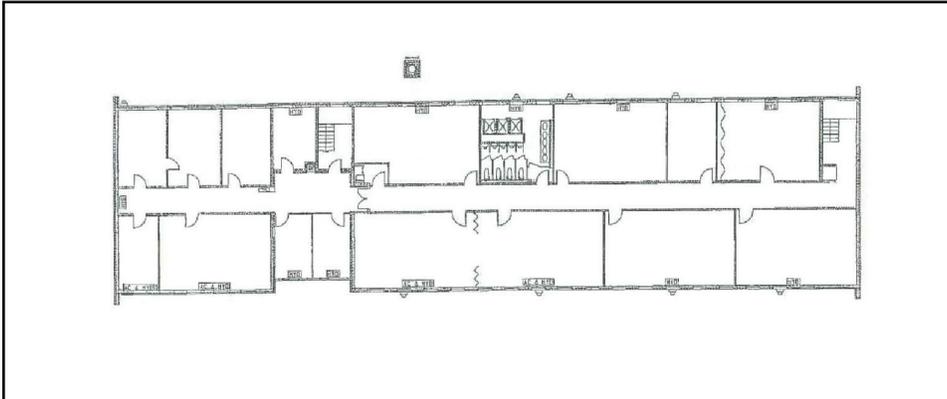
The most current renovation occurred in 2001 at a cost of approximately \$1,000,000. Work included painting the entire interior of the facility, installation of a 4" wooden chair rail in hallways, replacement of light fixtures with T-8 fluorescent fixtures, installation of a new fire alarm system, conversion of the storage area into classrooms, new flooring in hallways and foyer, new wood doors throughout the facility, and the installation of a new weight room, suspended ceiling, roll up door and clerestory windows in the assembly area and demolition of the kitchen and installation of new storage "caging" in the assembly hall addition.

First Floor Plan





Second Floor Plan



Building Characteristics

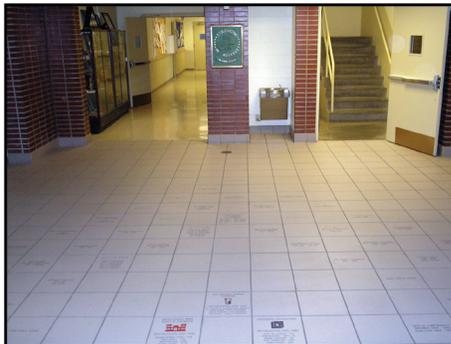
Building Envelope

Exterior walls are 8" reinforced concrete with brick veneer. The exterior masonry appeared to be in good condition. The concrete and masonry provide adequate insulation for the moderate climate in the region.

The building slab rests directly on grade with no basement or crawl spaces beneath. The boiler room floor is 5'-0" below the main floor. The boiler room is accessed from a small flight of stairs located off the main first floor corridor and from another small stair exterior to the room.

Windows/Doors

The majority of the windows in the building are metal frame, single pane, single hung units. Single pane, single panel awning type window units are located in the training rooms along the front (northeast) side of the administrative building. Except for windows in the assembly hall which were replaced with a "Kalwall" panel system in the 2001 renovation the windows are from the original construction.



Sears Hall Lobby



Assembly Hall



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

The main entrance consists of two sets of double 3'-0" x 6'-8" glass doors in a store front mounting with double pane, insulated side lites that were installed as part of the 2001 renovation. Additional exterior doors are double 3'-0" x 6'-8" hollow metal doors in hollow metal frames. On the northwest end of the assembly area are two single panel 3'-0" x 6'-8" hollow metal doors in hollow metal frames and a 12'-0" x 14'-0" overhead door. All exterior doors have standard "panic" hardware. The doors appear to be in good condition.



Assembly Hall

Building Trim

Soffits, gutters and downspouts are all prefinished metal. All copings, gutters and downspouts were replaced as part of the 2001 renovation and are in good condition. A prefinished metal entrance canopy with a ballasted EPDM roof was also installed as part of the 2001 renovation. The soffit beneath the entrance canopy is prefinished aluminum.



Floor Slab

Floors on the first level are 4" thick concrete slab on grade. The floor slab in the auditorium is 9" unreinforced concrete on "drainage fill" and the slab beneath the boiler room is 12" unreinforced concrete on drainage fill. Second story floor slabs are 8" concrete.



Roof

Roof

The roof is rolled asphalt shingle on rigid insulation applied to 20 gauge metal decking supported by open web steel joists. Per Bill Schell the roofing was replaced in 2003.

Interiors

Interior partitions are either CMU load bearing walls or 3 1/2" metal studs with gypsum board. Wall finishes include red brick in the lobby, painted CMU with a 4" nominal wood chair rail in corridors and painted texture in office and classroom areas. Four inch vinyl base cove is present on all interior walls. The interior surfaces are all in generally good condition.



Suspended acoustical tile ceilings are common throughout the building. All of the ceilings in the assemble area were replaced during the 2001 renovation. Information on the age of the remaining suspended acoustic tile ceilings throughout the facility was unavailable, however the ceilings appear to be in good condition.

Finished floors in lobby and corridor areas as well as the assembly hall are primarily vinyl tile. Flooring in the offices and training rooms is carpet. The floor in the Unit Storage area is sealed concrete.

Interior doors are primarily solid core wood doors in hollow metal frames. Many of the doors have 2-hour fire rated glass lites. The doors have a mix of knob and lever type hardware with narrow projection closers. Two-hour rated metal doors in hollow metal frames with push type hardware separate the stairs from corridor spaces. The doors were replaced as part of the 2001 renovation and are all in good condition.

Code Compliance

Findings based on International Building Code 2003 (IBC 2003) includes the following:

- ▶ Use Classification: Mixed – Group A-4 (Assembly), Group B (Business) and Group S-2 Low-Hazard Storage

- ▶ Construction Type: Type I – Interior and exterior load bearing elements are of noncombustible material, interior partitions are of noncombustible metal studs, some with a 2 hour fire rating.

