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**Testimony of**

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**Before the Subcommittee on Science, Technology, and Space  
Senate Committee on Commerce, Science and Transportation**

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**Introduction**

Mr. Chairman and members of the Subcommittee, I am Don Mazziotti, Executive Director of the Portland Development Commission, the City of Portland's economic development, housing and redevelopment agency. I would like to express my deep appreciation to you, Senator Wyden, and to members of your subcommittee for inviting us to address one of the most critical jobs and redevelopment opportunities the City of Portland has seen in nearly three decades.

With the nation's highest unemployment rate, we in Oregon must work to build and further diversify our economy—and we must do it in a manner that maintains and builds upon this region's unparalleled livability. Like the role high technology played in building our strength in the last two decades, biotechnology, health research and biosciences can and should be our focus now and in the decades to come. We have a tremendous opportunity to create a center for this industry's growth right near the heart of downtown Portland-- in our North Macadam area. My goal today is to explain that opportunity, its challenges and what is needed to turn this opportunity into reality.

**Background**

North Macadam represents the last significant redevelopment area in the Central City of Portland. This 130-acre district lies south of downtown, extending about 1.2 miles along the West Bank of the Willamette River to John's Landing. Oregon Health Sciences University (OHSU), one of the City's largest employers, (with more than 10,000 direct employees) as well as established neighborhoods lie to the west. Nearby, Ross Island provides natural habitat and is home to Bald Eagles and many other species. In the next few years, Ross Island Sand and Gravel will donate it to the City for reclamation into extensive habitat.

The North Macadam district consists largely of vacant and underdeveloped land although some light industrial uses still exist. Currently the entire area is privately owned by twenty-two individual owners including seven riverfront owners. (See the

attached ownership map.)

Despite North Macadam's fabulous waterfront location, the site has remained blighted, vacant, and underutilized industrial land for years. This reflects the many challenges faced by North Macadam, including environmental contamination, absence of infrastructure, and limited transportation access. Beginning in 1997, an extensive public involvement process involving hundreds of citizens addressed transportation, open space, greenway, jobs, housing, and land use needs. This culminated in approval of the *North Macadam District Framework Plan* and the *North Macadam Urban Renewal Plan* in August 1999. These plans call for the creation of an exemplary, mixed-use neighborhood that will provide jobs for 10,000 employees and housing for 3,000 residents over the next 20 years contributing to the region's focus on compact growth. The vision for the area is a state-of-the-art biotechnology and science center with OHSU as its founding healthcare and science research entity. (See the attached Framework Plan map.)

### **The Opportunity**

OHSU presents opportunities to develop biotechnology and bioscience business development in North Macadam with City-wide benefits. OHSU's central campus growth plans combine Marquam Hill and North Macadam. In the plans are 1.2 million square feet in new campus development for administrative, research and development activities in North Macadam. The North Macadam facilities are proposed to be integrated with current facilities on Marquam Hill with an innovative Aerial Transportation linkage, a proven technology, but the first of its kind in an urban area on the West Coast.

North Macadam Investors, LLC (NMI) and Oregon Health Sciences University (OHSU) have agreed to jointly engage in a major redevelopment of over 30 acres translating into 28 blocks of redeveloped property in the heart of the North Macadam district. OHSU, coupled with NMI, is expected to be the genesis of the new North Macadam neighborhood, forming a new commercial, bio-science and residential district. Over the next several years, a "core" concentration of residential and office development (phase I) will be developed followed by additional future development including a hotel/conference center and a bio-science facility.

NMI/OHSU is proposing an innovative approach to developing the riverfront Greenway by re-grading the currently steep bank to a gradual slope for a 100-foot wide Greenway. Construction on this project is expected to begin this year and be completed in 2009.

### **From 2002 – 2005 OHSU/NMI intend to complete the following:**

300,000 sf for an OHSU Administrative Building and other  
150,000 sf—for Bio-science Office space  
175 units of Market-Rate Condominiums  
200 units of Mixed-Income Apartments 30,000 sf  
30,000 sf for a Possible Biotechnology Incubator Center

25,000 sf of Retail  
East/West streets and pedestrian accessways within the 28 block area  
Regrading of the riverbank for a 100-foot wide Greenway  
Environmental remediation of contaminated soils

### **The Funding Challenge**

*To launch the OHSU/NMI development, or any other significant development in the district a minimum of approximately \$60 to \$73 million of infrastructure are critical* to complete the following key projects for the NMI/OHSU development, beginning immediately:

