



# RIDGEFIELD WATERFRONT **Market Analysis & Development Strategy**

PREPARED FOR



PREPARED BY



NOVEMBER 2023 - FINAL

# Contents

In 2023, the Port of Ridgefield engaged Leland Consulting Group (LCG) to conduct visioning workshops with the Port Commission, as well as a market analysis and development strategy for the Ridgefield Waterfront. This document summarizes LCG's work and is organized as follows:

- Port Objectives and Vision
- Market Analysis
- Development Strategy
- Conclusion
- Appendices



*Photo: Port of Ridgefield.*

# Introduction

LCG's analysis and recommendations are structured as follows:

## **Waterfront Vision**

A brief summary of what the Port and Ridgefield community want the Waterfront to become over a 5- to 20-year period.



## **Market Analysis and Development Program**

Analysis of which of the land uses and amenities desired by the Port and community can feasibly be built by the Port, developers, or other parties; and the amount, scale, and type of those uses likely to fit at the waterfront site.



## **Development Strategy**

Describes LCG's recommendations for how the Port should realize the development of the vision and development program, including logistical and financial considerations.



# Port Objectives & Waterfront Vision



# Waterfront Uses and Amenities

The list of uses and amenities shown below was compiled by the Port in 2008 and reflects input received at that time during a variety of meetings, hearings, open house events, and stakeholder interviews. This list was shared with LCG as we began our work, as it provides a starting point for the Port Commission, staff, and LCG about the types of uses and amenities that are desired, acceptable, and undesirable or prohibited at the waterfront.

Uses	Prohibited	Acceptable	Desired
	Warehousing Outdoor Storage Covered Storage Wastewater Treatment Heavy Industry Residential (ground-level) Wood Treatment	Light Industry/Assembly Live/Work Spaces Higher Education (college/university) Education Museum/Exhibition/Interpretation Research and Development (labs) Lodging Retail Public Transit access, facilities Passenger Rail station Marina/short-term moorage Commercial Dock/moorage Residential (upper-story)	Employment Professional Offices Dining (restaurant) Recreation/Entertainment Civic Offices Meeting/Gathering spaces Parking
Amenities			Waterfront Trail Boat Launch Kayak Launch Access to Water Trail Public Restrooms Outdoor Public Plazas Open Spaces View Points Art and Sculpture

# Community Survey

During 2022, the Port and its consultants conducted a community survey that generated more than 1,500 responses. The key concerns, requested amenities, and priorities that emerged from this community input are shown below. Along with the Waterfront Uses and Amenities information, the Community Survey input provided a critically important foundation for LCG’s work. Future investments by the Port and its partners at the Waterfront should provide the community with the types of amenities and places that the community wants.



# Waterfront Vision

Based on the waterfront uses and amenities, community survey, and workshops conducted in 2023 with the Port Commission and staff, LCG prepared the waterfront vision shown below. While the vision is based on years of Port and community input, the Port should feel free to adjust this vision as necessary if it becomes clear that it no longer captures what the Port is trying to achieve at the Waterfront. The vision is also intended to be tool: The Port should screen proposals for development and investments at the Waterfront against this vision. Only projects that meet the vision should be completed.

- Provide “triple bottom line” benefits (economic, social, and environmental) to the greater Ridgefield community.
- Generate **economic development** and high-quality jobs.
- Provide **enhanced community spaces** including a waterfront park and connections to the Lake River and the Ridgefield National Wildlife Refuge.
- Be an **active mixed-use place**.
- Provide and improve **public access to the public areas** of the waterfront.
- **Retain public ownership** of most or all the waterfront property.
- **Bring the Port headquarters office back** to the Waterfront.
- Be **financially feasible** and beneficial for the Port and the Port’s project partners.
- Break ground as soon as possible but also take a patient point of view towards development – **doing the right thing over the long term** is more important than rushing and falling short of the vision.



# Market Analysis





# Property Context & Summary



# Waterfront Strengths

- The primary strengths of the site are its amenities including a waterfront location, a future public park, the adjacent Wildlife Refuge, the boat and kayak launches and moorage, and the adjacent wildlife refuge.
- Everyone wants to be on the water and buildable and properly zoned waterfront sites are increasingly rare along the I-5 corridor between Eugene and Longview.
- The City of Ridgefield is one of the fastest growing communities in the state and resident's incomes are much higher than those in most other parts of Clark County. Developers and tenants are attracted to fast-growing, desirable communities.
- The Covid pandemic and the ability to work from home have spurred outmigration away from city centers—particularly from downtown Portland—and towards suburbs and small cities like Ridgefield. Developers are looking for great opportunities in small cities.
- Bringing new Port offices to the site as a part of a multiuse building can create activity that can catalyze more development.
- The Port and City are active champions of the project. The Port can be a “patient” landowner that can lease land to third parties over time. Acquiring land over time rather than upfront can significantly reduce developers’ costs and increase returns. The Port also has the ability to raise some capital through grants and low interest bonds, which could reduce infrastructure costs for developers, making the site more attractive and potentially increasing revenue to the Port from a land lease.
- There is a good connection to downtown Ridgefield via a new overpass on Pioneer Street.



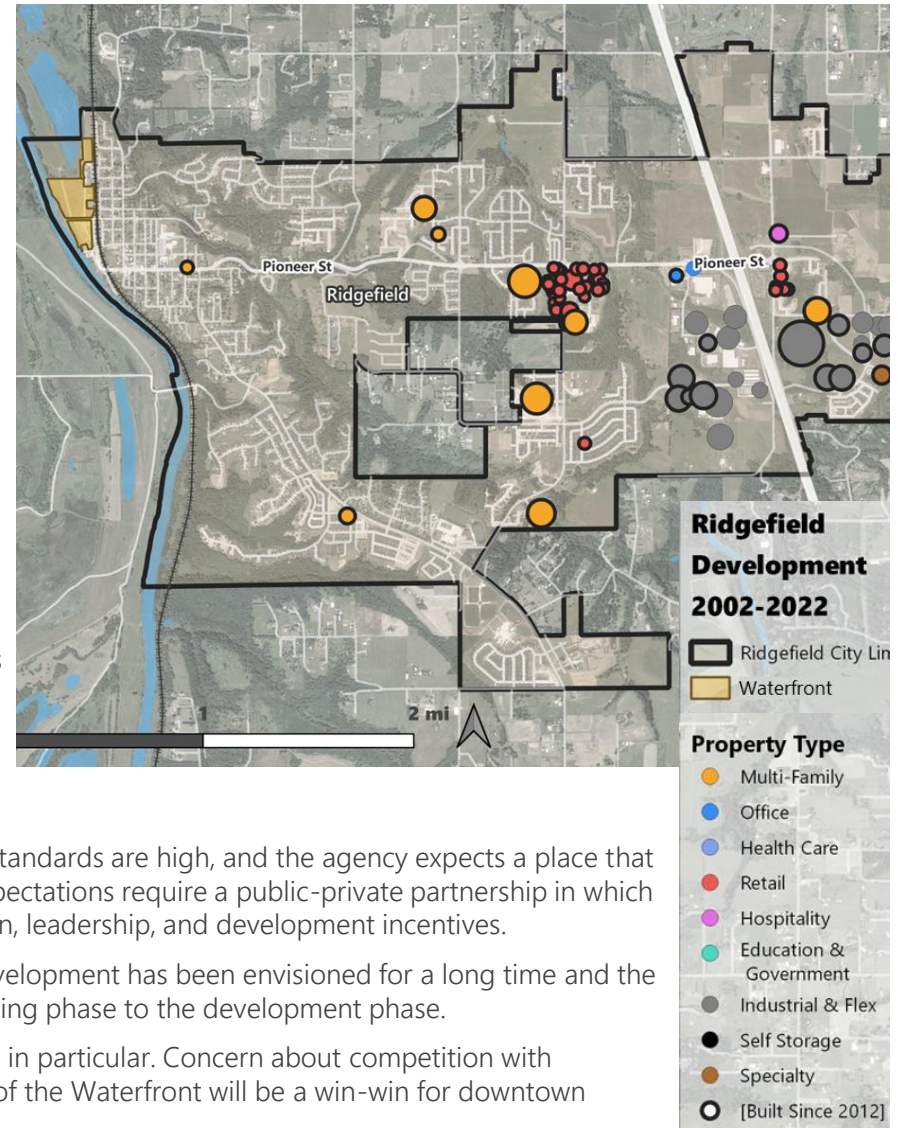
*Photo: Port of Ridgefield.*



# Waterfront Challenges

Real and perceived challenges at the Waterfront site are summarized below. LCG believes that all of the challenges described below can be overcome, but nonetheless it will be important for the Port to be aware of them and mitigate them where possible.