- ▶ Sprinkler System: IBC imposes the following requirements for automatic sprinkler systems:
 - Group A-4: Required when the floor area exceeds 12,000 square feet, occupant load exceeds 300 and egress is located on floor level other than level of exit.
 - Group B: Required when the floor area exceeds 1,500 square feet and there is NOT provided at least one opening to the exterior totaling at least 20 square feet in each 50 lineal feet of exterior wall.
 - Group S-2: Required when the floor area exceeds 12,000 square feet, the storage area is located more than three stories above grade or the combined area of all storage areas, including mezzanines, exceeds 24,000 square feet.



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

Sears Hall does not meet any of these requirements and does not require the addition of a sprinkler system to comply with IBC requirements.

- ▶ **Fire Rated Areas:** The IBC requires 2 hour separation between Group A-4 and Group B uses and between Group A-4 and Group S-2 uses. The CMU wall separating the assembly area (Group A-4) and the administrative area (Group B) meets this requirement. Additionally, the areas are separated by a two hour fire rated door. The wall separating the assembly area from the unit storage area is a two hour fire rated assembly which includes 2 hour rated door. No renovations to the facility are required to meet these code requirements.
- ▶ **Means of Egress:** Sears Hall has three exterior doors in the administrative area, one in the connecting structure, two in the assembly hall and one in the unit storage area. Additionally, there is an overhead coil type door in the assembly area. All exits are clearly marked by illuminated signs and all doors have panic hardware and open to the exterior of the building. Stairs and corridors meet or exceed the minimum required 44 inches of width and egress doors exceed the minimum required 32 inches of width. Doors equipped with self closers and panic hardware separate stairs from hallways. Sears Hall meets the IBC requirements for egress.

Accessibility

- ▶ **Bathrooms:** Accessible stalls are available and meet requirements for fixture height, clearance, grab bars and maneuvering area.
- ▶ **Doors and Door Hardware:** A ramp is provided from the POV parking lot allowing easy access to the east entry. Entry doors do not have automatic openers. Interior doors are of sufficient width to meet requirements and have appropriate lever type hardware.
- ▶ **Vertical Conveyance:** No mechanical conveyance is provided between floors making the second story inaccessible to non-ambulatory persons.



Accessible Entry



Door Panic Hardware



HVAC

Heat is provided by an oil fired central boiler located in the administrative portion of the building. Floor mounted terminal radiators distribute heat locally. The boiler was replaced as part of a 1988 project that also upgraded controls. The boiler is almost 20 years old but appears to be in good repair. Air conditioning is provided by a central air conditioning unit pad mounted at grade on the north side of the building.



Boiler



AC Chiller Unit

A remotely monitored Energy Management and Conservation System (EMCS) controls temperatures within the building and maintains energy efficiency by automatically adjusting air flows with changing seasonal and occupancy demand. A remotely monitored fire alarm system with local annunciators and pull stations provides fire protection for the facility. There is no interior sprinkler system. The alarm system was upgraded as part of the 2001 renovation.

Electrical System

A new 120/208 V 3PH 4W main distribution panel was installed as part of the 1983 renovation. New subpanels were installed to support the redistribution of power. Lighting and receptacles were replaced to support the installation of new ceilings and modular furnishings. Except for the replacement of fluorescent light fixtures in 2001 no other record of electrical renovations could be found.



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

Electrical Panel



Fire Alarm Panel



Physical Security

The site is surrounded by a 7'-0" chain link security fencing topped with 3 strands of 4 point barbed wire. Access to the building is through exterior doors controlled by magnetic card readers. Closed circuit television (CCTV) cameras attached to the building exterior allow for the remote monitoring of the exterior and perimeter of the facility. Pole mounted lights provide perimeter lighting around the site.



Chain Link Fence



Pole Mounted Lighting

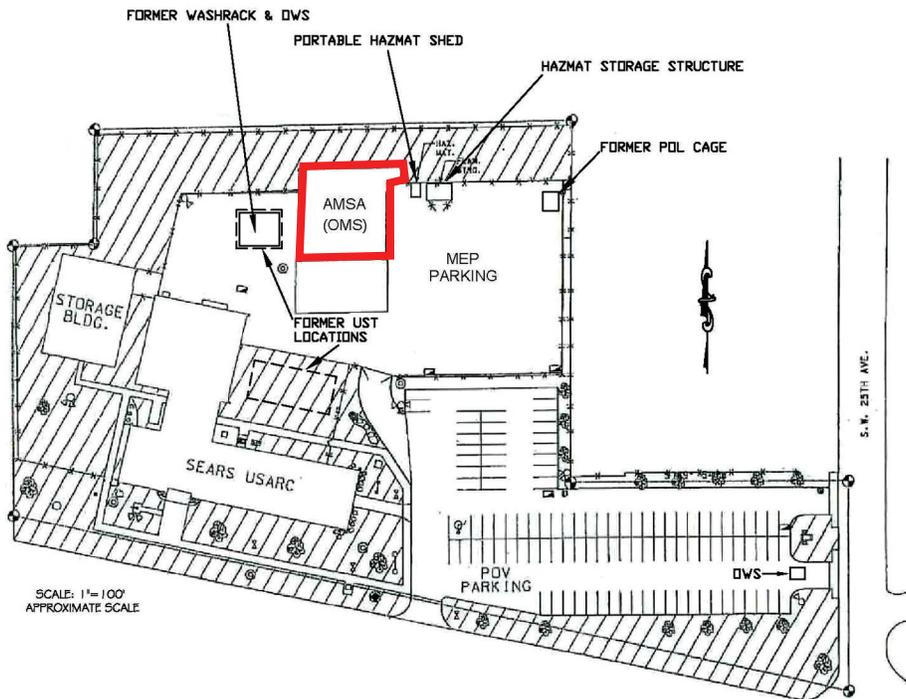


Operations and Maintenance Shop (OMS) Summary

The Operations and Maintenance Shop (OMS) is one of four permanent structures on the approximately 4.0 - acre SGT Jerome F. Sears U.S. Army Reserve Center. A Summary of Key Information is provided below:

