

July 21  
2021

CAP Report  
Appendix K //

Project  
Governance and  
Finance

Task 2.4

ODOT EA:  
PE002591000J71

ODOT // I-5 Rose Quarter Improvement Project

# Appendix K //

## PROJECT GOVERNANCE AND FINANCE

**INDEPENDENT  
COVER ASSESSMENT**

**I-5 ROSE QUARTER  
IMPROVEMENT PROJECT**

## PURPOSE

Last year, in response to direction from Oregon's Governor, Kate Brown, and requests from local project stakeholders, the Oregon Transportation Commission (OTC) directed the Oregon Department of Transportation (ODOT) to retain a consultant team of local and national urban design, engineering, and environmental experts to conduct an independent assessment of the highway cover designs included in the I-5 Rose Quarter Improvement Project (RQIP). Concerns with the highway covers that were expressed by Metro, Multnomah County, City of Portland, Portland Public Schools, and the Albina Vision Trust helped shape the creation of the independent cover assessment process and define a scope of work, guiding values, and desired outcomes. These early consultations insisted that ODOT conduct a more thorough examination of ways to use highway covers to restore justice to the Black Albina community, improve mobility and reduce congestion, improve outcomes for public health, and revitalize community cohesion.

## EXECUTIVE SUMMARY & KEY FINDINGS

The following sections of the Independent Cover Assessment (ICA) team's report on the Rose Quarter highway covers focus on:

- i. The sources of funding that may be used to fill the existing funding gap associated with the RQIP and the ICA's design scenarios (referred to as the ICA scenarios), and project positioning that may be useful to secure these funds (section 2.4.3 below).
- ii. Approaches to governance of the highway covers and future development on the covers. Specifically, section 2.4.4 discusses the relationship between ODOT and a future governing entity, lays out potential structures for that entity, and describes the evolving roles and responsibilities of that entity over time.
- iii. The value of the ICA scenarios in terms of the benefits that can be delivered to the Historic Albina Community and Portland's Black community, as well as potential sources and tools for funding community-focused development and ongoing maintenance of public realm improvements and facilities on the highway covers.

Based on an evaluation of existing conditions, review of feedback gathered from community stakeholders, and review of precedent projects throughout the country, the ICA team makes the following key findings regarding finance and governance:

1. **Based on the most recently available information, the RQIP will face a funding gap.** A wide range of sources exist to fill this gap, some of which will require demonstrating the level of benefit that will accrue to the historically harmed community as a result of the RQIP.
  - Based on the ICA team's cost estimates, the funding gap for the ICA scenarios will be higher than the gap for ODOT's environmental assessment (EA) scenario or amended 20% design scenario. However, the costs associated with the ICA scenarios are linked to an opportunity to create important community benefits and economic activity on the highway covers.
  - As of drafting this report, the ICA understands from ODOT that there is not a final budget or full capital stack for funding the RQIP, regardless of the final scenario selected.
  - Some additional funding sources, particularly federal funds allocated as part of recovery efforts from the COVID-19 pandemic, will require demonstration of benefits, including restorative justice, to communities that have been most impacted. Scenarios that most benefit those communities may be best positioned to attract funding, though specific criteria have not yet been released.
2. **Linking the creation of the highway covers to restorative justice requires a governance structure that establishes a clear role for community stakeholders in the remaining planning process for, construction of, and future development on and around the highway covers and the Rose Quarter more broadly.** Specifically:

- Government stakeholders, including city, state, and regional agencies involved in the RQIP and redevelopment of the Rose Quarter should commit to supporting creation of a governing entity to oversee the highway cover process.
  - The governing entity should be resourced by a local government agency outside of ODOT, but decision-making power should sit with community stakeholders who have a connection to the Historic Albina Community and Portland's Black community – those most historically impacted by this part of Interstate 5 (I-5).
  - A governance structure for the highway covers will need to evolve over time, with the project. It is imperative to support creation of this entity now, to allow time for the initial entity, likely a working group, to set a mission, structure, and build capacity for implementation.
- 3. Control of future development on the highway covers and remnant lands made available after RQIP construction is a priority for the community most impacted by the original construction of I-5 through the Rose Quarter. To support this:**
- ODOT should work with legal counsel and public sector partners to structure a transfer of ownership and/or development rights to a community-led governing entity (once established). This may require coordination on legislation, regulatory action, or agreements with other government partners for land transfer.
  - ODOT should, either directly or through a two-step transfer to a government partner and then the governing entity, make land and/or development rights associated with the highway covers and remnant lands (those acquired by ODOT during project development and construction but no longer used by ODOT upon project completion) available to the governing entity at a nominal value.
- 4. Future community-focused development on the highway covers and remnant lands – of open space, housing, commercial space, etc. – can create value for the surrounding community and will likely require varied sources for funding and financing to support implementation and ongoing operations and maintenance.**
- Regardless of the form the highway cover governing entity takes, ODOT will retain ownership, and should retain responsibility for maintenance of, the highway cover structure. ODOT may choose to contract with a third-party for maintenance and will need to create agreements with other local government agencies for management and maintenance of surface streets, utilities, etc. on the highway covers.
  - The governing entity focused on the highway covers and remnant lands will need to either form strategic partnerships or significantly expand capacity to deliver on community priorities. Section 2.4.3 below shows illustrations of both options.
  - There are numerous tools and financing mechanisms available to support development of uses that align with community priorities, from shared ownership models to financing programs available specifically for affordable housing and other uses, as described in Section 2.4.2 below.

### 2.4.3 : COST MANAGEMENT MODEL

To date, the Oregon Department of Transportation (ODOT) has secured \$30 million in annual capital funding beginning in 2022 for the Rose Quarter Improvement Project through HB2017 (known as Keep Oregon Moving). ODOT’s Cost to Complete report indicates \$715 million to \$795 million in anticipated project costs.<sup>1</sup> At this total cost, the project will require additional funding to be fully funded. The scale of the budget and funding gap is unknown at this time and will depend on the costs associated with the final Rose Quarter Improvement Project design and the total amount of funding ODOT is able to secure over time through bonds.

The Independent Cover Assessment (ICA) team, led by Arup, performed a cost analysis for the three highway cover design scenarios: one that falls within the bounds of the previously approved Environmental Assessment (EA) and up to two other scenarios that may require additional environmental review. These scenarios are known as:

- ICA Scenario 1: Flint and Broadway Boulevards
- ICA Scenario 4: Center on the Cover
- ICA Scenario 5: Restore the Grid

The remainder of this memo will refer to these as ICA Scenarios 1, 4, and 5.

Arup estimated that the capital costs for these scenarios, not including future real estate development to be developed on the covers or maintenance costs for the cover structures, are anticipated to range from \$819 million to \$998 million, exceeding ODOT’s estimated cost in the Cost to Complete Report and resulting in a greater need for additional funding to support project implementation. A comparison of these anticipated costs is below, and a further explanation of the scope and components of these costs is included in Appendix I: Cost and Constructability. Note that these costs assume that the highway cover is developed to accommodate buildings of no more than two stories. Structural reinforcement to support up to five-story structures would require an additional capital investment between \$172 million and \$200 million.