- As shown at right, many land uses—particularly major retail, industrial/employment, and hospitality/lodging, and to a lesser degree multifamily housing—are attracted to locations along major arterials and freeways such as Pioneer Street and I-5. These major routes provide good access to a large number of potential shoppers, employees, and residents, and high visibility. These attributes are prized by commercial developers and drive financial success. The Waterfront, located about three miles from I-5, will never be able to out-complete Ridgefield locations to the east on the basis of convenience, access, or visibility. This will be a challenge to attracting some tenants. A key part of the Waterfront development strategy must be to build on the location's beauty and create a special place that people go out of their way to go to. Waterfront land uses will be more “niche” and small because of the location's competitive disadvantage.
- The site's environmental, geotechnical, floodplain, and shoreline conditions and regulations. While LCG's understanding is that these issues will not prevent development, they will introduce some additional development costs and deter some developers.
- The railroad and train noise are a disamenity.
- The Port and community goals are both exciting and visionary. The Port's standards are high, and the agency expects a place that is special and not the generic suburban development status quo. These expectations require a public-private partnership in which Port, City, and other agencies support the project via appropriate regulation, leadership, and development incentives.
- The Port must create a sense of momentum. The Ridgefield Waterfront development has been envisioned for a long time and the Port must send a clear message that it is now time to move from the planning phase to the development phase.
- Perceived traffic and other impacts to the City of Ridgefield and downtown in particular. Concern about competition with downtown. The Port must continue to demonstrate that the development of the Waterfront will be a win-win for downtown particularly, and the Ridgefield community broadly.





# Demographics

Demographics are a key consideration for developers, since different populations seek out different types of places to live, play, and recreate. Families seek different types of homes and recreational facilities compared one- and two-person households and retirees. A series of summary demographics for the City of Ridgefield and other nearby communities is shown below. Among these communities, Ridgefield is most demographically similar to the City of Camas, although it is not as large.

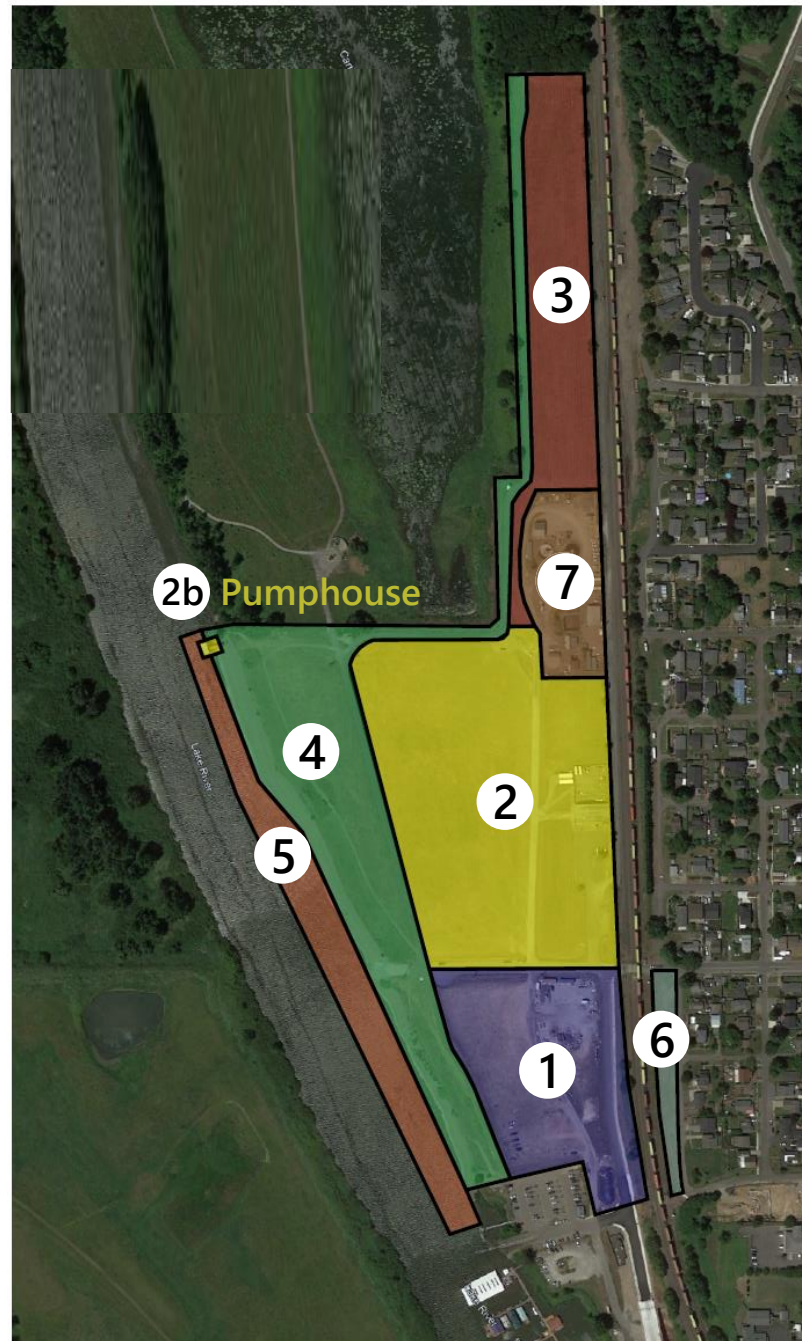
Ridge is growing very quickly. Median household incomes are high—almost 40% higher than Clark County. Rapid population growth and a large share of middle- and upper-income households generally indicates demand for a broad variety of real estate development, including housing and commercial space.

Household sizes are large, which reflects the very high percentage of family households. Most housing is owner-occupied.

	Ridgefield	La Center	Battle Ground	Camas	Vancouver	Clark County
<b>Demographic Summary</b>						
Population 2022	13,237	3,809	25,201	28,575	224,494	521,925
% Population Growth (2010-2022)	138%	28%	20%	39%	19%	23%
Median Household Income	\$122,562	\$107,837	\$89,073	\$124,336	\$76,951	\$88,424
Average Household Size	3.0	2.8	2.9	2.9	2.5	2.7
% Bachelors Degree or Higher	35.4%	22.4%	24.3%	54.6%	34.5%	33.5%
Owner-Occupied Housing Units	80.3%	83.8%	72.1%	73.5%	52.1%	64.4%
Median Age	37.7	41.8	33.5	39.0	38.3	38.7
<b>Household Types (2010)</b>						
In Family Households	91.3%	92.4%	90.4%	90.6%	79.8%	84.8%
In Nonfamily Households	8.5%	7.6%	9.1%	9.0%	19.1%	14.5%
In Group Quarters	0.1%	0.0%	0.6%	0.4%	1.2%	0.8%

# Waterfront Planning Areas

As shown at right, the Port and LCG divided the waterfront into seven different areas in order to reflect the fact that some uses are appropriate for certain areas but not others. Areas 1 through 6 are owned by the Port. Area 7 is owned by the City of Ridgefield.



# Parks, Open Space & In-Water Recreation

Areas 4, 4b, and 5 are intended for a mix of parks, open space, and in-water recreation.