- ▶ Year Built: 1959/60
- ▶ Last Major Renovation: 1978
- ▶ Gross Square Footage: 4,918
- ▶ Building Footprint: 4,918 square feet
- ▶ Dimensions: 70'-5" by 69'-9 3/4"
- ▶ IBC Use and Occupancy Classification: Group S-2 Low-Hazard Storage
- ▶ IBC Construction Type: Type III
- ▶ City Zoning: R1 (Residential)
- ▶ Existing Use: Office, storage, maintenance

Property Map





**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

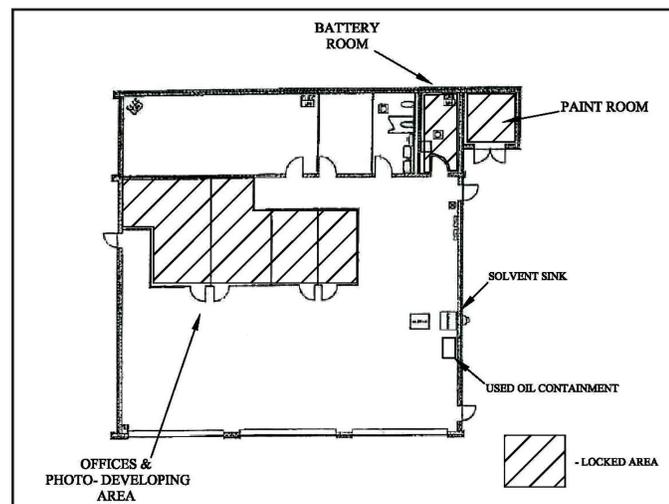
Structure

The building foundation consists of 12 ½” to 14 ½” reinforced concrete walls on 12” deep continuous reinforced concrete footings of varying width at varying depths beneath grade. Floors are 8” thick concrete slab on grade with 6X6-10/10 welded wire mesh reinforcing on 6” drainage fill. The roof system consists of 3” wide by 12” deep wood joists supporting ¾” diagonal wood decking. The roof membrane is rolled asphalt roofing. A 10” deep wide flange beam supported by two 5” diameter round steel pipe columns supports the roof at mid span. Exterior load bearing walls are 8” reinforced concrete with brick veneer. Wind and seismic (lateral) loads are resisted entirely by the reinforced concrete exterior walls. Minimal (if any) upgrades would be required to meet current seismic design standards.

The roughly 1,120 square foot addition to the building constructed during the 1978 renovation has a 4” reinforced concrete slab on 6” washed gravel fill. Eight inch foundation walls on 1’-9” wide, 1’-0” deep continuous reinforced concrete footings comprise the foundation. The roof framing system consists of 2 x 12 joists at 16 inch centers supporting ¾” plywood sheathing. Exterior load bearing walls on the 1978 addition consist of 8” reinforced concrete walls with brick veneer above grade and 12” reinforced concrete below. Interior partitions are 6” CMU.

Architecture

Sears OMS is a three bay garage type structure including three open bays, office, and storage space. Originally built in the early 1960s as a 3-bay maintenance shop from standardized U.S. Army Reserve – “Maintenance Shop, 3-Bay” plans produced by the Office of the Chief Engineers, United States Army in Washington DC during the early 1950s, the building is typical of maintenance facilities built by the Army during this era.



Floor Plan

Building Characteristics

Building Envelope

Exterior walls for the original construction are 8" reinforced concrete with brick veneer. The exterior masonry appeared to be in good condition. The concrete and masonry provide adequate insulation for the moderate climate in the region. The building slab rests directly on grade with no basement or crawl spaces beneath.

Windows/Doors

Three 3'-0" x 6'-8" hollow metal doors in hollow metal frames provide egress to the exterior of the building. Additionally, three overhead coil doors provide access to the bay area. These power operated doors were installed in 2001 at a cost of \$23,960.00 plus an additional \$1,773.00 for painting. All exterior doors have standard "panic" hardware. The doors appear to be in good condition.



Interior

Building Trim

Soffits, gutters and downspouts are all prefinished metal. All copings, gutters and downspouts appear to be in good condition. A DD Form 1354 dated August 7, 2001 indicates that \$9,286.00 was expended to upgrade the exterior of the Sears OMS building. Work included painting of doors, trim, exhaust hoods, gratings, louvers and miscellaneous metal items.



Roof Joist

Floor Slab

Floors in the original portion of the building are 8" thick concrete slab on grade. The floor slab in the new addition is 4" reinforced concrete on select fill (6" washed gravel).

Roof

The roof system over the original portion of the building consists of 3" wide by 12" deep wood joists supporting ¾" diagonal wood decking. Framing in the addition consist of 2 x 12 joists at 16 inch centers supporting ¾" plywood sheathing. According to Army property management staff, the roofing was replaced in 2003.



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

Interiors

Interior partitions are either CMU load bearing walls or 3 ½" metal studs with gypsum board. The interior surfaces are all in generally good condition. Ceilings in the bay area of the facility are exposed to the bottom of the roof deck. Flooring throughout the OMS is sealed concrete.

Code Compliance

Findings based on International Building Code 2003 (IBC 2003) includes the following:

- ▶ Use Classification: Group F-1, Factory-Industrial Moderate Hazard
- ▶ Construction Type: Type III –Exterior load bearing elements are of noncombustible material, interior building elements are of any material (exposed wood deck and joists) permitted by the code.
- ▶ Sprinkler System: IBC imposes the following requirements for automatic sprinkler systems:
 - Group F-1: Required when the fire area exceeds 12,000 square feet, is located more than three stories above grade or where the combined fire areas on all floors exceeds 24,000 square feet.
 - Sears OMS does not meet any of these requirements and does not require the addition of a sprinkler system to comply with IBC requirements.
- ▶ Means of Egress: Sears OMS has 4 exterior doors and 4 overhead doors. All exits are clearly marked by illuminated signs and all doors have panic hardware and open to the exterior of the building. Sears OMS meets the IBC requirements for egress.

