

DATE: July 26, 2016
TO: Seth Otto, MFA
FROM: Lorelei Juntunen and Emily Picha
SUBJECT: SUMMARY OF DEVELOPER INTERVIEWS

In May and June, 2016, ECONorthwest and MFA met with seven developers to discuss development possibilities and issues on St. Helens Waterfront site. These included Dwight Unti (Tokola Properties), Dennis Allen (Holland Partner Group), Kira Cador/Kali Bader (Rembold), Damin Tarlow, Mike Nagy (Wood Partners), and Claudia Von Flotow (Key Development). This memorandum summarizes conversations with those developers.

Opportunities

- There was general agreement that that site looks promising and several requested a tour (which we completed in late June with two developers).
- A couple of the developers seemed genuinely interested in staying in the loop on future development opportunities on the site.
- Downtown St. Helens has good bones.
- The area will see new residents looking for affordable home ownership where you can buy a house/rent house for pretty cheap.
- A lot of people will access the site via water, given its unique location.
- Some new apartment development: Scappoose property that is asking \$1.60 PSF, Muckle Building in St. Helens.

Barriers

- Risk vs. reward. Risk is high, reward needs to be more certain.
- Need to make the case for St. Helens.
 - “There needs to a be a reason to go there”
 - “It’s hard to overcome statement that you have to leave town to get comps.”
 - It’s far enough from Portland to make positioning this area as a bedroom community for Portland more difficult (but many people still do it).
- Negative perception of Highway 30. “Where is downtown?”
- No specific industries to point to that can attract new residents. In Hood River, their success anchored in specific industry clusters (aerospace, natural foods, sports related businesses) that drive local services.

Use Mix & Phasing

- Think about this site in phases. Consider the first phase everything north of Tualatin Street. Suggest grayed out future phase, play up downtown connection.
- Housing:
 - Townhome products will probably be the pioneer projects on this site. Potential buyers will be looking for “waterfront living for less.”
 - Retirees, people who work from home. Once they need more care, need different housing type.
 - Big units, 1:1 parking, big window sections
 - PSF construction costs could be as much as \$140-\$160 PSF
- Site will need an anchor.
- Hotel will be tricky and will require in-depth market analysis and finding the right partner. Hard to get a hotel interested anywhere, no flagship interest. Hotel wants to be close to core. If the hotel is an anchor, it will need to be closer to downtown.
- Different opinions on possibilities for a restaurant. Some thought that 7K SF was too big, and that it would be hard to attract a concept that could weather seasonality.
- Careful about people’s expectations about the amount of retail.
- Marina at south end creates potential phasing challenges, especially if the marina were to be the first project to get funded.
- Employment uses considerations: Plan for the next cycle: “What kinds of industries. What would inherently increase the value of locating there?”
- Create an active park with a lot of uses that can change over the course of the year.
- Developers’ biggest risk is not knowing the infrastructure. “What does the street look like? Do I have to pay for the streets? Say you will put the streets in and have a plan for it. Have a clear path for having the street put in.”
- General agreement with how the streets will go, but different feedback on the Strand. Some thought it made sense to double load the strand to create more energy. Others thought that 120 feet was way too wide for the street.
- Concerns about placement of parking across the street from units.

Suggestions for Moving Forward

- Developers recognized a tension between flexibility and certainty in plan requirements (preferences varied widely!).
- Start with public investments like the pathway and the park.

-
- Marketing and branding will need to be a part of a successful development, and the City will need to help.
 - Why should people come to St. Helens? What is unique about it?
 - Develop a schools/demographics “sales pitch”
 - Downtown marketing: In Hood River, the Chamber of Commerce has organized big events to attract a younger, more mobile crowd.
 - RFI process
 - Start with developer get-togethers and individual interviews to gather reactions from development community.
 - Select and engage a developer sooner than later because of long ramp up to getting this done.
 - If the City does an RFI it should focus on the northern part where a new development can prove a concept
 - Developers will want to know the tools available to finance the public participation component. Tools discussed included: Vertical Housing Tax Zone, Urban renewal, SDC reimbursements, enterprise zones.
 - Make sure the development code is updated to support this type of development.
 - A few interesting ideas:
 - Drive time analysis from Portland?
 - Work with banks to “pre-approve” loans for developers. “What would I have to get a bank to give me a loan for a 200 unit apartment building” 70% loan. What are the obstacles.