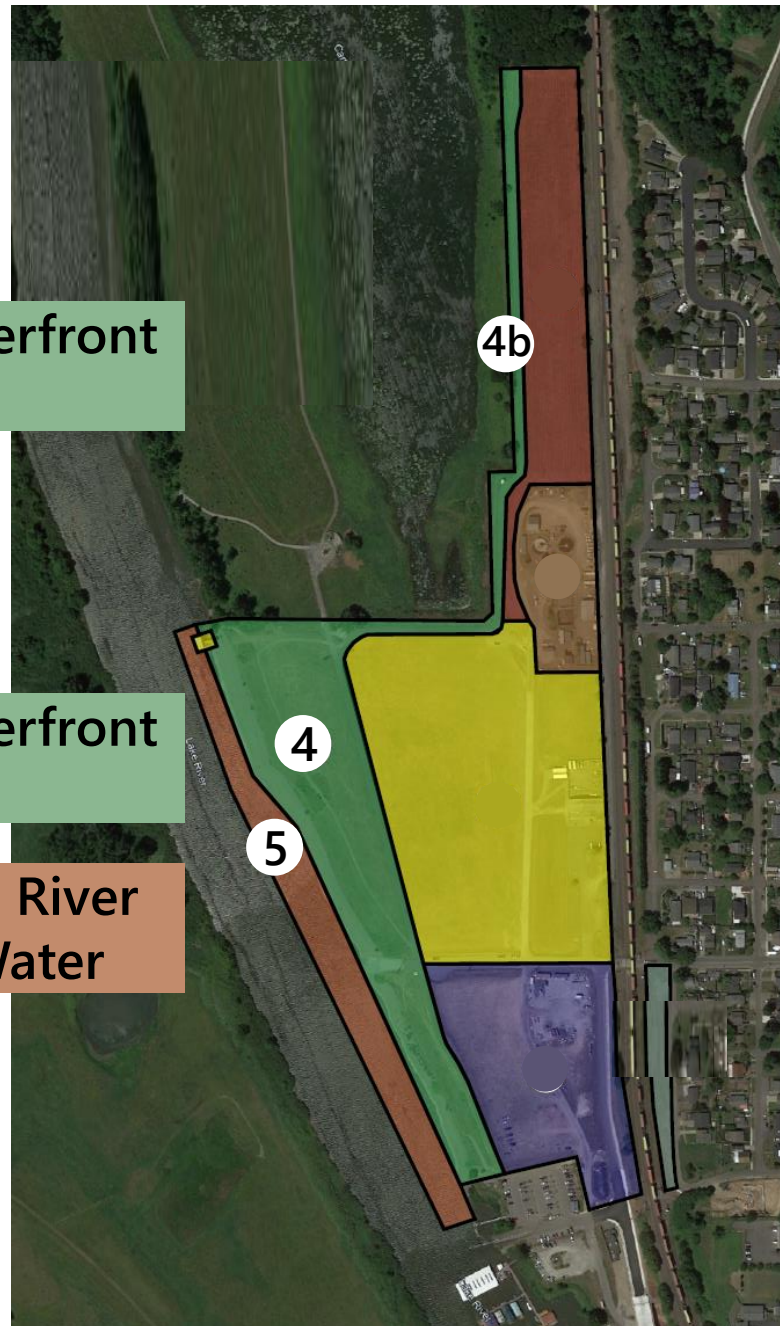
These areas will deliver on parts of Waterfront Vision including to “provide enhanced community spaces including a waterfront park and connections to the Lake River and the Ridgefield National Wildlife Refuge” and to “provide and improve public access to the public areas of the waterfront.”

The waterfront park area (4) is about 9 acres in size; the Lake River in-water area (5) is about 5.75 acres.

**Waterfront  
Trail**

**Waterfront  
Park**

**Lake River  
In-Water**



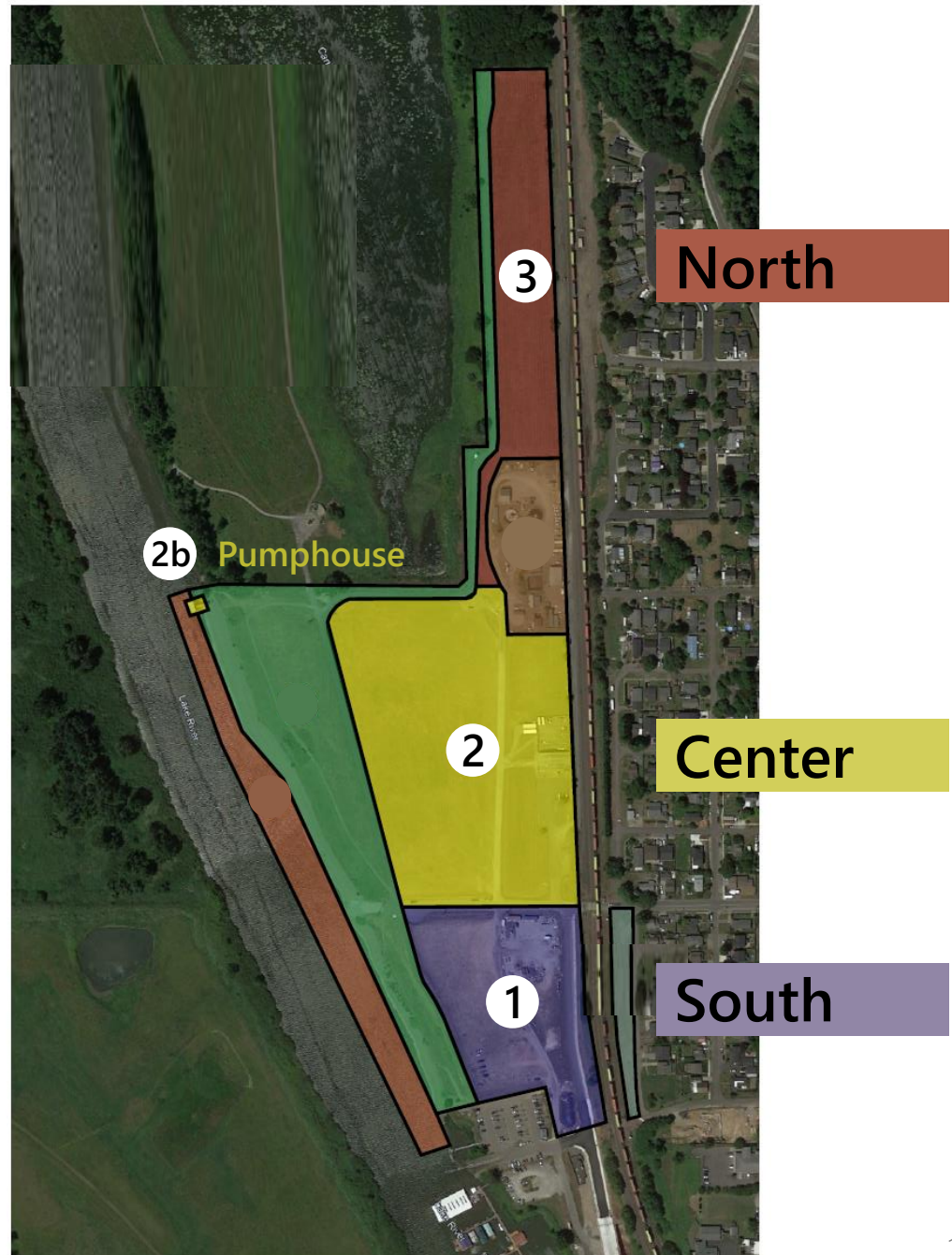


# Mixed Use Development

The north, center, and south areas are best suited for a mixed-use development. The total area of these areas is approximately 27.5 acres.

These areas will deliver on parts of Waterfront Vision including to “be an active mixed-use place; generate economic development and high-quality jobs; and bring the Port headquarters office back to the Waterfront.” Development in these locations will also support the financial feasibility of the entire waterfront by generating revenue via land leases and/or other means.

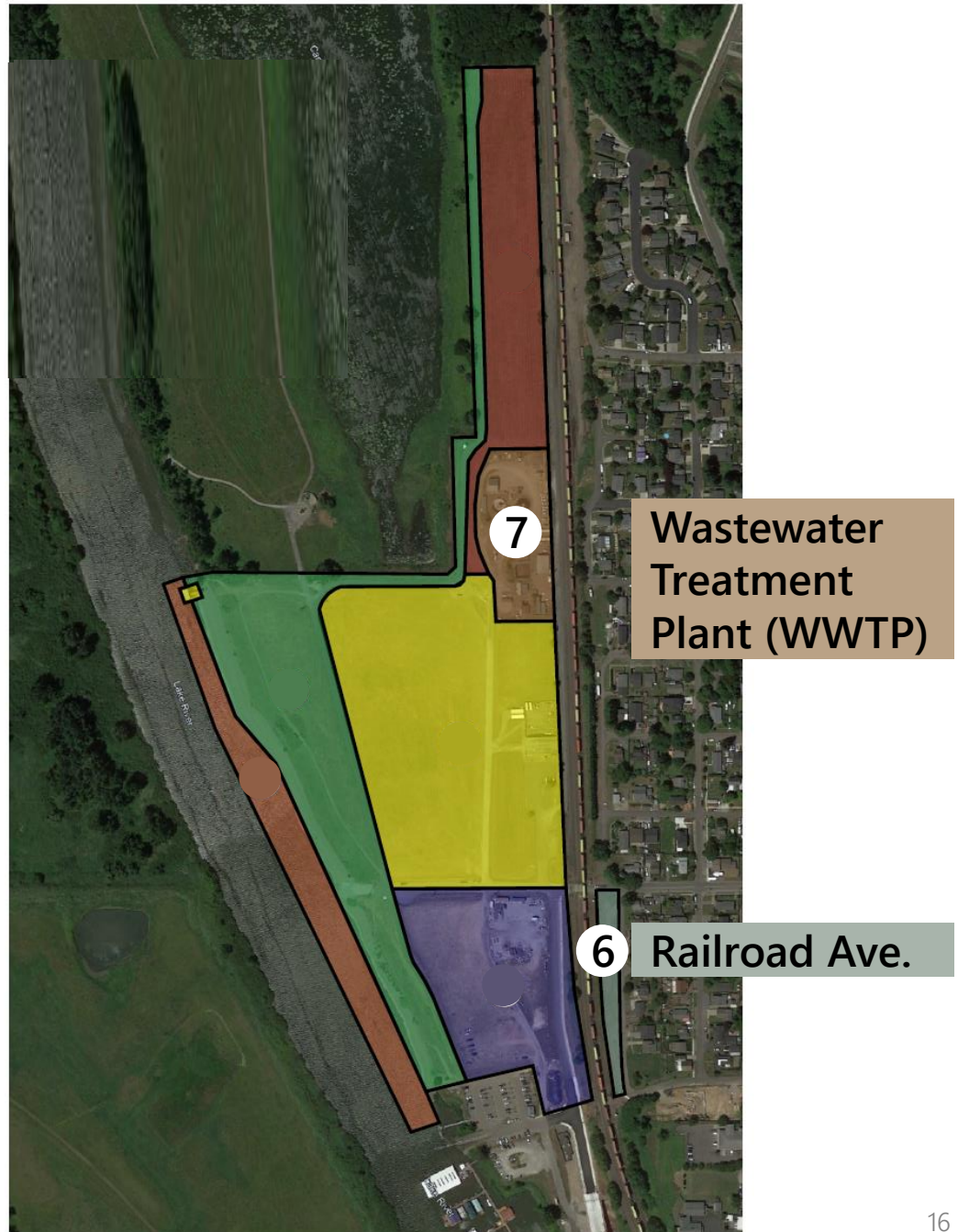
The center and south sites comprise the heart of the future waterfront mixed-use area. Division Street, which separates the center and south areas, is about 525 feet long in this location. The north site is narrower (just under 200 feet wide) and at present is accessed through a narrow right of way connecting it to the center area.