Accessibility

- ▶ Bathrooms: Accessible stalls are available and meet requirements for fixture height, clearance, grab bars and maneuvering area.
- ▶ Doors and Door Hardware: A ramp is provided at each of the overhead doors allowing easy access to the building. No accommodations are provided at any exterior man doors or the main entrance. Entry doors do not have automatic openers. Interior doors are of sufficient width to meet requirements and have appropriate lever type hardware.



HVAC

Heat is provided by ceiling mounted unit heaters located within the bay areas. The drawings for the 1978 addition indicate that electric baseboard heaters were installed in the office area; this could not be confirmed from later drawings. No Air conditioning is provided to the building.

Electrical/Fire Alarm

A new 50 Amp 120/208 V 3PH 4W panel was installed as part of the 1978 addition. New subpanels were installed to support the redistribution of power.

Per a DD Form 1354 dated May 3, 2001 existing lighting was removed and replaced with new fluorescent "Sportlite" lamps. This work included removal and replacement of associated electrical raceways and was performed for \$20,648.00. An additional \$5,500.00 was spent to provide power to new power operated overhead coil doors installed under the same project.



CCTV Camera

Physical Security

The site is surrounded by a 7'-0" chain link security fencing topped with 3 strands of 4 point barbed wire. Access to the building is through exterior doors controlled by magnetic card readers. Closed circuit television (CCTV) cameras attached to the building exterior allow for the remote monitoring of the exterior and perimeter of the facility. Pole mounted lights provide perimeter lighting around the site.



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

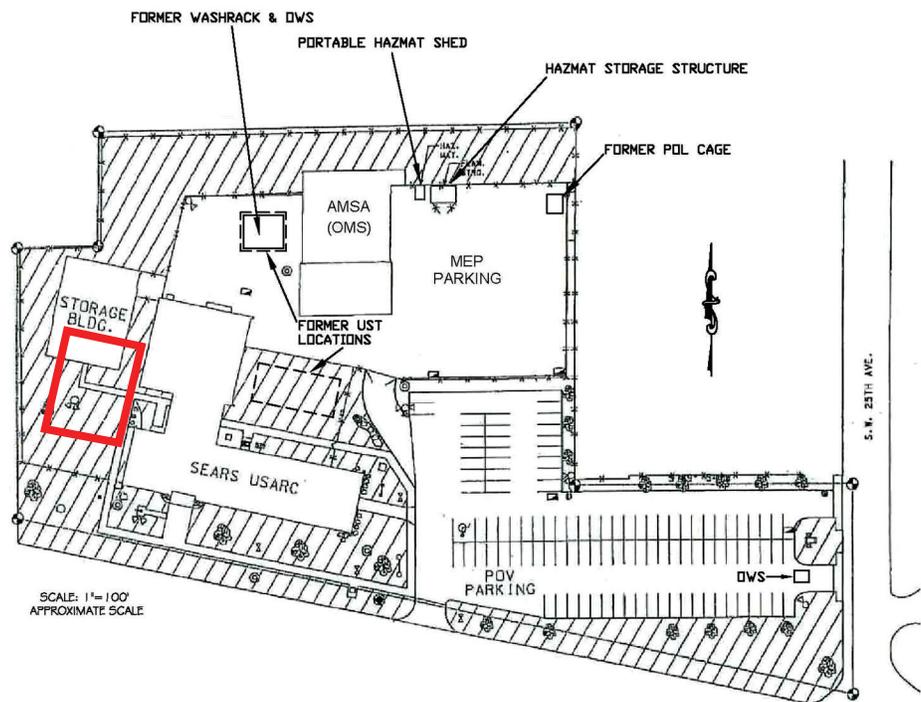
Storage Building Summary

The Sears Storage Building is one of four permanent structures on the approximately 4-acre SGT Jerome F. Sears U.S. Army Reserve Center. A Summary of Key Information is provided below:

Key Information

- ▶ Year Built: 1997
- ▶ Gross Square Footage: 4,800
- ▶ Building Footprint: 4,800 square feet
- ▶ Dimensions: 60' x 80'
- ▶ IBC Use and Occupancy Classification: Mixed –Group S-2 Low-Hazard Storage
- ▶ IBC Construction Type: Type V
- ▶ City Zoning: R1 (Residential)
- ▶ Existing Use: Storage

Property Map

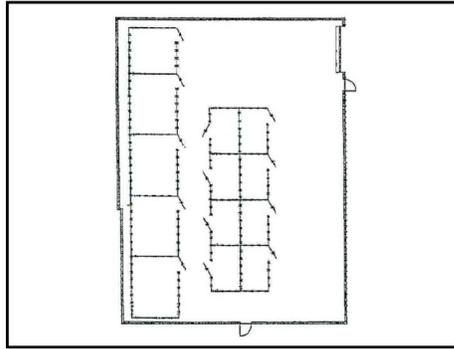




Architecture

The Sears Storage Building is an approximately 4,800 square foot storage facility supporting the U.S. Army Reserve 364th Civil Affairs Brigade and 320th PSYOP Company. Per a DD Form 1354 provided by the Army Reserve the prefabricated metal building was installed at a cost of \$131,064.46 in early 1997. This cost included the building, electric service, demolition and repair of paving and grounds and placement of a concrete sidewalk connecting the storage facility to Sears Hall. No indication of the cost for the concrete slab the building sits could be found.

East Elevation (left) & Floor Plan (right)



Structure

The building is a prefabricated metal (Butler) type building. The structural framing system consists of steel beams and columns.

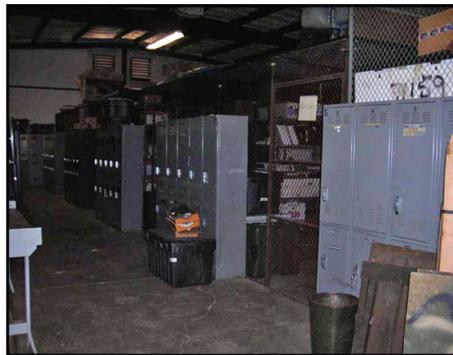
Building Characteristics

Building Envelope

The building is erected on a concrete slab (no dimension available) which rests directly on grade with no basement or crawl spaces beneath. Siding and roof consist of light gage pre-manufactured metal panels.