**Table 1. Infrastructure Improvement Costs of Independent Cover Assessment Team Scenarios (\$2025)**

Project Features	Scenario 1	Scenario 4	Scenario 5
Mainline	\$147M - \$165M	\$144M - \$161M	\$143M - \$160M
Highway Cover	\$509M - \$569M	\$500M - \$559M	\$563M - \$629M
Local Streets Improvement	\$71M - \$79M	\$88M - \$98M	\$89M - \$99M
Utilities	\$92M - \$103M	\$90M - \$101M	\$99M - \$110M
<b>Total Estimated Project Cost (2025 USD)</b>	<b>\$819M - \$916M</b>	<b>\$822M - \$919M</b>	<b>\$894M - \$998M</b>

Funding the Rose Quarter Improvement Project under any scenario (whether ODOT’s Baseline Scenario or any of the ICA scenarios shown above) will require layering multiple sources, likely from all levels of government and potentially other sources. Funding for local infrastructure generally comes from local general taxes, special funds such as dedicated user fees, intergovernmental grants (both federal and state grants and aid), bond proceeds, and sometimes private funding, as illustrated by the three examples below.<sup>2</sup>

[Capitol Crossing](#), a 7.5-acre development site spanning 3 city blocks, will also include 5 buildings connected by public green space. The funding plan has remained largely confidential, but the project has been privately financed in large part because land values are high enough that the vertical development opportunity justifies the infrastructure cost for private developers, a circumstance that is unusual for this scale

<sup>1</sup> Oregon Department of Transportation. (2020, January). [I-5 Rose Quarter Cost to Complete Study](#).

<sup>2</sup> Chen, Can, Ph.D., Bartle, John R. Ph.D., International City/County Management Association. (2017, January 1.) [Infrastructure Financing: A Guide for Local Government Managers](#).

of infrastructure investment.<sup>3</sup> The developers took advantage of air rights, which will provide revenue to the City of Washington, D.C. in addition to new property tax revenue.

Funding for the [HUB404](#), a new open space over the Georgia 400 Freeway in Atlanta, has yet to be determined, but will likely come from a mix of private and public funds, including a variety of local and state grants. The HUB404 Conservancy Board is also actively raising funds from the private sector to complete the final design. A \$600,000 grant from the Georgia Transportation Infrastructure Bank is currently being used to study the feasibility of the project.<sup>4</sup>

[Rochester's Inner Loop](#) East project required substantial public funding with a focus on reconnection rather than return on investment. The City of Rochester used public funding to finance the infrastructure improvements and relied on private investment for real estate development in the improved area. The \$21M infrastructure investment was funded primarily through a Federal TIGER grant (\$17M), a \$3.8M State match, and a \$0.5M City match.<sup>5</sup> The project is intended to attract new investment to the area after years of disinvestment spurred by the razing of Rochester's neighborhoods to build the freeway.

Table 2 lists potential funding sources with brief descriptions and key considerations for the RQIP. For all funding programs, demonstrating Rose Quarter Improvement Project's value to the City of Portland and the surrounding region is key, including quantifying the number of new jobs that will be supported by the project, new property tax revenues generated, and improvements to livability, mobility, and access. As of the writing of this report, based on recent and forming federal policy, some funding sources will also be contingent on the ability to demonstrate that the project delivers on restorative justice goals. For example, the American Rescue Plan offers opportunities for the State of Oregon to invest in programs that will benefit communities that have experienced disproportionate economic and health impacts caused by the public health emergency of COVID-19.<sup>6</sup> This can be through improved access to healthcare, transportation, and broadband infrastructure, as well as through investments in impacted businesses. Further, in response to the priorities laid out in the American Jobs Plan, legislators have proposed the Reconnecting Communities Act, which would establish a grant program at the federal Department of Transportation to help communities identify and remove or retrofit highway infrastructure that creates obstacles to mobility and opportunity.<sup>7</sup> Priority would be given to an eligible entity, which would be the owner of the infrastructure barrier and a co-applicant state, local government, tribal government, MPO, or nonprofit organization, that has entered into a Community Benefits Agreement, serves a community in which an anti-displacement policy or land trust is in effect, has formed a community advisory board, and has demonstrated a plan for employment and contracting of local residents.

In preparedness for pursuing such funds, and in anticipation of additional federal funding, ODOT should continue to engage the community around visioning for highway cover development, contractual agreements around local and minority and women-owned business enterprise (MWBE) hiring, and accountability agreements to lay the groundwork to meet funding criteria.

---

<sup>3</sup> Office of Innovative Program Delivery: Center for Innovative Finance Support. [Capital Crossing – Air Rights Joint Development](#).

<sup>4</sup> Wenk, A. (2019, October). [\\$250 Million Highway Capping Park 'HUB404' Eyes 2025 Opening](#). Atlanta Business Chronicle.

<sup>5</sup> City of Rochester. (2021). <https://www.cityofrochester.gov/InnerLoopEast/>

<sup>6</sup> U.S. Department of the Treasury. (2021, May). <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/capital-projects-fund>

<sup>7</sup> U.S. Senate. (2021, April). [Reconnecting Communities Act](#).

**Table 2. Potential Funding Sources for Below Cover Infrastructure Costs**

<b>Local Funding</b>		
Interstate Corridor and Oregon Convention Center Urban Renewal Areas (Tax Increment Financing)	Incremental property taxes in the district that are collected and spent on capital projects or ongoing improvement and revitalization efforts.	<ul style="list-style-type: none"> <li>Both have been in place for many years, suggesting that there may not be substantial remaining funding for capital projects.</li> </ul>
Local Improvement Districts (LID)	A method by which a group of property owners share the cost of infrastructure improvements, most commonly for transportation and stormwater projects. Financing is offered for up to 20 years, with the first payment not due until after the project is complete.	<ul style="list-style-type: none"> <li>The scope of project costs covered by a LID would likely be limited to street improvements, including traffic signals and repaving.</li> <li>The costs would ultimately be borne by property owners in the area, which would require the participation of a broader group of local stakeholders.</li> </ul>
Municipal Bond	Local government issues a bond directly to municipal capital investors in order to raise needed capital to finance the new capital project.	<ul style="list-style-type: none"> <li>The RQIP will likely be competing with other public infrastructure projects that need municipal bond funding.</li> </ul>
<b>State Funding</b>		
Oregon Transportation Enhancements Program	These grants are awarded to local governments and other public agencies to support projects such as bike lanes, new sidewalks, and pedestrian infrastructure.	<ul style="list-style-type: none"> <li>Funding is likely best suited for street-level infrastructure investments necessitated by the below-cover improvements.</li> </ul>
Oregon Transportation Infrastructure Bank (OTIB)	The OTIB is a statewide revolving loan fund designed to promote innovative financing solutions for transportation needs. Eligible projects include highway projects such as roads, intersection improvements, and bridges, and transit capital projects, and bikeway or pedestrian projects on highway right-of-way. Loans are made either directly from OTIB resources or through the sale of revenue bonds.	<ul style="list-style-type: none"> <li>Project and applicant must meet loan underwriting standards.</li> </ul>

## Federal Funding

American Rescue Plan  
Capital Projects Fund

The Capital Projects Fund will allow for capital investments in critical community hubs and other capital assets that provide access to work, education, and health monitoring. All projects will need to demonstrate that they meet the critical connectivity needs highlighted and amplified by the COVID-19 pandemic. The Treasury will begin to accept applications for review in the summer of 2021, and allocations will be made at the state level.