# Other Areas

Area 6 is the Port's Railroad Avenue site. While areas 1 through 5 are located west of the railroad tracks, area 6 is separated from the rest of the waterfront on the east side of the tracks. It is a long, narrow property. Because the City and Port are examining the feasibility of a pedestrian and bicycle rail overcrossing at Division Street (the northern border of area 6), the Railroad Ave site could be well suited to be the location where the crossing lifts-off, visitor parking, or other uses yet to be determined.

Area 7 is a wastewater treatment plant. The property is owned by the City of Ridgefield and operated by Clark Regional Wastewater District. The district and city plan to decommission the plant in 2034 and serve demand at another plant located off-site. Following decommissioning, this site could continue to be owned by the City, be a part of the mixed-use development area, or could serve another use yet to be determined.



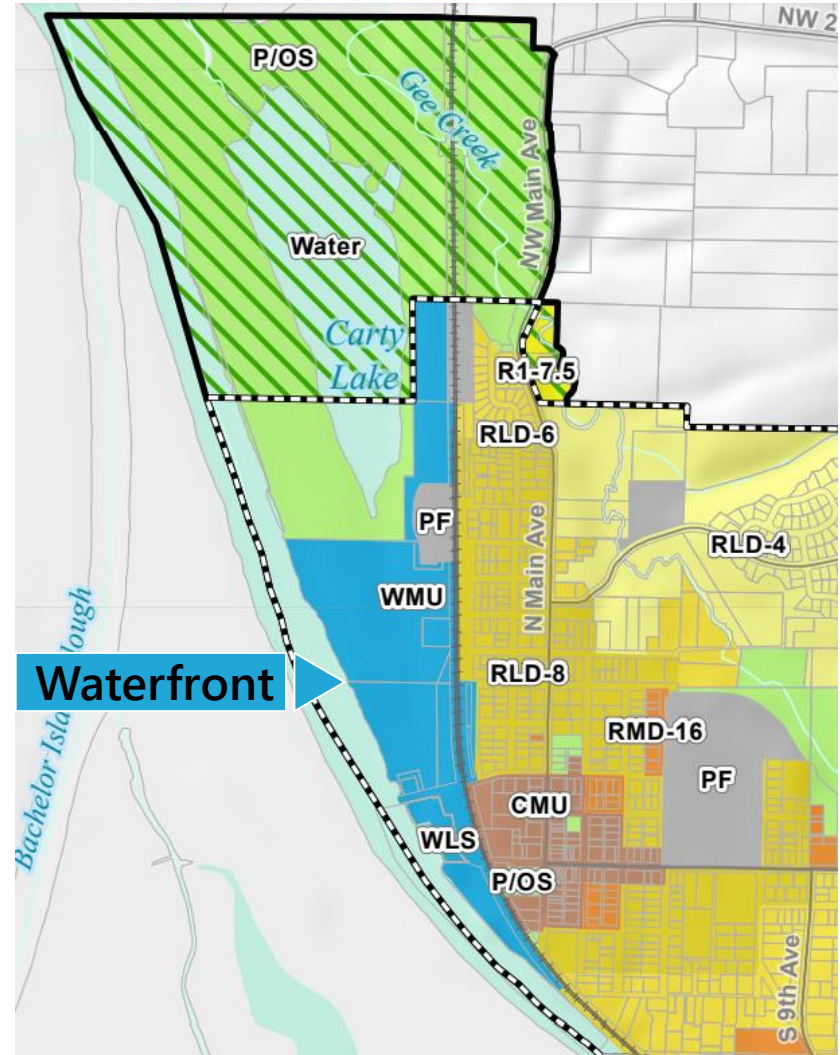


# Zoning

The zoning established by the City of Ridgefield sets an “envelope” within which the waterfront development can take place. For the most part, the existing zoning is consistent with the vision established by the Port, City, and community. However, the Port may want to pursue agreements with the City that update and modify some specific elements of City zoning. Most of the waterfront is within the Waterfront Mixed Use (WMU) zone ([RMC 18.235.030](#)). The WWTP is zoned public facilities.

The purpose of the WMU zone is “to encourage multiple uses while providing an environment for public access to and enjoyment of the waterfront.” As such, a wide range of land uses is permitted in the WMU zone including office, research and development, hotel and motel, medical clinic, and community recreation. Many other uses are permitted under certain limitations including multifamily residential, general retail trade/services, and eating and drinking establishments (e.g., restaurants). (See [RMC Table 18.205.020](#) for use specifics.) Therefore, WMU is a broad, flexible zone that is generally allows the types of uses that the Port and Ridgefield community want to see at the Waterfront.

No ground floor residences or residential uses are permitted. Multifamily residential uses are permitted only as upper story living units, not less than four units per net acre nor more than eighteen units per net acre.





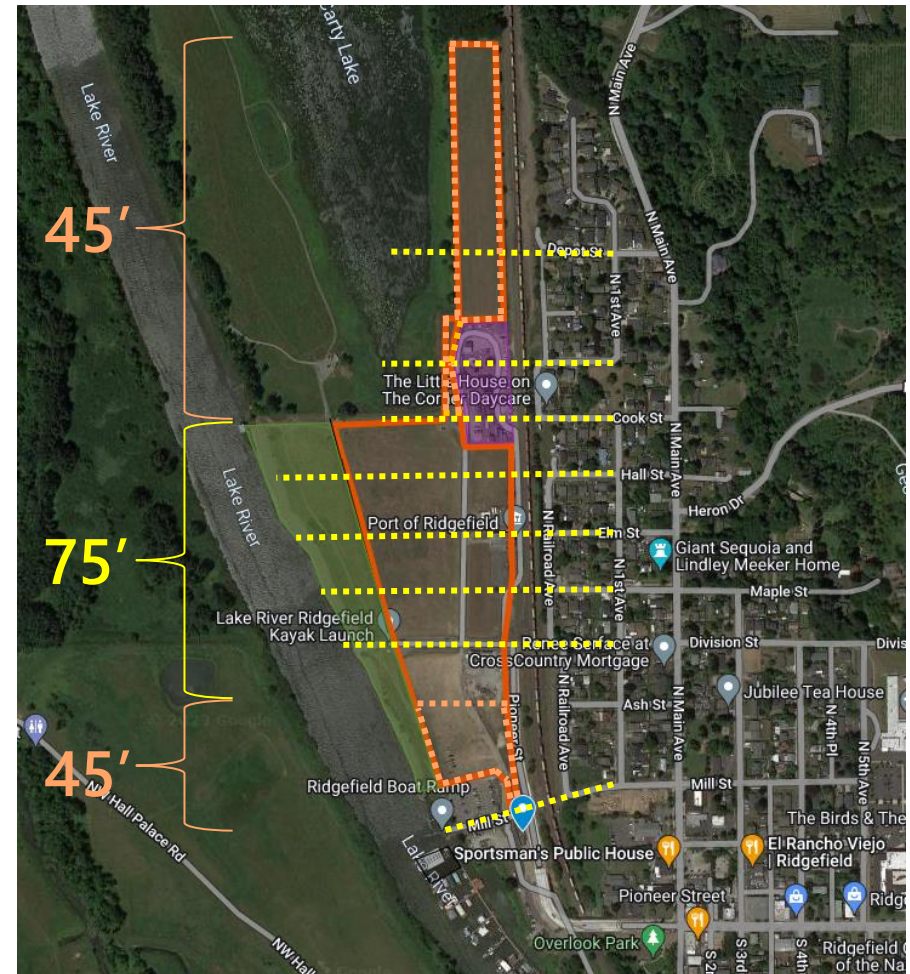
# Zoning: Building Heights


One aspect of zoning that developers of the waterfront will be keenly attuned to is the maximum height of buildings. Building heights are also a frequent concern of residents. As shown at right, a range of different building heights are allowed in different parts of the WMU Zone. The North planning area, and some of the South planning area, are considered View Sheds, where maximum building heights are 45 feet. In the Center and part of the South planning area, maximum building heights are 75'. (See RMC [Table 18.235.030-2](#) and following notes.)