Windows/Doors

Two 3'-0" x 6'-8" hollow metal doors mounted in hollow metal frames provide access to the structure. Additionally, a 10'-0" x 12'-0" (approximate) overhead door permits vehicle access into the space. All exterior doors have standard "panic" hardware. The doors appear to be in good condition.



Interior



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

Building Trim

Soffits, gutters and downspouts are all prefinished metal.

Floor Slab

The floor is an unfinished concrete slab on grade, no data on slab thickness or construction was available.

Roof

The roof is standing seam metal.

Interiors

The interior space is unfinished and contains 13 prefabricated metal storage “cages.”

Code Compliance

Findings based on International Building Code 2003 (IBC 2003) includes the following:

- ▶ Use Classification: Group S-2 Low-Hazard Storage
- ▶ Construction Type: Type V
- ▶ Fire Rated Areas: None

Accessibility

- ▶ Bathrooms: No restrooms in the facility
- ▶ Doors and Door Hardware: No entrance ramp is provided. Entry doors do not have automatic openers.

Mechanical/Plumbing

No plumbing is provided to the building

HVAC

No heat or air conditioning is provided to the facility.

Electrical/Fire Alarm

Electricity for lighting and wall receptacles (120/240) is supplied to the building.



Physical Security

The site is surrounded by a 7'-0" chain link security fencing topped with 3 strands of 4 point barbed wire. The building foundation consists of 12 ½" to 14 ½" reinforced concrete walls on 12" deep continuous reinforced concrete footings of varying width at varying depths beneath grade. Floors are 8" thick concrete slab on grade with 6X6-10/10 welded wire mesh reinforcing on 6" drainage fill. The roof system consists of 3" wide by 12" deep wood joists supporting ¾" diagonal wood decking. The roof membrane is rolled asphalt roofing. A 10" deep wide flange beam supported by two 5" diameter round steel pipe columns supports the roof at mid span. Exterior load bearing walls are 8" reinforced concrete with brick veneer. Wind and seismic (lateral) loads are resisted entirely by the reinforced concrete exterior walls. Minimal (if any) upgrades would be required to meet current seismic design standards.

The roughly 1,120 square foot addition to the building constructed during the 1978 renovation has a 4" reinforced concrete slab on 6" washed gravel fill. Eight inch foundation walls on 1'-9" wide, 1'-0" deep continuous reinforced concrete footings comprise the foundation. The roof framing system consists of 2 x 12 joists at 16 inch centers supporting ¾" plywood sheathing. Exterior load bearing walls on the 1978 addition consist of 8" reinforced concrete walls with brick veneer above grade and 12" reinforced concrete below. Interior partitions are 6" CMU. •

Means of Egress: Sears OMS has 4 exterior doors and 4 overhead doors. All exits are clearly marked by illuminated signs and all doors have panic hardware and open to the exterior of the building. Sears OMS meets the IBC requirements for egress.



Environmental Conditions

This section presents a summary of known environmental conditions at Sears USARC that should be considered during reuse planning. This environmental analysis was prepared using limited data generated by other parties. The findings and conclusions are based on our professional opinion and are based on documents provided and produced by others. The potential exists for unreported and unknown environmental issues associated with the site or surrounding area that are not included in this document.

Limitations of Environmental Review

This environmental analysis was conducted in accordance with practices and procedures generally accepted by the environmental consulting industry. The analysis presented herein includes statements of professional opinion and are based on documents and information provided by and produced by others. No site walk was performed or sampling conducted of environmental media of any kind. The potential exists for unreported and unknown environmental issues associated with the site or surrounding areas that are not identified herein. No warranties, expressed or implied, are presented herein. However, Matrix Design Group has provided its best professional opinion with respect to the Site, including the following information:

Historical Environmental Activities

Light industrial operations involving hazardous waste have occurred historically on-site. Since 1989 a number of environmental investigations and activities have been performed, as summarized in Table 1. Chemicals which have been historically present on-site have included:

- ▶ Petroleum, Oil, and Lubricants (POL)
- ▶ Solvents
- ▶ Antifreeze
- ▶ Paints
- ▶ Lithographic fluids
- ▶ Compressed gas cylinders for welding
- ▶ Janitorial chemicals
- ▶ Acids

The site has been used for various activities during its years of operation. During these years of operation, some equipment and facilities have been demolished or removed as detailed in Table 1. Activities, equipment, and facilities historically or presently on-site have included:



- ▶ A vehicle wash rack with and oil water separator (OWS)
- ▶ Two 675-gallon underground storage tank (USTs) (one known heating oil UST and one unknown abandoned UST) and one 10,000-gallon UST containing fuel oil
- ▶ A battery room for sulfuric acid and battery storage
- ▶ A POL storage room
- ▶ Two paint lockers (one inside and one outside the Organizational Maintenance Shop)
- ▶ A portable parts cleaner with approximately 10-gallon solvent capacity
- ▶ A drum storage area
- ▶ A photography lab with developer and toner
- ▶ Three pole-mounted transformers and one pad-mounted transformer
- ▶ Auto maintenance including oil/fluids changes
- ▶ An indoor pistol firing range

Potential Environmental Concerns

MES reviewed the Environmental Condition of Property (ECP) report dated March 2007. During the review, several concerns were noted.

While removing the 10,000-gallon UST and the abandoned 675-gallon discovered during the 10,000-gallon removal, grey stained soil exhibiting a petroleum odor was encountered. Contaminated soil was excavated and removed from the site. Visqueen (plastic) was placed at the bottom of the excavation and the area was backfilled with sand. Soil samples returned analytical results for diesel range organics (DRO) at concentrations greater than the DEQ standards. The ECP did not further elaborate on any resolution of the contaminated soil with concentrations of DRO greater than DEQ cleanup levels.