- Demonstrating the disparate impacts of the recent economic downturn will be necessary to use these funds.
- Detailed funding requirements have not yet been released.

## **2.4.4 SCENARIO GOVERNANCE, DEVELOPMENT, AND FINANCIAL ROLES**

Delivering value to the displaced Black Historic Albina community, their descendants, and members of Portland's Black community (referred to going forward as community stakeholders) will require a community-led governance structure that will facilitate a community visioning process for the Rose Quarter, negotiate with the Oregon Department of Transportation (ODOT) to confirm the design of the highway covers and lay the groundwork for a long-term agreement for control and development on and around the covers, and facilitate the delivery of this community vision over time. The Independent Cover Assessment team (ICA team) explored governance structures that are flexible enough to adapt and change with the project vision and scope of the Rose Quarter Improvement Project (RQIP).

Linking the creation of the highway covers to restorative justice requires a governance structure that establishes a clear role for community stakeholders in the remaining planning process for, construction of, and future development on and around the highway covers and the Rose Quarter more broadly. Further, a governance structure should empower Black community stakeholders to be involved in decisions around design and delivery of the highway covers, through a focus on hiring Black-led contractors and standing up job training and career development programs for Black youth and other workers. If restorative justice is a priority of the Rose Quarter Improvement Project, the future of the highway covers should be a central focus, and a clear governance structure is essential to guiding this part of the RQIP forward. The sections below describe the process for determining and creating an appropriate governance structure to determine and lay the groundwork for control and development on the highway covers and remnant lands.

### **Process to Determine Governance Structure**

Determining the right governance structure to successfully guide the future of the highway covers (and the surrounding area of the Rose Quarter) starts with a clear articulation of community priorities. While the ICA team recognizes that community stakeholders are not a monolith and have varied goals and priorities for the Rose Quarter, for their families and communities, and for the future of Portland, the feedback gathered during the ICA's community workshops serves as our primary source of information to inform a recommendation on governance. This feedback was supplemented by input from the various committees formed by ODOT, including the Historic Albina Advisory Board (HAAB) and an early meeting with the Community Oversight Advisory Committee (COAC).

The community stakeholders participating in the ICA workshops identified the following ten priorities for future development on and around the highway covers, with a focus on priorities that can help build wealth, health, and community cohesion:

#### Wealth:

1. Establish a Black community development corporation (CDC), along with a Black-controlled land trust.
2. Create affordable rental and ownership business spaces.
3. Black food sovereignty center/market.
4. Create permanently affordable rental and ownership housing.

#### Health:

5. Develop a cultural health and wellness center.
6. Establish a job training and development center.
7. A large, accessible outdoor community gathering space.

#### Cohesion:

8. Develop a Black cultural center that showcases the history of Black Portland.
9. Develop public realm aesthetics and art installations that reflect Black culture.
10. Create quality, culturally appropriate, affordable childcare and a childhood development center.

To accomplish all of these varied priorities, there will likely need to be multiple champions, organizations, and business ventures charged with delivering different elements of the vision for the future of the highway



covers and surrounding areas. While it is not possible to predict the appropriate organization and form of all partners needed to accomplish this vision, the ICA team recommends that the governance structure for the highway covers and surrounding land be a non-profit entity that has the:

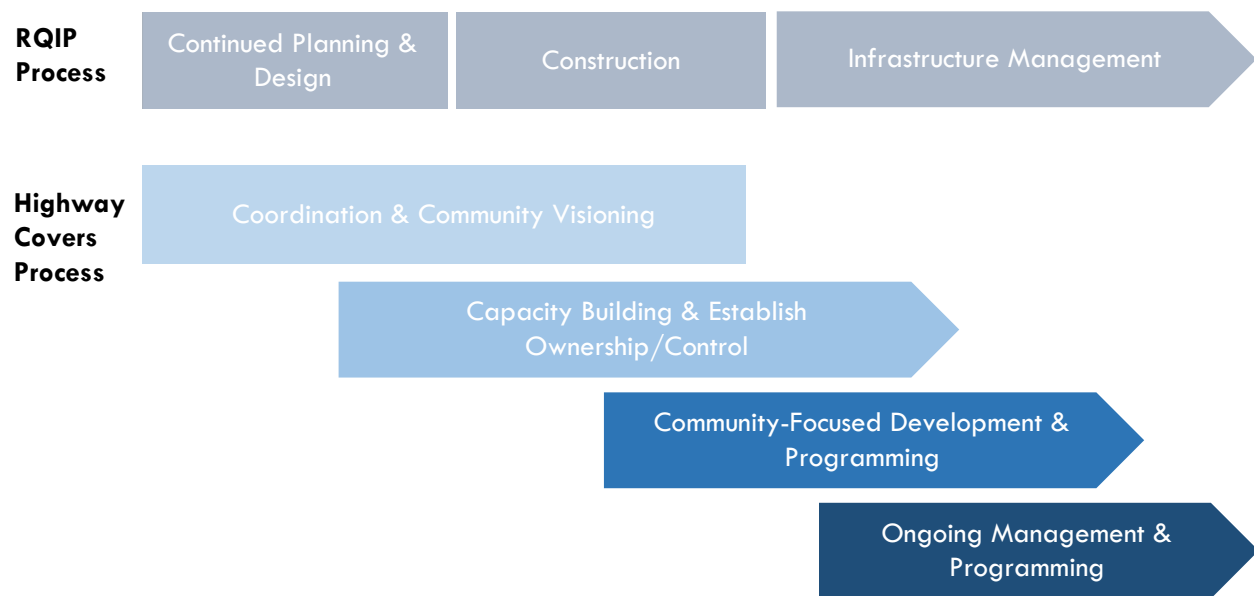
1. Flexibility to evolve or change along with project stages, as described further below.
2. Ability to build and maintain community trust, represent community priorities, and liaise with ODOT and other government stakeholders in the RQIP and involved in the future of the highway covers.
3. Legal ability and technical capacity to enter into agreements for the ownership or use of land and development rights, and the ability to partner for future real estate development or develop directly.

These attributes will be necessary throughout the project, though the roles, responsibilities, and functions of a governing entity will shift over time, as described below.