View Corridors (shown as yellow dashed lines at right) are limited to 25' heights. No structures with a height of more than twenty-five feet shall be located within view corridors established within the westerly projections of Depot, 9th, Cook, Hall, Elm, Maple, Division, and Mill Streets to the mean low water line of Lake River, and are measured thirty feet from each side of the centerline of these streets. The city may permit exceptions to the view corridors to allow obstruction of up to two of these corridors or may modify the restrictions on height and width standards through a Type II process, when accompanied by a resolution adopted by the Port of Ridgefield Port Commission at a public meeting (18.235.030 E(5)).

LCG views the following as key zoning issues that could hold back development of the site. These issues can and should be addressed with the City. While it will be time consuming for the Port to resolve them, doing so will significantly increase the Port's land value. If the Port does not resolve them, future developers can probably take them on:

- Residential density maximum of 18 units/acre. This is inconsistent with the heights allowed and will significantly reduce developer interest and design quality.
- Ground floor housing prohibition. While it may be desirable to avoid ground floor housing in most locations, LCG believes that it should not be uniformly prohibited.
- View corridors limit heights to 25 feet in parts of the site. This is probably workable, since exceptions are allowed.



 View Corridors (25' height limit)  
Exceptions may be provided for up to two view corridors.

# Land Uses and Amenities: Overview

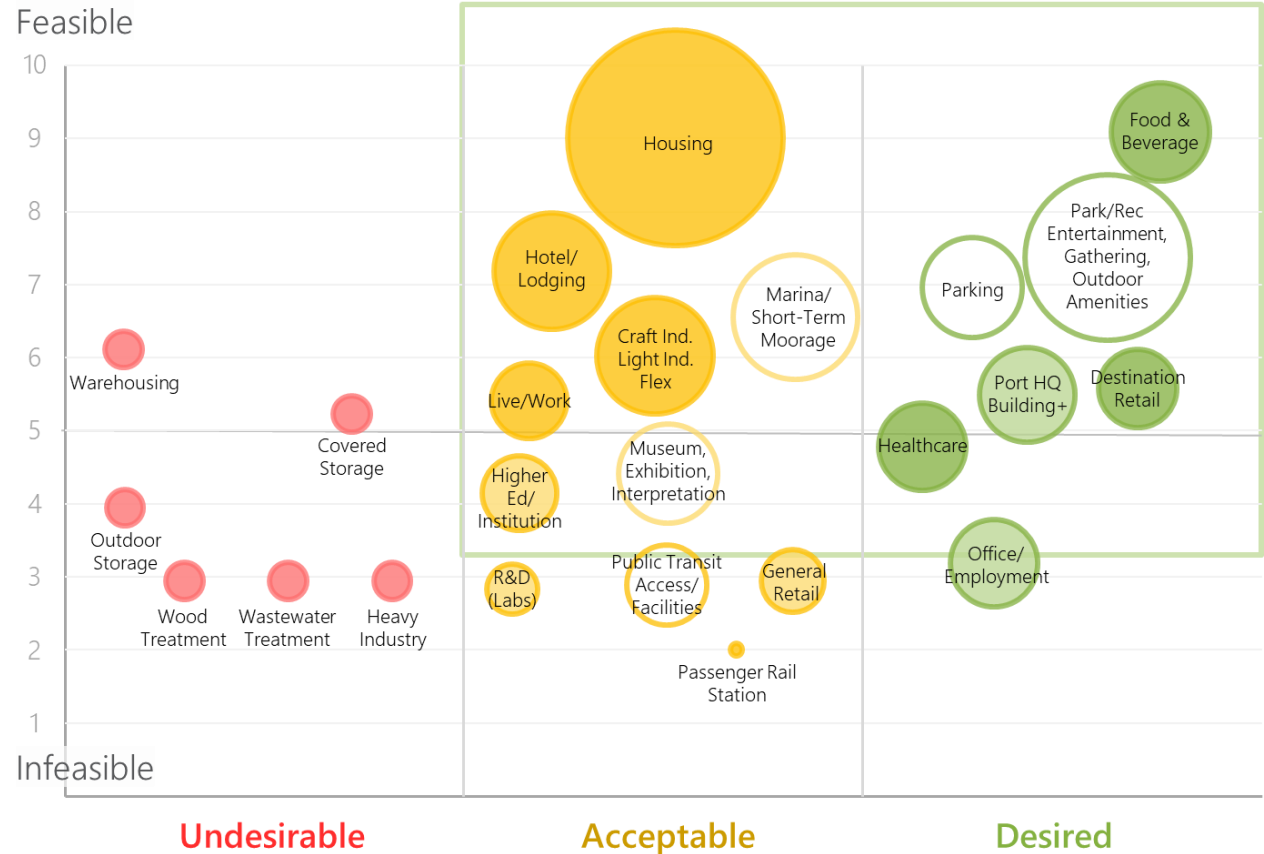




# Land Uses and Amenities: Demand

The figure at right builds on the “Waterfront Uses and Amenities” list compiled by the Port in 2008. Uses are once again arrayed from left to right to indicate which are undesirable, acceptable, and desirable.

Several other variables are also highlighted. The uses closest to the top are those that LCG views as the most financially and logistically feasible at the waterfront, i.e., the uses whose revenues will cover their costs, either for the Port or third-party developers. Uses near the bottom are likely infeasible. The larger the bubble for each use, the greater the “depth” of demand at the waterfront; in other words, the more waterfront acreage that third-party developers or tenants would desire, independent of Port policy. Darker colored uses (e.g., food and beverage) are those likely to generate net positive revenue for the Port and/or the use’s builder/owner. White or lighter colored uses (e.g., park space) are likely to be feasible but not necessarily profitable.



LCG expects that the Port will take all of these factors—desirability, feasibility, demand depth, and revenue generation—into account in planning the waterfront.

In this section of the report, we examine the uses shown above in more detail in order to explain how we reached conclusions about feasibility and demand.



# Land Uses and Amenities: Policy

The figure at right differs from the previous figure in one way: The size of the housing bubble has been reduced significantly. This reflects the fact that—while demand for housing from developers and potential residents is likely to be strong, the Port’s vision favors other uses first. The Port views housing as acceptable but not desirable per se. This issue is discussed in greater depth below.

## Market Depth (Circle size)

Could occupy 10+ acres of land on the waterfront.