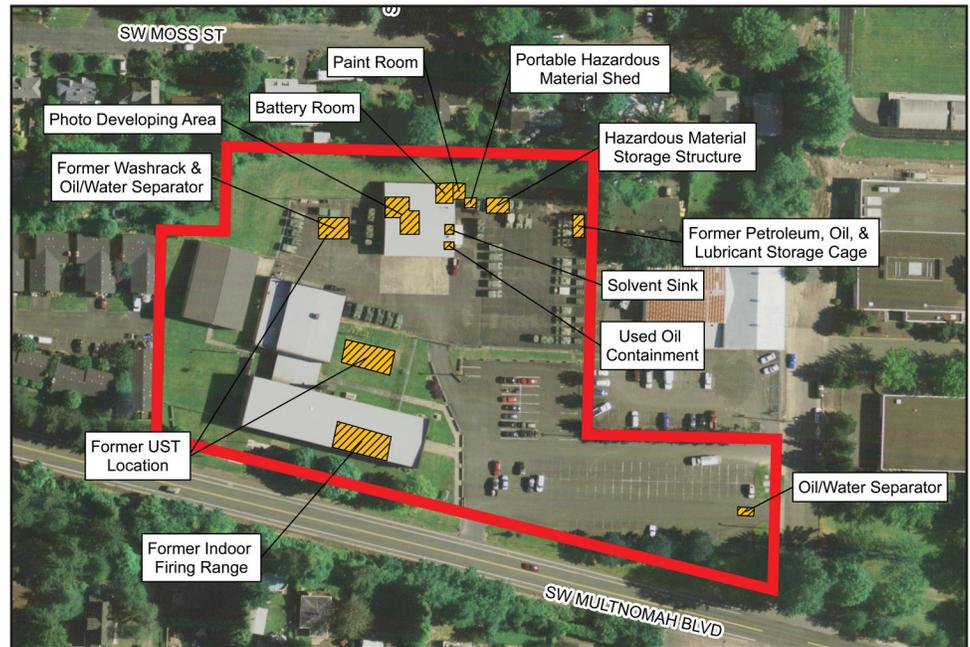
Polychlorinated biphenyl (PCB) contamination can be present in soil at locations where transformers were historically located. Areas where transformers were in use or stored should be assessed for spills and staining to ensure that potential residual contamination does not present a threat to human health and/or the environment.

Due to the age of the buildings at the site, asbestos and lead-based paint are likely present in buildings on-site. An asbestos survey has been conducted at the Army Reserve Center. This information should not be viewed as comprehensive and should be used with discretion. Generally, the Army does not pay for the abatement of asbestos and lead-based paint in buildings being transferred. The cost of abatement and proper disposal of these materials during redevelopment can be significant.

The 1998 Wash Rack Removal report does not indicate whether soil confirmation samples were collected for analysis during the demolition. Additionally, no figures were included in the 1998 report.



Sgt. Jerome Sears USARC Portland, Oregon Reuse Master Plan



Potential Environmental Concerns

Limitations on Reuse

While the US Army Reserve Center OR010 has handled and stored hazardous materials, no evidence of improper hazardous material use or waste disposal on-site exists. The only environmentally impacted media discussed in the ECP consisted of petroleum contaminated soil as a result of the leaking USTs. It is possible this contaminated soil may still remain on-site, which may restrict the allowable reuse scenarios unless the soil contamination is addressed prior to reuse.

Although not specifically mentioned in the ECP, further investigation into the possible presence of potentially PCB-contaminated media from transformers and metals contamination from the indoor firing range would be prudent from a due diligence perspective. From the information MES has reviewed, like-use would likely be appropriate for Sgt. Jerome F. Sears US Army Reserve Center, and with appropriate contaminated soil remediation, engineered controls, and due diligence investigation, there may also be an opportunity for an unrestricted reuse scenario of land use different from the present Army Reserve operations.

Traffic Analysis

In response to community concerns regarding potential traffic impacts related to redevelopment of the Sears USARC site, the LRA contracted Parametrix to complete a traffic evaluation of the proposed reuse alternatives.



This evaluation analyzed current traffic conditions at three major intersections with SW Multnomah Blvd. near the site and projected the potential impacts the reuse alternatives may have on the capacity and function of those intersections. Of the reuse alternatives, a multi-family residential development on the site would generate the greatest number of daily trips; however, even with the greatest level of increased trips, both the SW 31st Ave and SW 35th Ave. intersection would maintain acceptable operation levels. The greatest impact from development of the Sears site would be on the SW 28th Ave. intersection. This un-signalized intersection currently has deficiencies in operation, and development of the Sears site would increase delays, particularly for south-bound vehicles making left turns onto SW Multnomah Blvd. The full traffic analysis is presented as an attachment to this report.



Section 5: Reuse Alternatives and Plan Selection

The desire to redevelop the Sears USARC site in a fashion that maximizes assets currently at the site, compliments the character already established in the surrounding area, and is economically viable and beneficial in the future meant that a variety of considerations were taken to account in the development of various reuse alternatives. Reuse alternatives considered for the redevelopment of the Sears USARC were based the following:

- ▶ An existing conditions assessment analyzing buildings and facilities on-site, surrounding transportation, land uses, zoning, and amenities as well as physical site conditions
- ▶ A reuse analysis conducted by E. D. Hovee & Company, LLC, detailing market demand and reuse potential for the site, including fiscal impacts and job creation
- ▶ A public outreach process conducted by the LRA
- ▶ Portland city goals and policies
- ▶ Notices of Interest received

Evaluation of Reuse Alternatives

Based on the various factors and considerations above, the following reuse alternatives were developed:

Alternative 1: Office/Industrial

Alternative 1 provides for the reuse of the site as an office/industrial facility that would function in a manner similar to the current use as a US Army Reserve Center. One of the Notices of Interest received, an application by the Portland Office of Transportation, Portland Water Bureau, and Portland Office of Emergency Management, was considered consistent with this Alternative. The following advantages and weaknesses were identified with this type of reuse:

Alternative 1 Analysis:

Strengths/Opportunities:

- ▶ Utilizes the existing buildings and utilities largely as-is without significant modification
- ▶ Represents a similar use and impact to the neighborhood as the existing use
- ▶ Provides a “turnkey” facility for future user



Weaknesses/Challenges:

- ▶ Depending upon the selected end user, may not qualify for a Public Benefit Conveyance
- ▶ Is unlikely to increase property values in the neighborhood
- ▶ Requires City approval for continuation of a non-conforming use
- ▶ A potential for increased weekday traffic in the neighborhood exists, depending on the intensity of use

Alternative 2: Community/Educational

Alternative 2 provides for the reuse of the site for community/educational land uses; the Notices of Interest received from Portland Community College and the Westside Christian High School were consistent with this Alternative.