1. Bond Street construction from Gibbs to Bancroft (\$6 million)
2. Bancroft Street improvements (\$600,000)
3. Curry Street improvements (\$500,000)
4. Harrison Street construction (\$3.2 million)
5. Streetcar to Gibbs Street, or RiverPlace at a minimum (\$13 to \$23 million)
6. Aerial Transportation Linkage to OHSU Campus on Marquam Hill (partial funding--\$16 to \$20 million)
7. Public Parking Facilities (\$4 million)
8. Greenway Phase I Improvements & Master Plan Work for NMI site (\$2 million)
9. Bioscience Incubator (\$9 million)
10. River Parkway—Phase I (\$.5 million)

**TOTAL** \$59.3 to \$73.3 million

Current obstacles limiting public resources for these investments include the recent Oregon Supreme Court decision in *Shilo v Multnomah County et al*, limited early tax increment funds and significant infrastructure cost burdens, and a lack of new development which will generate new tax increment, as well as the state of the local and regional economy. In addition, PDC's tax increment resources in North Macadam are anticipated to be only \$50 million over the next 10 years, far less than the infrastructure needs of the district.

The City of Portland has many other important goals for the area that we may not be able to address for several years, including affordable housing, parks, stormwater management and jobs programs. We are actively pursuing alternative funding. Three recent examples of these efforts involve applications to EPA and EDI.

PDC staff has submitted two grant funding requests to the Environmental Protection Agency and is awaiting a decision. The first request of \$200,000 was made through the Supplemental Assistance program for level II assessments and development of planning-level concepts for remediation. We are very appreciative of the assistance the Oregon delegation has provided with these efforts. The second request of \$65,000 was made for discretionary funds for restoration of a portion of the riverbank in the Greenway with native plantings that will provide habitat for wildlife and aquatic species.

PDC staff has sought up to \$2 million in federal assistance in the past and were successful in acquiring \$50,000 for Greenway pre-development activities from the U.S. Department of Housing and Urban Development Economic Development Initiative account. These funds will be used to develop a Planting Plan to restore habitat along a portion of the riverbank as well as development of a greenway design concept for a recreation trail intended for local and regional use.

### **Environmental Obstacles**

The district's former industrial uses have left a legacy of contamination throughout the area. Much of the area is considered brownfields and although most contamination is concentrated in the north of the district, hot spots of contamination occur sporadically throughout the district. Of the two heavily contaminated properties in the north, one is development ready and the other is participating in the DEQ voluntary clean-up program. The property owner currently participating in the DEQ program is addressing 35 years of Navy ship building and dismantling and the hazardous substances that came along with this task. ***To date, the property owner has spent roughly \$1.5 million to determine the extent of the pollution and clean-up costs could be as high as \$20 million,*** although no hard numbers will be available until the investigation is deemed complete. The threat of environmental contamination has made developers wary of investment in the district.

Site contamination issues are not easily resolved since clean-up is the responsibility of private property owners who must bear the financial burdens of remediation before moving forward with redevelopment. ***For many property owners, it will be necessary for the city to offer public assistance with clean-up through loans and/or grant programs or to invest public funds in infrastructure to reduce the overall costs of development and ultimately spur private development.***

### **Summary**

Like the City's vision for downtown Portland, the North Macadam District's vision comprises important ideas that create a vital bio-sciences center for Portland right in the heart of a lively, urban neighborhood with a diverse population, integrated jobs and housing, accessible and well-crafted open spaces, active streets, pedestrian scale, convenient transit and quality urban design.

***Federal assistance is necessary and makes good financial sense in terms of public and environmental benefit.***

The North Macadam biosciences center vision embraces the Willamette River and redefines how a dense, vibrant urban environment can peacefully coexist with natural habitat in a riverside setting. The vision includes the genesis of a world renown health and biosciences research facility coupled with new housing, retail, a restored riverbank,

increased habitat for wildlife and aquatic species including the threatened salmon and steelhead species, and a pedestrian/bicycle trail that will provide the missing link in a 140-mile recreational trail system through the city.

In short, there is tremendous opportunity to create something with a significance unsurpassed by anything this City has done for the past 30 years. Like taking out Harbor Drive and putting in a park, or taking out a parking lot to make way for Pioneer Courthouse Square, the vision of the North Macadam District has the potential to put Portland on the map for innovative thinking, bio-sciences job creation, and environmental reclamation.

We are currently working to bring the New Markets Tax Credit Program benefits to Portland and are looking at several other government-sponsored programs. We sincerely urge you to work with us in identifying and securing federal funds to help us achieve the vision for biosciences in Portland.

Thank you.