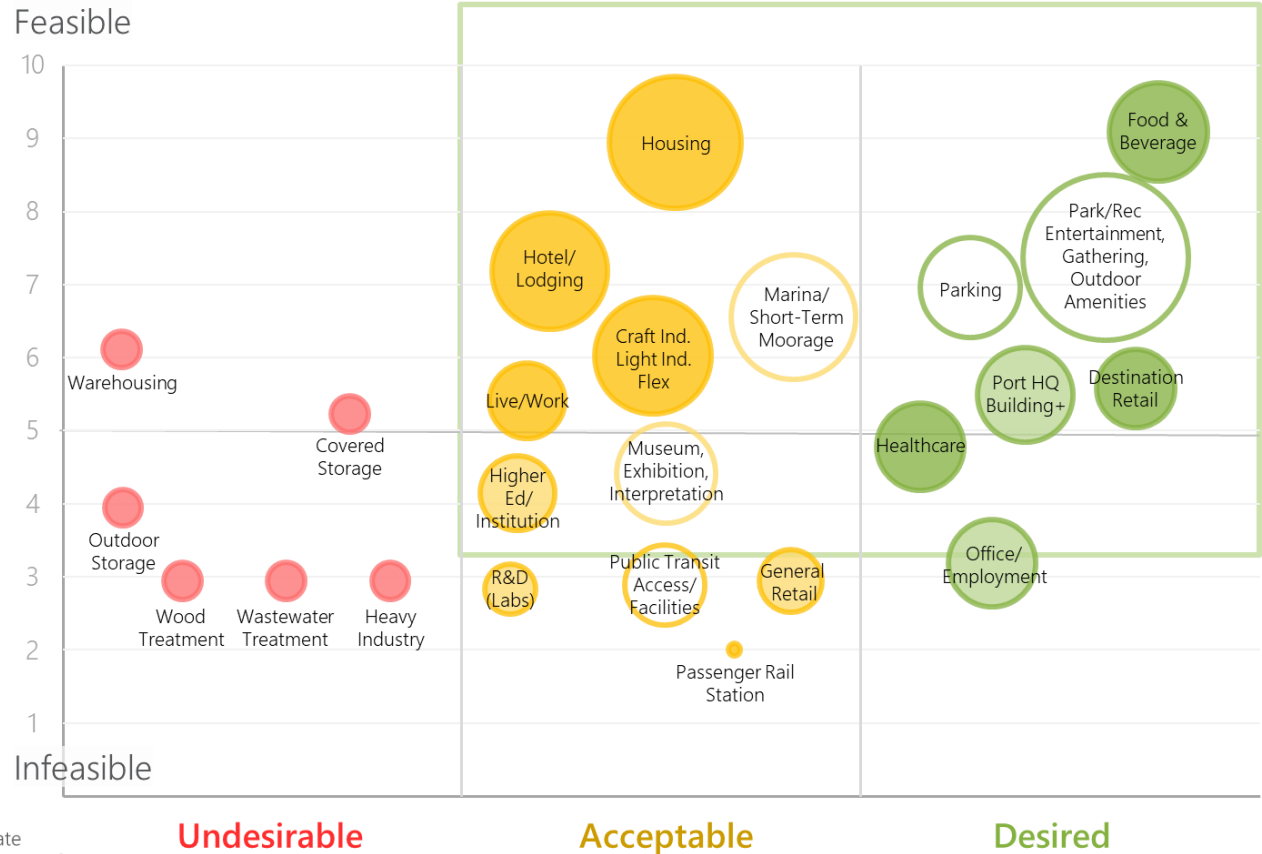
Could occupy 1 to 2 acres on the waterfront.

## Revenue (Color saturation)

Should generate positive net revenue for the Port via land leases, space leases, or other.



Unlikely to generate positive net revenue for the Port.

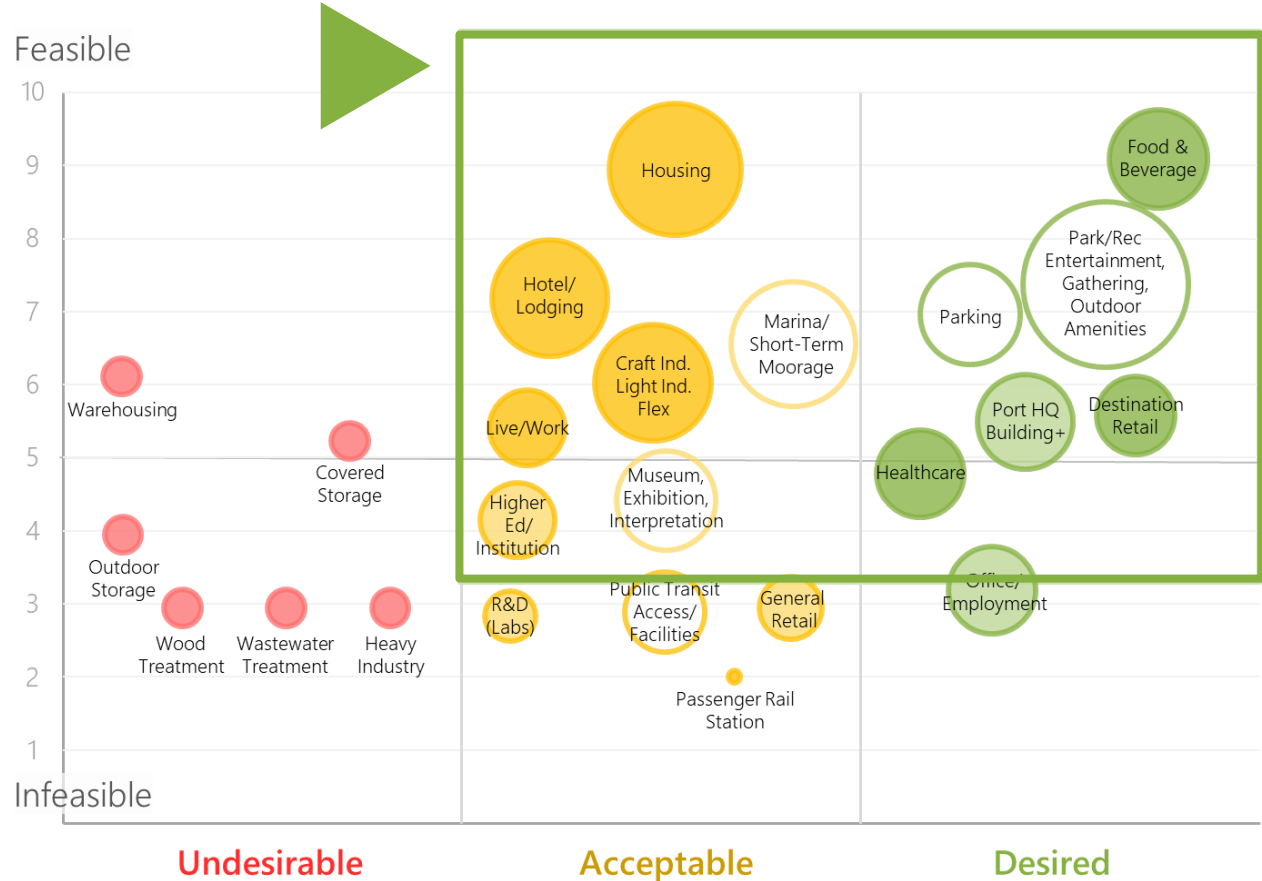


# Land Uses and Amenities: Program

The buildout of the Ridgefield Waterfront should focus on the uses in the upper right part of the figure, which are both desirable or acceptable, and feasible.

The Port should proactively focus on how these uses and amenities can be delivered to the waterfront. These are the uses that the Ridgefield community and Port want, and that are likely to be feasible for the Port, developers, and tenants. The Port will benefit from “tailwinds” when going after these opportunities.

The Port can be passive or reactive regarding the other uses. For example, while third parties could approach the Port wanting to build R&D labs, this is unlikely, and the Port should react to proposals rather than proactively pursue opportunities to build R&D labs.



# Land Uses and Amenities: Key

## Market Depth

(Circle size)



Could occupy 10+ acres of land on the waterfront.



Could occupy 1 to 2 acres on the waterfront.

## Revenue

(Color saturation)

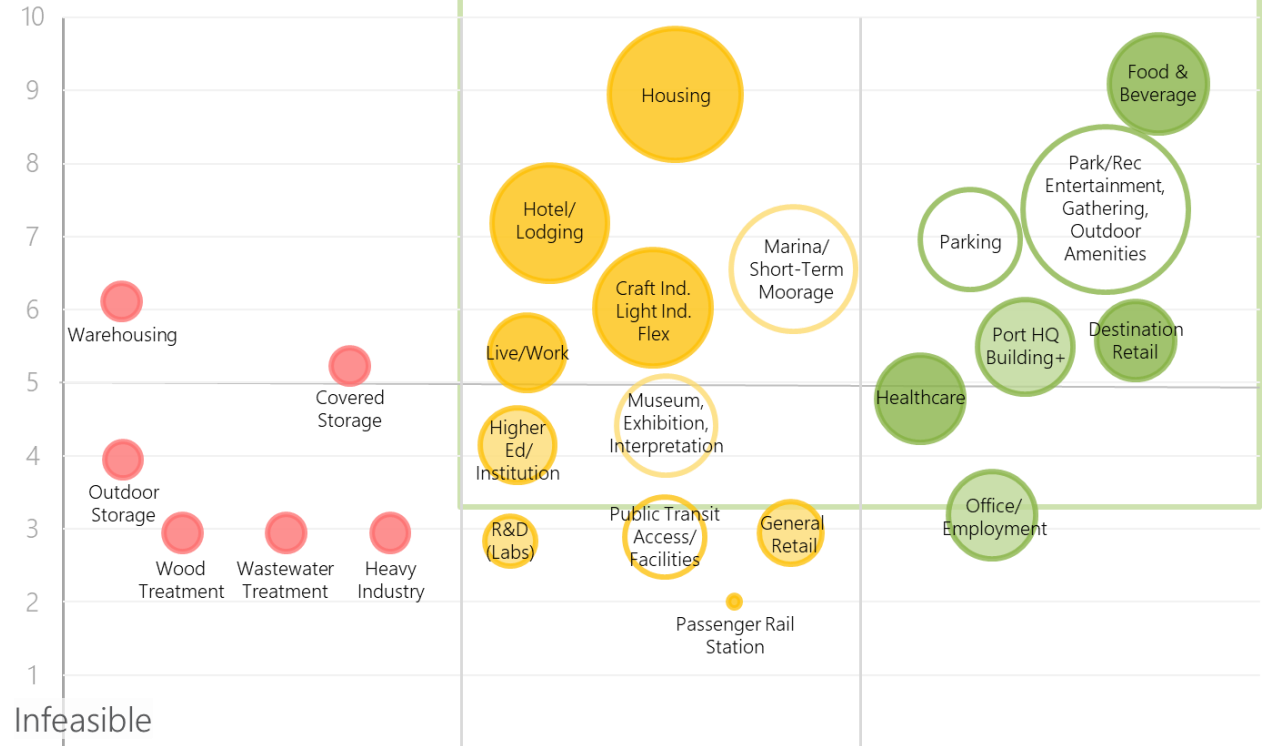


Should generate positive net revenue for the Port via land leases, space leases, or other.