A community/educational use for the Sears USARC site could include a range of community-based programs and uses including early childhood and elementary education, religious education, after-school programs and activities, cultural activities, adult and continuing education, and other similar programs and functions.

Alternative 2 Analysis:

Strengths/Opportunities:

- ▶ Expands existing, compatible, neighboring current use with minimal external impacts
- ▶ Provides community space for neighborhood use
- ▶ Compatible with surrounding land uses
- ▶ May increase neighborhood property values

Weaknesses/Challenges:

- ▶ May increase neighborhood daytime traffic
- ▶ Requires City approval of conditional use permit under existing zoning code

Alternative 3: Residential

Alternative 3 provides for the reuse of the Sears USARC site as a new residential community that could include a variety of housing types under current zoning regulations, including multifamily attached rental apartments or for-sale condominiums. Additionally, these residential types could be provided at either market rates or subsidized in some form to provide workforce housing or permanent housing for the chronically homeless; the Notice of Interest received from Community Partners for Affordable Housing, the Housing Authority of Portland, and the Volunteers of America-Oregon was consistent with this Alternative.



Alternative 3 Analysis:

Strengths/Opportunities:

- ▶ Complies with existing residential zoning and neighborhood character
- ▶ Potentially provides for increased enrollment at neighborhood schools
- ▶ Helps meet city's growing housing demand
- ▶ Supports city initiatives for increasing minority homeownership
- ▶ Provides homeownership for middle-income families
- ▶ May increase property values in the neighborhood
- ▶ Provides permanent housing options for homeless individuals and families

Weaknesses/Challenges:

- ▶ Requires demolition of existing structures
- ▶ Market-rate housing may not qualify for Public Benefit Conveyance
- ▶ Would likely create more traffic in the neighborhood
- ▶ If units are provided at below market, additional subsidy would be required

Reuse Plan Selection Evaluation Criteria

In order to further evaluate the three reuse land use alternatives discussed above, the LRA developed a set of criteria against which the alternatives were tested to assist in selection of the preferred alternative. These evaluation criteria were as follows:

- ▶ **Zoning/Site Regulations:** Would the reuse alternative be allowed under the existing zoning? Would it require a conditional use permit or a change in zoning?
- ▶ **Physical Site Characteristics:** Does the reuse alternative fit well with the site's existing condition (environmental, utilities, traffic access, infrastructure, etc.)? Are there any potential negative impacts associated with the reuse (increased traffic, noise, etc.)?
- ▶ **Neighborhood Compatibility:** Does the reuse alternative fit within the existing neighborhood character? Does the reuse alternative provide needed services or infrastructure not currently present in the neighborhood? Does the neighborhood support the reuse alternative?
- ▶ **Market Demand:** Is there a market demand for the reuse alternative? Would the reuse alternative be able to remain on the site long-term?
- ▶ **City Policy:** Does the reuse alternative address any city policies or needs? Does the reuse alternative provide community benefit in line with city policy?



Plan Selection

In late 2007/early 2008, the LRA, along with the Bureau of Housing and Community Development and the Portland City Council worked together to review and analyze the three proposed land use alternatives and the Notices of Interest received. Based on that analysis, Alternative 3: Residential was selected as the preferred land use for the Sears USARC property.

Notices of Interest that are compatible with the selected land use were analyzed according to the following considerations:

- ▶ Their impact on local traffic patterns according to the traffic impact study performed on the Sears USARC and its surrounding vicinity
- ▶ The suitability of the site's existing transportation and utility infrastructure to support the proposed use
- ▶ The suitability of the site's existing facilities for the proposed use
- ▶ The level of support from the surrounding neighborhoods for the use

Reuse Master Plan Description

The Reuse Master Plan establishes a vision for redevelopment of the site, designates a land use preference for the property, and describes potential property transfer mechanisms that are available. The Sgt. Jerome Sears USARC Reuse Master Plan, as recommended by the LRA and approved by the Portland City Council on July 9th, 2008, recommends that the general character of the site change from a Office/Industrial type use (Alternative 1) to a Residential one (Alternative 3). Since the Sears USARC site is currently zoned for residential uses and the existing Army Reserve Center operates there as a non-conforming use, the change in land use does not require any type of rezoning or similar procedure. The Reuse Plan allows for the Sears USARC to function in a similar manner to the surrounding area, as it will no longer operate as a non-conforming use.



Property Conveyance Mechanisms and Other Plan Implementation Considerations

The following section identifies the most applicable property conveyance mechanisms for the transfer of the Sears USARC property from federal to local public or private sector owners and how they relate to the various proposals received for the Sears USARC site. There are several mechanisms available to transfer property from the federal government to a future owner. Of those, there are three mechanisms applicable to this property, as described below:

Public Benefit Conveyance

A Public Benefit Conveyance (PBC) provides for reuse of land and building assets for a public purpose. The Public Benefit Conveyance mechanism provides a community-based process by which certain government and not-for-profit organizations may propose the reuse of surplus military property to provide vital public services such as education, health care, open space or parks, park and recreation related uses, law enforcement, prisons, transportation terminal facilities, or other public buildings and facilities. The PBC mechanism also provides a process whereby government and not-for-profit organizations serving homeless individuals or families may propose the reuse of surplus military property to further their homeless provision goals.

As discussed in **Section 2**, the LRA received Notice of Interest applications for Public Benefit Conveyance consideration from five organizations regarding the Sears USARC property. The paragraphs below further discuss those requests, their suitability for PBC consideration, and their compatibility/applicability to the Residential land use chosen for the Sears USARC site.