### Roles and Responsibilities for Successful Governance

The governance structure for the highway covers will need the flexibility to evolve as the RQIP is implemented, both to meet the need to partner and negotiate with ODOT and other government stakeholders as well as to build up a governing entity’s capacity as the highway covers near completion. The shift in areas of focus for governance entities is illustrated in Figure 1 below, aligned with the major stages of the RQIP’s implementation.

**Figure 1. Highway Cover Governance Structure**



The form and structure of a governing entity, or entities, is likely to shift over the course of this timeline. Additionally, the governing entity will need to either pursue a path in which it builds internal capacity over time to be able to deliver development and programming to meet a wide range of community priorities or to engage partners to accommodate the different areas of expertise required to deliver on the community’s vision. For instance, the entity that leads planning and visioning for the highway covers and negotiations on the structure of an agreement with ODOT and other government stakeholders for development will likely need to partner with an organization that has separate and specific knowledge around development of food markets, food production programs, and food-focused career training in order to stand up programming and implement development focused on local food production and businesses. The same applies to developing the real estate assets and programs that will support other community-identified

priorities, such as job training, housing, open space, and childcare, amongst others. See Appendix I for a description of these options for the governing entity's structure.

The table on the following page provides a brief summary of the core roles and responsibilities of the governing entity at each phase shown in the figure above.

**Table 3. Roles and Responsibilities of Governing Entity by Project Phase**

Project Phase	Core Roles and Responsibilities	Governing Entity Structure
Infrastructure and Development Planning	<ul style="list-style-type: none"> <li>• Build community trust and commit to community priorities.</li> <li>• Interact regularly with ODOT and other project partners regarding RQIP progress and to:               <ul style="list-style-type: none"> <li>– Negotiate a Memorandum of Understanding (MOU) for the delivery and future disposition of the highway covers and remnant lands.</li> <li>– Coordinate with ODOT advisory committees (such as the Community Oversight Advisory Committee) on the formation of a community benefits agreement around commitments for MWBE contracting, hiring, workforce training programs, and other community priorities surrounding RQIP construction to ensure that strategies for ODOT accountability and outcomes are aligned+ with goals for the highway covers.</li> </ul> </li> <li>• With community participation, create a concrete vision and development plan for the highway covers and remnant lands.</li> </ul>	<p>A group formed by a legally binding agreement between local, state, and regional government stakeholders with decision-making power sitting with community stakeholders (Black Historic Albina community members, descendants, and members of the Black community connected to N/NE Portland). Initially, this group could be resourced by public-sector partners, until it brings on its own staff, likely as it moves into the later stages of this phase or into the next phase.</p>
Highway Cover Control and Ownership of Remnant Lands	<ul style="list-style-type: none"> <li>• Through intergovernmental or direct agreements, negotiate long-term agreements for the use of development rights on the highway covers and take ownership of remnant lands made available by the RQIP.</li> <li>• Build capacity by hiring on staff with expertise needed for activities to be carried out directly.</li> <li>• Begin to form partnerships to implement community-focused development and programming in the next phase, and potentially, to execute early program initiatives.</li> </ul>	<p>A non-profit with the ability to:</p> <ul style="list-style-type: none"> <li>• Own and hold land and development rights,</li> <li>• Fundraise from multiple sources,</li> <li>• Implement temporary programming on highway covers and remnant lands in advance of permanent development.</li> </ul> <p>Such organizations are sometimes formed as community development corporations (CDC) and community land trusts (CLT).</p>

Project Phase	Core Roles and Responsibilities	Governing Entity Structure
Community-Focused Development and Programming	Directly or through partners, execute or champion local development projects and standup programs to deliver on community priorities, from development of new housing, including affordable housing, spaces for small businesses and community facilities to creating programs for career development to planning for project elements that will reflect the history of the area and elevate the culture of Portland's Black community (amongst other community priorities).	Same as above, with partners to implement specific programs. Partnerships may include work with other non-profits to deliver specific programming and entering into development agreements or joint ventures with developers to deliver new real estate assets.
Ongoing Management and Programming	<ul style="list-style-type: none"> <li>• Continue to coordinate with partner organizations on local development projects and community programming.</li> <li>• Report out (through annual reports, regular newsletters, etc.) on progress of developments and programming.</li> <li>• Either directly, through a third-party service provider, and potentially in coordination with the City of Portland, maintain the open spaces, civic spaces, and civic elements (such as features that reference the history of Black people in Portland, the Historic Albina District, etc.) on the highway covers and remnant lands.</li> </ul>	Same as above. If open space and public realm maintenance is done directly, it could be through the same non-profit entity described throughout, or a sister entity structured as a conservancy, partnership, or other organization with a specific focus on this part of the project.

The sections below provide more detail on the roles and responsibilities required for each phase of highway cover development, along with examples from around the country.

### **Phase 1: Infrastructure and Development Planning**

At this phase, an initial working group should be formed through a legally-binding agreement through local, state, and regional government partners. The working group would be supported by these government partners, who would provide technical support and resources to working group members. Members themselves, with whom decision-making power should sit, should be representative of the Black Historic Albina community and the Black community in N/NE Portland today.

This group, referred to as the Cover Development Commission in the ICA's presentations in May and June 2021, should be:

- Independent of existing RQIP committees to give focus to the community outcomes of the highway covers and development on & around the covers.
- Structured to give decision-making power sitting with members of the Black Portland and Black Historic Albina Community – those who have been most impacted by the project.
- Resourced by local, state, and regional government partners that would be committed to the process through a legally-binding agreement.
- Consulted on decisions around design, delivery, and ongoing use & management of the highway covers.
- Involved in developing a set of restorative justice goals for the highway covers (construction and future development) and receive regular updates on progress toward these goals.

Establishing this group early is key to ensuring that its members have the time to define principles for delivering on restorative justice goals through the development of and on the highway covers and remnant lands. Upon creation, the commission should adopt a set of principles reflecting its role in the highway cover project, to be recognized by all project partners through a resolution or agreement between the partners. Additionally, the group should be the counterparty, or a main counterparty to ODOT in establishing a community benefits agreement that would solidify ODOT's commitments around DBE contracting and minority and women construction workforce hiring, workforce development programming, and other community benefits, including the future use of the highway covers and remnant lands. Finally, in this phase the group's responsibility and focus should shift to establishing a vision and development plan for the highway covers and remnant lands to be made available for community-focused development.

Across the country, non-profit groups are leading planning around infrastructure projects that seek to reconnect communities divided by highways (whether covers or demolition of raised highways). In St. Paul, Minnesota, [Reconnect Rondo](https://reconnectrondo.com/), a non-profit organization led by community stakeholders and displaced former residents of the Rondo District, are driving the community visioning and master planning process for a land bridge to reconnect the neighborhood. Their vision for the reconnected, mixed-use neighborhood is referred to by the organization as an African American cultural enterprise district.<sup>8</sup> Reconnect Rondo has been the organizing force around the proposed project and has captured the attention of other community organizations and local and state leaders who are now working in coordination with Reconnect Rondo to move the project forward.