Unlikely to generate positive net revenue for the Port.

Feasible



Undesirable

Acceptable

Desired

Infeasible



# Land Uses and Amenities: Details



# Land Uses and Amenities

The purpose of this section is to explain LCG's analysis and recommendations for the various land uses and amenities shown in the figures above. In general, this section starts with the most desirable and feasible uses, and then moves to other uses that are less so. The section is organized as follows:

- Food and Beverage
- Food Trucks
- Destination Retail
- Waterfront Park
- Water Sports
- The Wildlife Refuge
- Kayak/SUP Boat Launch and Day Dock
- Office/Employment
- Multitenant Building
- Craft Industrial
- Flex Space
- Lodging
- Interim Lodging
- General Retail
- Housing



*The Ridgefield Waterfront, 1960s. Photo: Port of Ridgefield.*



# Food and Beverage

LCG's assessment is that food and beverage providers—restaurants, brewpubs, coffee shops, ice cream parlors, and the like—will be feasible at the Waterfront. They are also a desired use.

Food and beverage can be considered a “experiential” or “destination” commercial use because people will go out of their way to travel to restaurants in attractive locations that they want to linger and spend time in.

Several waterfront food and beverage providers in this location should be able to overcome the challenges associated with the site—its distance from I-5 and major transportation thoroughfares. The concept and viability of waterfront dining is very established, both at waterfronts around the Pacific Northwest and worldwide. Examples in Gig Harbor and Hood River are pictured at right. Seafood is a common theme at waterfront restaurants. While food and beverage should be an important part of the Ridgefield waterfront program, these may not comprise a large area on the waterfront in terms of floor area or acreage. Nonetheless, even a few food and beverage providers can help to create an incredible sense of energy and vibrancy throughout a large area.



Gig Harbor



Hood River



# Food Trucks

Food trucks are a particular type of food and beverage use that could be particularly appropriate during the early phases of development at the Ridgefield waterfront, and also over the long term.

Because of their temporary nature, food trucks can generate excitement, foot traffic, and buzz. Visitors who come for food will become familiar with this special waterfront and be more likely to return in subsequent months and years for food, recreation, workspace and other offerings.

Food trucks are particularly appropriate during the early stages of development because they typically require much lower levels of planning and capital investment. Unlike brick-and-mortar restaurants, they can be driven to the waterfront, and if they are unsuccessful, driven away. The risk to entrepreneurs is low. Food trucks can “pop up” during specific months (e.g., summer), weekends (e.g., festivals), and/or times of day when visitor demand is highest. They do not have to operate during dark winter weekdays when demand will be lowest. The [Port of Bellingham](#) is one Port that operates a food truck program, from May to September.



Port of Bellingham: Food Trucks at the Portal Container Village

# Destination Retail

We use “destination retail” to describe a particular type of retail or commercial space: Commercial businesses that people go out of their way to patronize, often during evenings, weekends, leisure and vacation times, and often while enjoying experiences with family and friends.

People will travel further for destination retail. Specific tenants include kayak and bike rental and sales; outdoor gear and clothing; art and local gifts; books; jewelry; and other small stores. These stores naturally should sell the goods and services related to the unique activities that take place in Ridgefield such as kayaking, stand-up paddle boarding, and birding. Destination retail is feasible at the Ridgefield Waterfront but can be expected to have a relatively small footprint, perhaps 10,000 to 30,000 square feet at buildout.

Destination retail can be contrasted with “convenience” or “task based” commercial space, where people go to complete a particular task (e.g., purchasing groceries or hardware). Convenience retail must be located in high-traffic locations, along major arterial roads, at the locations that are most convenient to residents or workers. Convenience retail is unlikely at the Ridgefield Waterfront.



Point Ruston, Ruston, WA

As shown above, several retailers provide [bike](#) and [“wheel fun”](#) rentals at the Point Ruston waterfront near Tacoma.

# Waterfront Park: Community Gathering and Events

The public park is a critical component of the master plan: It will provide a unique gathering place for the Ridgefield community, activate the site, and attract visitors who will patronize food and beverage, destination retail, and other uses at the waterfront.

Within the park an outdoor performance center like an amphitheater for concerts, outdoor plays, and other forms of entertainment would be a significant gathering place and traffic generator. The Port of Kalama's amphitheater is shown at right. This venue hosts weekly concerts and outdoor movies between June and August. The surrounding inclined grassy area serves as seating for the venue, and play area when events are not taking place. Most events are programmed by the operators of the adjacent hotel, indicating that both private property owners and public agencies such as the Port can be involved in programming the venue. The amphitheater can also be reserved for community events.

The Port does not plan to include the following at the Waterfront Park or Waterfront:

- Additional boat launching lanes.
- Additional parking dedicated only to boaters.
- Non-park development on any lands west of the waterfront trail.



Westin Amphitheatre, Kalama



Waterfront Park, Hood River





# Water Sports

In order to create a special place that is distinctive from other waterfronts in Southwest Washington and Oregon, and draws both locals and visitors from a wide area, the Ridgefield Waterfront will need to build on its unique attributes.

Among the Waterfront's distinctive features are its popularity with flatwater kayakers and stand up paddleboarders (SUP). The water in Lake River is generally calm and flat when compared to major waterways like the Columbia. The Lewis River to Vancouver Lake is a designated water trail. There is less motorized boat traffic and abundant natural beauty at the National Wildlife Refuge. These features make the Ridgefield Waterfront an excellent place for kayaking and SUP.

Ridgefield is already attracting many flatwater paddlers. The [Big Paddle](#) is one popular annual event, in its 12<sup>th</sup> year. National outdoor company REI runs weekly kayaking trips from the waterfront. According to [those in the industry](#), stand up paddleboarding is one of the [fastest growing sports](#) in the country, because it is easy for people of all ages, relatively affordable, and a great way to get outside.

Therefore, Ridgefield has a significant opportunity: To become well known and recognized throughout the region as *the* destination for great flatwater kayaking and SUP.

Hood River is one waterfront that has created a strong association with specific watersports, including windsurfing and kitesurfing. This drives regional familiarity with the waterfront, creates demand for festivals and events, and provides something interesting for people to watch—even those who never set foot in the water.



Hood River is known nationally for windsurfing.



Ridgefield can be *the place* for kayaking and SUP.