Portland Office of Transportation / Portland Water Bureau / Portland Office of Emergency Management

A NOI application was received by the Portland Office of Transportation, Portland Water Bureau, and Portland Office of Emergency Management for the reuse of the Sears USARC site as a maintenance and emergency response facility for the city. The PDOT is the lead response agency for a number of emergency situations and sought additional space to provide appropriate maintenance and staging areas for emergency response equipment.

Due to the nature of the proposed use, the Portland Office of Transportation, the Portland Water Bureau, and the Portland Office of Emergency Management could be eligible for an Emergency Response Public Benefit Conveyance. Eligibility for this conveyance would have to be determined by the Federal Emergency Management Agency (FEMA).



As this reuse proposal is largely maintenance-related and involves no housing component, it is inconsistent with the preferred Residential land use identified in the Reuse Master Plan.

Housing Authority of Portland

An NOI application was received from the Housing Authority of Portland to reuse the Sears USARC facility to construct a 110-unit mixed-use development, including attached single-family for sale homes, multi-family rental units, and a community services building with public outdoor space. The housing would be primarily geared towards individuals earning 60 percent of the area's median income or less and homeless families exiting transitional housing.

The residential nature of this proposal is consistent with the preferred land use designated in the Reuse Master Plan.

Community Partners for Affordable Housing

An NOI application was received from Community Partners for Affordable Housing to reuse the Sears USARC facility to construct a 110-unit mixed-use development, including attached single-family for sale homes, multi-family rental units, and a community services building with public outdoor space. The housing would be primarily geared towards individuals earning 60 percent of the area's median income or less and homeless individuals and families.

Transfer of the Sears USARC property to either the Housing Authority of Portland or the Community Partners for Affordable Housing, or the Volunteers of America-Oregon would likely occur using a negotiated sale, with a percentage discount tied to the number of Permanent Supportive Housing units developed. The development would require public subsidy.

The Community Partners reuse proposal is consistent with the preferred residential land use chosen in the Reuse Master Plan.

Westside Christian High School

Westside Christian High School expressed interest in reusing the site for educational facilities and purposes, as its lease at its current location is due to expire in 2012 and cannot be renewed. Based on its proposed uses, the U.S. Department of Education determined Westside Christian High School would be eligible to receive up to a 100% educational public benefit conveyance discount.

However, the educational nature of this proposal does not match the preferred land use for the Sears USARC site identified in the Reuse Master Plan.



**Sgt. Jerome Sears USARC
Portland, Oregon
Reuse Master Plan**

Portland Community College

An NOI expressing interest to reuse the Sears USARC site for non-credit community educational purposes from Portland Community College (PCC). Support services related to transportation and financial services could be moved to the site as well under the PCC plan. Based on its proposed uses, the U.S. Department of Education determined Portland Community College would be eligible to receive up to an 80% public benefit conveyance discount, as the PCC is an institution of higher education accredited by the Northwest Commission on Colleges and Universities.

Like the Westside Christian High School proposal, this proposal calls for educational and office-related uses for the Sears USARC site, which are not consistent with the preferred Residential land use chosen in the Reuse Master Plan.

Negotiated Sale

The negotiated sale mechanism is available only to public entities for a public purpose and requires payment to the Army, based on the asset's fair market value. The Portland Office of Transportation/Portland Water Bureau/Portland Office of Emergency Management, and Portland Community College, Community Partners for Affordable Housing, and the Housing Authority of Portland as well as any other state or local public entity would be eligible for this type of property transfer from the Army.

Public Sale

Public sales are auctions to the highest bidder and may be used to transfer property from the Army to any entity or organization-public, for-profit, or not-for-profit. Both the Portland Office of Transportation/Portland Water Bureau/Portland Office of Emergency Management, and Portland Community College, as well as any other public or private entity would be eligible to potentially obtain the Sears USARC property via a public sale at fair market value.

Reuse Proposal Selection

While several potential users have expressed interest in (and have applied for) the Sears USARC facility, the LRA, along with Portland's City Council, which represents it in this planning effort, are recommending reusing the Sears property according to the proposal set forth by the Community Partners for Affordable Housing. A Resolution to that effect was passed by Portland City Council on July 9th, 2008.

The Resolution recommends that the Sears USARC site be redeveloped as a mixed-income housing development that will include both rental and for-sale dwelling units, with a portion designated as permanent supportive housing units for homeless individuals and families with special needs. Aside from the desire to achieve the recommendations of the Sears USARC Reuse Master Plan, a variety of considerations led the City Council to adopt the resolution, including:



- ▶ The current R1 zoning is compatible with the Community Partners for Affordable Housing proposal;
- ▶ The City of Portland's comprehensive ten-year plan to end homelessness calls for the development of thousands of units for the chronically homeless;
- ▶ The current housing market in Portland is overly burdensome to its lowest-income residents, with at least 27% of the population being unable to afford to rent a market-rate two-bedroom unit;
- ▶ Increasing the student population in the area will be beneficial to local schools struggling with low enrollment; and
- ▶ The local neighborhood association supports reusing the property for residential purposes, including the manner proposed by Community Partners for Affordable Housing.

Conveyance Considerations

As planned, the Community Partners for Affordable housing is recommended as the preferred developer of the Sears site due to their comprehensive proposal which provides a variety of homeless and affordable housing services and satisfies numerous objectives to that end. Approximately one quarter of the rental units will be designated as Permanent Supportive Housing for homeless individuals and families in need, and will be augmented with services provided by a local non-profit called Neighborhood House.

The City Council and the LRA are recommending that the City of Portland purchase the Sears property from the United States Department of Defense through a negotiated sale at a discounted price. The discount is expected to result from the provision of the permanent supportive housing and will be equal to the percentage of units built for that purpose. Therefore, the homeless housing provisions are expected to yield a 25% discount on the property once a legally binding agreement is developed with Community Partners for Affordable Housing.

Once purchased, the City plans to sell or otherwise transfer ownership of the property to Community Partners for Affordable Housing, which has agreed to develop the site with around 110-120 units of mixed income housing as well as open space and a community building. The rental units will be affordable to tenants earning 0-60% of the area's median income, and the for-sale units will be priced affordable to those earning 80% of the area's median income.