In Syracuse, New York, [Blueprint 15](https://purposebuiltcommunities.org/our-network/syracuse-blueprint-15/) is a non-profit organization formed by the City of Syracuse, the Syracuse Housing Authority, and the Syracuse School District (with the support of Purpose Built Communities) to lead a planning effort as they await a decision by the Governor of the State of New York on the demolition and replacement of I-81.<sup>9</sup> Blueprint 15's Board is made up of members representing its constituent agencies, other public sector entities, and some local civic and community organizations and businesses. Blueprint15

---

<sup>8</sup> Reconnect Rondo. (2021). <https://reconnectrondo.com/>

<sup>9</sup> Purpose Built Communities. (2021). <https://purposebuiltcommunities.org/our-network/syracuse-blueprint-15/>

will be responsible for coordinating partners in the redevelopment process and is developing a community-driven plan for mixed-income apartments, neighborhood schools, health and wellness programs, transit access, recreational activities, and commercial investment.

This working group may function similarly to the group that has led planning for development at the site known as [Williams & Russell](#) in Portland, where a community-led group was appointed to help direct the future of the site. Nearly four years after this process began, the Project Working Group, as the community-led group is known, is now considering the appropriate ownership models for future development on the site and considering some of the same models discussed in the following sections (including forming an independent nonprofit, a Community Development Corporation or CDC, partnering with an existing nonprofit development partner, pursuing a model for shared community ownership, and other options).

## **Phase 2: Highway Cover Control and Ownership of Remnant Lands**

### *Development Rights/Land Transfer*

As ODOT completes the highway covers and makes remnant lands available for disposition (to the extent that it does), rights to develop should be transferred to the governing entity for a nominal value. For clarity, while ownership of the highway cover structure itself will remain with ODOT for legal and practical purposes, and ODOT should determine the appropriate mechanism for maintenance of the structure (whether direct maintenance or through a long-term service contract), the right to develop real estate and open space on the highway covers and land made available by construction staging should be transferred to the governing entity at a nominal price. Determining the appropriate form of this transaction (perhaps a long-term lease or development rights agreement on the covers and a sale of land on terra firma, as one option) will require legal support and guidance regarding how ODOT can most effectively transfer control to the governing group at a nominal price. This may require an intergovernmental agreement, through ODOT's adoption of a specific policy with respect to this land or these development rights, or other options on which legal counsel should advise ODOT.

While the ICA team has not identified precedents for this sort of transfer in Oregon, a project in California may be applicable. In order to replace a section of the elevated Central Freeway in San Francisco and separate heavy arterial traffic from local roads, CalTrans paid for the \$26 million demolition of the relevant section of the freeway and transferred ownership of the land made available by the demolition to the City of San Francisco at no cost.<sup>10</sup> The City was then responsible for financing the development of the design, engineering, construction, and maintenance of [Octavia Boulevard](#), which they have done by selling the parcels to private developers.

### *Evolution of the Governing Entity*

As the highway covers are completed and remnant lands that ODOT has acquired for construction purchases become available for disposition (to the extent that they do), the governing entity will need to build the legal and technical capacity to take control of space on the covers and take ownership of remnant lands made available by the project. This may require a change in form, including forming as a registered nonprofit and beginning to hire staff. As shown in Appendix 1, if the group elects to pursue development on its own, it will need to build the capacity for development internally. For this purpose, it may evolve into, or choose to spin off a Community Development Corporation (CDC), Community Land Trust (CLT), or other type of entity specifically dedicated to development on the highway covers and remnant lands.

A community development corporation (CDC) is a non-profit, community-based organization that generally focuses on both physical development and community-based programming. CDCs have the ability to both acquire land and enter into long-term ground leases and can be an effective mechanism to help anchor capital in a community through the development of residential and commercial property that is intended to meet community needs. Because they are governed by a board that is typically composed of community residents and other local stakeholders, there is an opportunity for direct participation in decision-making for

---

<sup>10</sup> EconWorks. Case Study: Central Freeway, San Francisco. (2021). [https://planningtools.transportation.org/290/view-case-study.html?case\\_id=81](https://planningtools.transportation.org/290/view-case-study.html?case_id=81).

future development and programming. A community land trust (CLT) is a non-profit, community-based organization that is designed to ensure community stewardship of land. They can be used for both commercial and residential development but are most often used to ensure long-term affordability of housing. Homeowners enter in to a long-term, renewable lease rather than a traditional sale, which means that when the homeowner sells, the household earns a portion of the increased property value while the remainder is kept in trust, ensuring the property's affordability for future low- and moderate-income homebuyers. Like CDCs, CLTs are governed by a board made up of community residents and other local stakeholders.

[Building Bridges Across the River \(BBAR\)](#), a Washington, D.C. based non-profit, is an example of a community-driven organization that began by managing community programming in existing real estate assets and is now leading the planning process for the development of a new asset for the community: the 11<sup>th</sup> Street Bridge, a 1,200 square foot elevated public park that will connect the neighborhoods of Anacostia and Capitol Hill. While BBAR has run community-based programming for years, including the arts and food programming, the 11<sup>th</sup> Street Bridge project will focus both on open space and the development of affordable housing for the community.

The [Trinity Park Conservancy](#) is a nonprofit that has been a steward of community programming around the Trinity River in Dallas. To pursue the design and development of Harold Simmons Park, the Conservancy spun off a CDC that now works in partnership with the Conservancy, the City of Dallas, and a number of partner organizations that run programs in the Trinity River Corridor.

Alternately, the group may elect to partner with program partners and developers, which would require the organization to begin building relationships with partner organizations at this phase. For housing and commercial development, they would need to go through a solicitation process to select a development partner. The governing entity may also evolve, spin off, or partner with an organization that has the needed technical capacity to own and/or develop land.

### **Phase 3: Community-Focused Development**

A CDC or other non-profit organization has the potential to directly develop assets on the highway cover and remnant lands, bring development partners to the table, or pursue an approach in which they both develop assets and manage partner organizations. The responsibilities at this phase are likely to evolve over time as the governing entity works with the community to establish a clear development vision and priorities develop. For example, the Trinity River Conservancy launched the Community Engagement and Inclusive Development Committee to represent the public interest in all aspects of park planning and implementation as well as draw from the decades of community planning that had occurred in the neighborhoods surrounding the park.<sup>11</sup>

As land becomes available and development plans are finalized, there are different financing and governance structures that can help build community wealth through the real estate development itself. A CLT is one governance and financing structure that does this, but the long-term affordability requirements limit the ability of community owners to benefit from the full price appreciation of the asset. Another example is a [Community Investment Trust \(CIT\)](#), a structure created in Portland by Mercy Corps Northwest, which has the potential to offer real estate investment opportunities to remaining Historic Black Albina community members through future commercial development on remnant lands. The East Portland CIT was established in response to community engagement that showed that residents were interested in investing in real estate assets in their own neighborhoods. The organization acquired a 29,000 square foot commercial retail mall with 26 to 30 tenants and set up a structure through which residents within specified zip codes could invest \$10 to \$100 per month and build collective ownership in the property. For this to be recreated in the RQIP as a community-driven effort, the governing entity could directly purchase or develop a retail component of future development (as a commercial condo, for instance) that they or a development partner undertake. While this is a direct mechanism for wealth building, the community would need to determine the extent to which a place-based program is appropriate for the Historic Black Albina Community, many of whom have

---

<sup>11</sup> Trinity Park Conservancy. (2019, February). [Harold Simmons Park Community Engagement: Equity & Inclusion Report – January 2018-February 2019.](#)

been displaced from the area. Further, to ensure that the CIT is being formed in response to the community's vision, the board of the CIT could be comprised at least in part by the community members who are investors in the CIT.

If the governing entity chooses to work with partners to deliver programming and development, rather than through internal capacity-building, it will engage those partners in this phase and oversee their development of projects and programs that align with community priorities.

#### **Phase 4: Ongoing Management and Programming**

The programming and maintenance of land on the highway covers, particularly the open spaces and civic spaces, will be a central focus of this phase. Depending on the path chosen, the governing entity will need to either stand up the programs envisioned by the community directly or oversee partners to do so. If the former, the entity will need to build up internal technical capacity in a broad range of disciplines, including healthcare, childcare, job training, and food programs, among others. These would likely need to be run by separate sub-entities, each with staff with the required technical capacity to deliver these programs. Alternately, the governing entity can contract with and oversee partners to run programming, relying on their specific technical capacity for different programs.

Programming should reflect the community vision developed in the planning phase and may include a broad range of programs and uses. Building Bridges Across the River has successfully overseen programs and maintained spaces in the surrounding neighborhood for decades, including a theater, a 16.5 acre mixed-use site that provides services to the community through partner organizations, and a network of six local urban farms.

Public programming for the HUB404 in Atlanta is meant to help activate a park into a transformative public space. Planned spaces include a plaza for public gatherings, markets, and celebrations, gardens, a community amphitheater, and food and beverage.<sup>12</sup>

In Seattle, the open space and new public realm created by the [Central Waterfront](#) project is maintained and programmed by the City of Seattle and the organization created to steward the waterfront open space, Friends of Waterfront Seattle. Maintenance and operations are partially supported by guaranteed annual funding by the City and supplemented by funds raised by Friends of Waterfront Seattle, who also leads programming. Friends of Waterfront Seattle has also engaged partners such as the Downtown Seattle Association, The Future Forward: Artist-in-Residence Program, and the Seattle Public Library to expand and deliver programming.

The appropriate balance of self-executed operations, maintenance, and programming versus partner-driven services will depend on the size and budget of the governing group or organization for the highway covers, and the extent to which it is focused on this work, versus other goals as part of the highway covers' development.

---

<sup>12</sup> Hub404. <https://hub404.org/vision/>



## **2.4.2 FINANCIAL & FISCAL OPERATIONAL COST ANALYSIS**

Based on feedback gathered from community stakeholders throughout the Independent Cover Assessment (ICA) process, the ICA team understands that development on the highway covers is viewed by the community as key to delivering on restorative justice goals. As discussed above, part of realizing these goals is the community's control over the visioning process for future development. In response to this, the ICA team has not defined a specific real estate development program for the highway cover Scenarios, deferring this to future work to be led by the governing group as part of their initial stage of work. Without a development program, the team's analysis cannot estimate the value that would be created by development on site (on the highway covers and other parcels), nor would it be appropriate to evaluate this as traditional, market rate development, as community priorities are focused on building community wealth, health, and cohesion, rather than meeting a specific financial return.

In line with this approach, the team has taken a set of alternative approaches to expressing the value of the development potential created by the ICA highway cover Scenarios, described below. This value will be affected by the timeframe for Rose Quarter Improvement Project delivery and delivery of real estate development and programming on the highway covers and remnant parcels, but these benefits are not mutually exclusive or in competition. In fact, creating a governing entity to work with ODOT and other project partners from Rose Quarter Improvement Project planning through delivery through community-focused development on and around the highway covers could support the project's ability to deliver on restorative justice goals by ensuring that the project's implementation sets up a successful environment for community-focused development.

### **Economic Benefits of Highway Improvements & Highway Cover Construction**

Given that the development program for the highway covers and potential remnant lands has yet to be determined, the economic benefits and other benefits of community-oriented development and ongoing programming on the highway covers and remnant lands cannot yet be measured. However, as previously noted by project and community stakeholders, the construction of the Rose Quarter Improvement Project will have economic benefits for the region generated through construction jobs, other jobs, and induced spending in the local economy.

To model these potential impacts, HR&A used the Impact analysis for PLANning (IMPLAN)<sup>13</sup> input-output model for Multnomah County, created by MIG, Inc. to analyze the economic impact associated with highway and highway cover construction for each of the ICA Scenarios. For each dollar of spending in the economy, IMPLAN traces commodity purchase and sales patterns between 546 industries within the specified geography. The economic impact analysis estimates economic output, job creation, and wages/income paid to employees at the following levels:

- Direct impacts are those that result from project construction (for instance, jobs created for project construction);
- Indirect impacts are those that result from industry-to-industry transactions from project construction (for instance, jobs created or dollars spent to produce project materials);
- Induced impacts are those that result from employee spending in the economy, including employees of directly and indirectly affected businesses (for instance, purchases made by an employee of the company creating construction materials).

---

<sup>13</sup> The IMPLAN model is used to conduct economic impact analyses by leading public and private sector organizations across the United States.

Based on this analysis and assuming a highway cover that can support up to two-story construction, Scenarios 1, 4, and 5 have the potential to deliver the following economic benefits (in 2021\$) during project construction in Multnomah County:<sup>14</sup>

- Over the course of construction, the ICA Scenarios have the potential to create an estimated 740-800 direct jobs, 100-130 indirect jobs, and 200-230 induced jobs sustained over the construction period (assuming an equal share of jobs each year for five years).
- Over the course of construction, the ICA Scenarios have the potential to create an estimated \$310 million to \$340 million in total labor income.
- The ICA Scenarios have the potential to induce an estimated \$990 million to \$1.1 billion of total economic output (gross regional product).

Scenarios 1, 4, and 5 deliver similar economic benefits because there is not a substantial difference in the total projected costs. Further, Scenario 5 has the potential to induce the greatest economic impact because it has the greatest overall construction cost.

The distribution of the economic benefits generated by the Rose Quarter Improvement Project construction, including highway cover construction, and how they will accrue to Black community members, will primarily depend on ODOT's Disadvantaged Business Enterprise contracting decisions and minority and women construction hiring practices. To date, ODOT has awarded its Construction Management/General Contractor contract to Hamilton Sundt A Joint Venture, in association with Raimore, which is anticipated to generate a significant number of jobs and a significant economic benefit to local employees and particularly owners and employees of Disadvantaged Business Enterprises, including minorities and women (per language used on ODOT's website). The ICA team also understands that ODOT is developing more extensive plans for workforce training and engagement focused on hiring and training for the Black community, amongst others.

These benefits are in addition to, not in competition with, benefits that would accrue to those who own and control the future development potential on and around the highway covers. In fact, a strong governance structure put in place before project construction could reinforce the restorative justice goals of the Rose Quarter Improvement Project by supporting local workers in accessing jobs made available as part of the project through local hiring commitments and coordinated workforce development programs, for example.

### **Market Value of Remnant Parcels**

Parcels of land surrounding I-5 that is acquired by ODOT for construction access and staging (referred to as remnant lands or remnant parcels) have the potential to offer an additional source of value to the community. Once they are no longer being used to support Rose Quarter Improvement Project construction, these remnant parcels could be transferred or sold (for a nominal value), as described in Phase 2 above, to the governing entity for programming and development. Regardless of the final development program for remnant parcels, control of these assets is a crucial source of value for the community and offers long-term flexibility to redevelop, program, or even sell the parcels to support community priorities.

While there have been limited land transactions in the Lloyd District in the past five years, a review of the existing commercial/mixed-use land transactions and current listings provides insight into the potential market value of remnant parcels from the RQIP.<sup>15</sup> However, the actual value of potential remnant parcels is difficult to determine and will depend on (i) commercial and residential demand in the area at the time of land

---

<sup>14</sup> The total estimated economic output is in 2021 dollars. Modeled construction costs include soft costs but do not include the cost to acquire Right-of-Way parcels.

<sup>15</sup> For the purposes of this analysis, we do not use assessed value as an indicator of potential value to the community because, although more straightforward to determine, assessed value generally does not reflect the market value of a parcel.

transfer, (ii) the suitability of the parcels for development (such as size, shape, existing on-site improvements, etc.), and (iii) development that occurs around them, including on the highway cover.

A review of four recent transactions and listings for commercial, mixed-use development parcels in comparable locations in the Lloyd District and immediately surrounding the Lloyd District reveals a price of about \$160 to \$240 per square foot of land, or ~\$25 to \$35 per buildable square foot.<sup>16</sup> Depending on the factors described above, these values may be a helpful indicator of the potential market value of remnant parcels turned over to the governing entity.

### Developable Area & Development Capacity

The actual development program of the parcels should be determined through a community-led planning process and carried out by the governing entity and any development partners. However, an initial review of the potential development programs for each scenario was undertaken by the project team based on the program priorities that were communicated during the community workshops. These hypothetical programs for each ICA scenario align with those shown during our second community workshop and include a mix of residential, commercial, medical, retail, and cultural spaces and are meant to reflect what could potentially be built based on the size of the parcels, zoning, and initial community feedback about program priorities, not market conditions or a final community-driven plan. These Scenarios include between 580 and 910 residential units, approximately 200,000 square feet of commercial space, and additional medical, retail, and cultural space to create a combined 888,000 to 1,133,000 total square feet of program space. The following table summarizes these hypothetical development program for each ICA Scenario. While important to note that these programs are not based on market demand, financial feasibility, or physical feasibility, they are included here as an illustration of the development capacity associated with each of the ICA Scenarios.

**Table 4. Program Area by Design Scenario**

<b>GSF by Land Use</b>	<b>Scenario 1</b>	<b>Scenario 4</b>	<b>Scenario 5</b>
Residential (GSF)	438,000	672,000	684,000
Dwelling Units	580	900	910
Commercial (GSF)	194,000	231,000	193,000
Medical (GSF)	90,000	83,000	90,000
Retail (GSF)	59,000	69,000	67,000
Cultural (GSF)	108,000	78,000	99,000
<b>Total (GSF)</b>	<b>888,000</b>	<b>1,133,000</b>	<b>1,132,000</b>

*\*The table above reflects the program table included in Appendix J, section 4.1. Rounding may cause some totals to vary by ~1,000 GSF.*

### Funding for Real Estate Development

A core responsibility of the governing entity will be to secure, manage, and spend funds for real estate development, community programming, and maintenance of open spaces, or oversee partner organizations to do so. The development programs on and off the covers have not yet been determined, but feedback gathered during the ICA team’s community workshops indicated interest in a variety of uses, including housing, office space, and commercial retail opportunities, among others. It is also likely that future development plans on the cover will include open space that can be programmed for community gathering and activities.

<sup>16</sup> Buildable square foot is equal to the size of the parcel times the floor area ratio (FAR) and captures the full development potential of a parcel.

Given this range of potential uses, funding will need to come from a wide variety of sources, and the governing entity will likely need to oversee or partner with multiple development partners at different phases of the project.

Understanding these potential funding sources will help inform the technical capacity that the governing entity will need to have or build over time. For instance, a number of local, state, and federal funding sources are already available to support affordable housing development, and many sources are focused on new development, as construction and delivery is the point at which developers incur the bulk of costs, associated with construction and financing costs. Non-profit organizations may be best positioned to access and utilize many of these sources, though this varies based on source and program.

The following table describes existing local, state, and federal sources that could be used to fund real estate development on the covers and on remnant lands. The following sources are those that are best suited to finance projects in which the primary goal is to deliver community priorities rather than return on investment.

**Table 6. Potential Funding Sources for Above-Cover Real Estate Development**

<b>Funding Source</b>	<b>Specific Program or Use</b>	<b>Description</b>
<b>Local Funding</b>		
Portland Housing Bond	Affordable Housing	Local gap financing for new housing construction.
Interstate Corridor and Oregon Convention Center Urban Renewal Areas	Infrastructure and Transportation	Incremental property taxes in the district that are collected and spent on capital projects or ongoing improvement and revitalization efforts.
Inclusionary Housing Program (Developer Subsidy)	Affordable Housing	All residential projects of 20 units or more that are built in the City of Portland are subject to Inclusionary Housing rules, which require private developers to subsidize a share of all units built.
Metro Parks and Nature Bond	Parks	Metro’s six program areas, including Nature in Neighborhood capital grants and local parks and nature projects, prioritize outcomes that benefit people of color. Metro works in partnership with community organizations to coordinate investments.
Percent for Green Grants	Large-scale green infrastructure	Percent for Green Grants are offered by the City of Portland to community groups that seek to complete large-scale green infrastructure projects that provide broad benefits for watershed health and the community. Grants typically range from \$20,000 to \$100,000 and would likely be reserved for open space construction on the cover.
<b>State Funding</b>		
State Housing Trust Fund (Housing Development Grant Program)	Affordable Housing	State income tax credit for affordable housing loans. Applicants must show a

Funding Source	Specific Program or Use	Description
Oregon Impact Fund	Housing, healthcare, education	20-year term that the tax credit benefit will be used to reduce a tenants' rent.  Run by the Oregon Community Foundation, the Impact Fund lends to nonprofit organizations that create quantifiable impact in affordable housing, education, health care access, natural resource management, and job creation in underserved communities.
Oregon Parks and Recreation Department Local Government Grant Program (LGGP)	Parks	The LGGP is a voter approved, State lottery funded grant program administered by the Oregon Parks and Recreation Department. The program awards over \$5 million annually for qualified projects.
<b>Federal Funding</b>		
Low Income Housing Tax Credits (LIHTC)	Affordable Housing	The LIHTC program provides tax credits for developers to construct or rehabilitate low-income rental housing. The sale of LIHTCs to investors is used to provide a capital subsidy at the time of construction. While LIHTC is federally funded, they are administered by the State.
Home Investment Partnerships (HOME) Program	Affordable Housing	Federal funding administered by the State available for new construction of affordable housing and tenant-based rental assistance benefiting low- and very low-income households.
New Market Tax Credits (NMTC)	Retail, community facilities (health services, schools, rental or for-sale housing, offices, and other real estate development	Community Development Entities (CDEs) apply to the Treasury Department's Community Development Financial Institution Fund to receive tax credit authority. They then sell these credits to investors to make debt or equity investments in entities located in qualified low-income communities. Community Development Financial Institutions are the most frequent form of CDEs.

### Funding for Public Realm and Open Space Operations & Maintenance

Operations and maintenance (O&M) costs of open space on the covers or on remnant lands will vary significantly based on the amount of open space created and the intensity and type of programming in those spaces. Participants in the ICA community workshops expressed interest in open spaces for cultural programming and art that is significant to the Historic Black Albina community, as well as recreation space, and space for urban farming. While these programs have different operational and maintenance costs, there will be a baseline level of operations and maintenance funding needed to ensure that any open space is well maintained, safe, and welcoming to the community.

The non-profit governing entity, or its designated open space management partner, can draw on a variety of funding sources for operations and maintenance from both public and private sources. Depending on the community’s vision for programming, there may also be opportunities for earned income from open spaces to support operations and maintenance through events and concessions. Opportunities for earned income are highly dependent on the type of programming in each space, the extent to which programs can or should be monetized, and local regulations around the kind of advertising, sponsorship, and naming rights allowed in public spaces.

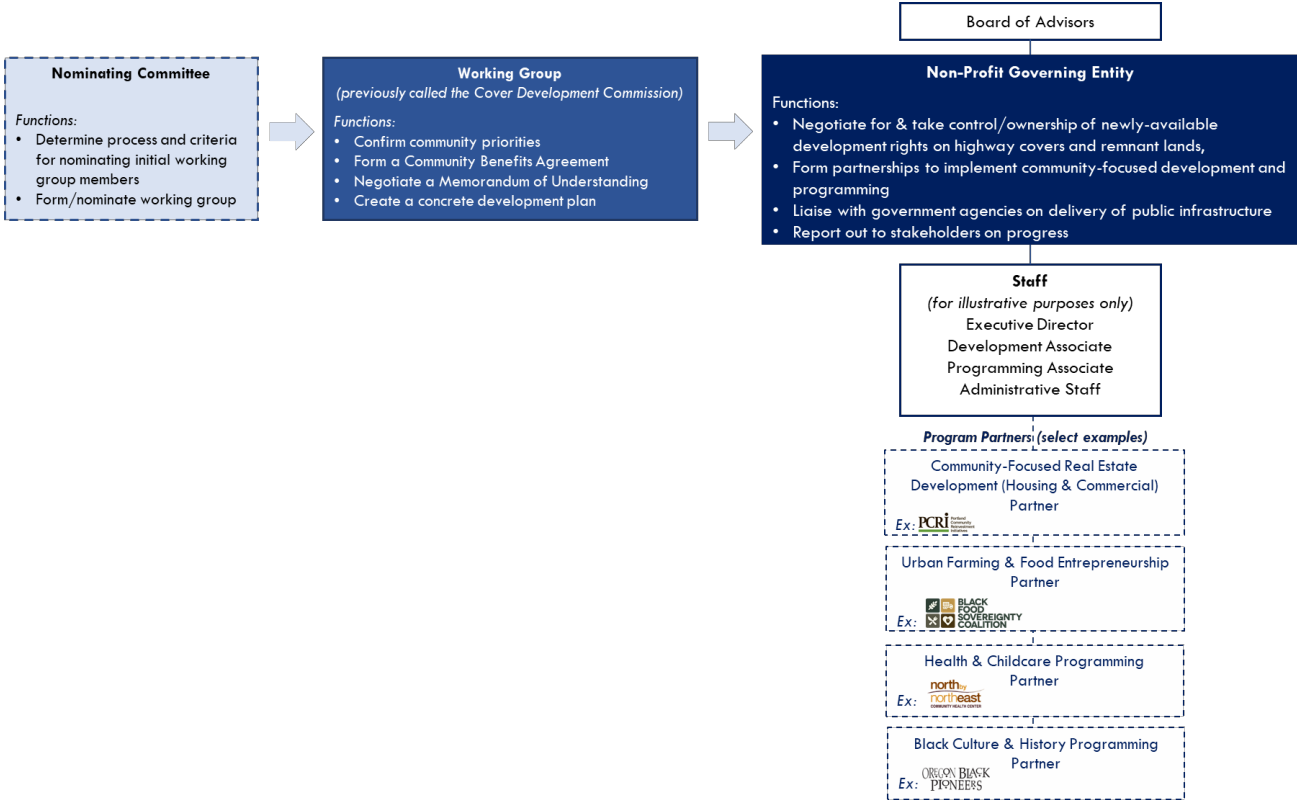
The following table describes potential sources of funds for public realm and open space operations, maintenance, and programming.

**Table 7. Potential Funding Sources for Public Realm or Open Space Maintenance**

<b>Funding Source</b>	<b>Specific Program or Use</b>	<b>Description</b>
City of Portland	Park maintenance	Allocation of the City budget to open space maintenance through the Parks budget.
Metro Parks and Nature Bond Restoration and Maintenance	Park maintenance	Metro’s Park and Nature Department administers funds for maintenance and improvements for existing parks, including by upgrading facilities, improving safety and security, and improving sustainability features.
Lloyd Enhanced Services District	Transportation, public safety, economic development	Business Improvement District (BID) supported by a property management license fee and overseen by a Board made up of area property owners.
Developer Impact Fees	Operations and maintenance	The City can levy a fee on private new development that benefits from proximity to the park.
Earned Income	Operations, programming, and maintenance	New revenue generated by programming and retained by the governing entity through concessions and events can help support operations, programming, and maintenance.
Philanthropy	Operations and programming	Donations from private individuals, foundations, and corporations to a non-profit entity can support operations and programming in open spaces. For example, the Portland Parks Foundation offers grants through the Small Grants Program to community-based organizations within the City of Portland who foster equitable access to urban parks, community gardens, and community recreation areas.

# Appendix I. Governing entity Development & Structures

## Structure 1: Programming through Partnerships



**Structure 2: Build Internal Capacity**