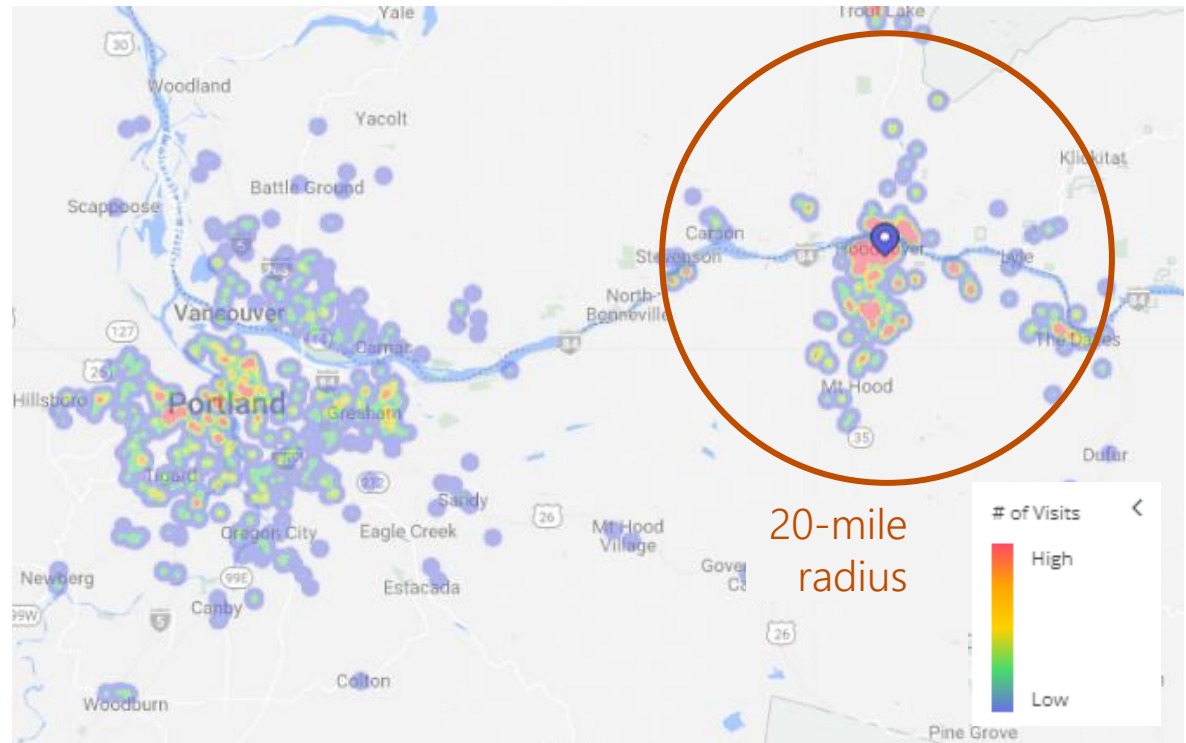
# Recreation as Economic Development

Waterfront recreation and mixed-use placemaking are forms of economic development. The map at right shows the home locations of the people who visit Hood River's Waterfront Park, based on an analysis of cell phone data provided by Placer.ai. The "market area" that this park draws from is larger than most other waterfront parks for small and mid-size cities. Many waterfront visitors come from zip codes in the City of Hood River itself and nearby cities such as White Salmon, Washington. However, the zip code that sends the third-most people to this waterfront is 97225, which includes parts of Portland, Beaverton, and Washington County, Oregon. A huge number of visitors to the Hood River waterfront come from the Portland-Vancouver metropolitan region.

These visitors engage in activities and spending at the waterfront, including in water sports, park-based recreation, festivals and events, dining, and shopping. This spending—of which a significant amount originates from households who live outside of the local Hood River trade area—supports jobs.

The activity and energy generated by the combination of water sports, open space, and commercial services has also attracted white-collar jobs to the waterfront, and coexists along with industrial jobs.

## Home Locations of Visitors to Hood River Waterfront Park



Source: [Placer.ai](#); Leland Consulting Group.



# Wildlife Refuge

The Ridgefield National Wildlife Refuge (RNWR) is a major draw to the Waterfront and City of Ridgefield. Walking and bird-watching are reportedly the most popular activities.

While the main entrance to the Refuge is located about  $\frac{3}{4}$  drive mile north of the Waterfront, visitors to the Waterfront can access the Refuge on foot via pedestrian trails.

The Waterfront should build on and strengthen its physical and psychological relationship with the Refuge. There are many potential ways that this relationship can be strengthened. Existing trail connections should be improved. The Refuge could be a tenant in Waterfront buildings, provide tours that start at the Waterfront, or improve its interpretive signage located at the Waterfront. Stores selling birding, kayaking, and walking information and gear should be located at the Waterfront. Joint promotion—by the Port, City, and Refuge—can help raise awareness of the range of natural and in-town activities that make Ridgefield a complete destination.

Strengthening Ridgefield's notoriety as a tourist destination will generate additional interest from developers and tenants in the mixed-use parts of the Waterfront.



*Above: Ridgefield National Wildlife Refuge.*



# Kayak/SUP Boat Launch and Day Dock

The Port currently owns and operates boat launches for both human-powered and motorized crafts, which are located at a dedicated site just south of the South mixed-use development area. While the Port does not plan to provide additional motorized boat launch facilities, additional non-motorized facilities are appropriate. A good location may be near the western terminus of Division Street. These can support the goals of increasing in-water and uplands activity.

Additional floating “day dock” facilities where both motorized and non-motorized can dock for several hours, are also appropriate to accommodate more visitors from St. Helens, Portland, and other ports of call. The Gig Harbor waterfront, shown at right, is one with a day dock facilities. The interaction between kayaks, SUPs, and motorized craft arriving and departing, and with uplands activities can create interest and excitement for all—a place that is interesting and enjoyable to be. Motorized and human-powered boaters enjoy going to waterfronts with food and beverage, and other offerings.

The Port plans to invite regional tribes to partner on developing water-based tribal cultural facilities. This area will include public safety marine facilities (CCFR, CCSO, USGS, others).



Existing Boat Ramp and dock facilities, Port of Ridgefield.

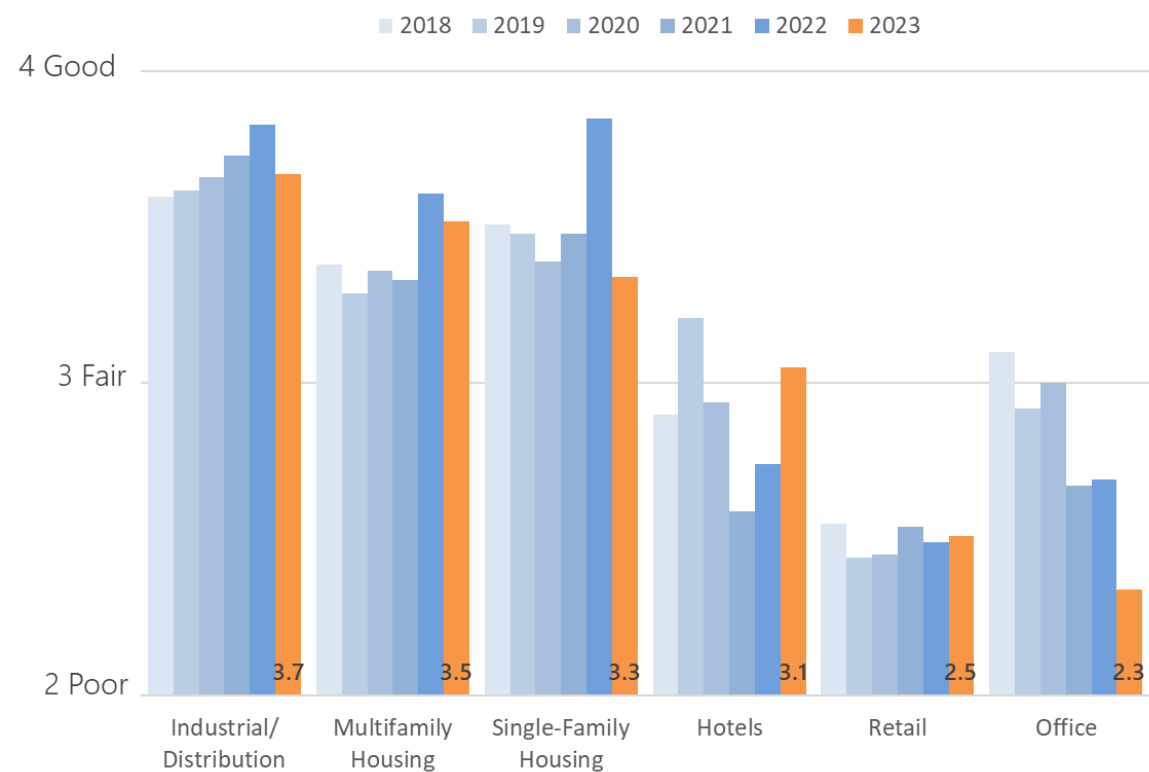


Gig Harbor

# National Development Prospects

The following pages provide LCG’s analysis of some of the major categories of commercial real estate that could be located on the Waterfront sites, including office/employment, lodging/hotels, general commercial, and housing.

The figure at right shows the national development prospects for these major real estate categories, based on an annual survey conducted by the Urban Land Institute (ULI), the largest professional association of developers and other real estate professionals. Data from the 2023 survey is shown in orange, while data from previous surveys is shown in blue. The latest ULI survey indicates that, nationwide, the development community is most interested in building industrial properties, multifamily, and single-family housing (these are viewed as fair to good opportunities), moderately interested in hotel development, and least interested in developing retail and office. While these reflect national sentiments for 2023 and the next few years, LCG finds that national sentiment has significant impact on development opportunities in most locations. Industrial development is in demand because of increasing levels of online shopping, need for fulfillment locations, and the “onshoring” of some manufacturing. Multifamily housing remains underbuilt, with high rents and low vacancies in most locations.



Source: *Emerging Trends in Real Estate*, Urban Land Institute, 2023.

Single family housing is in high demand but is struggling to attract as many buyers as in previous years due to high interest rates. Hotels are back in demand after the +/- 3-year pandemic period in which very few hotels were built; while personal and

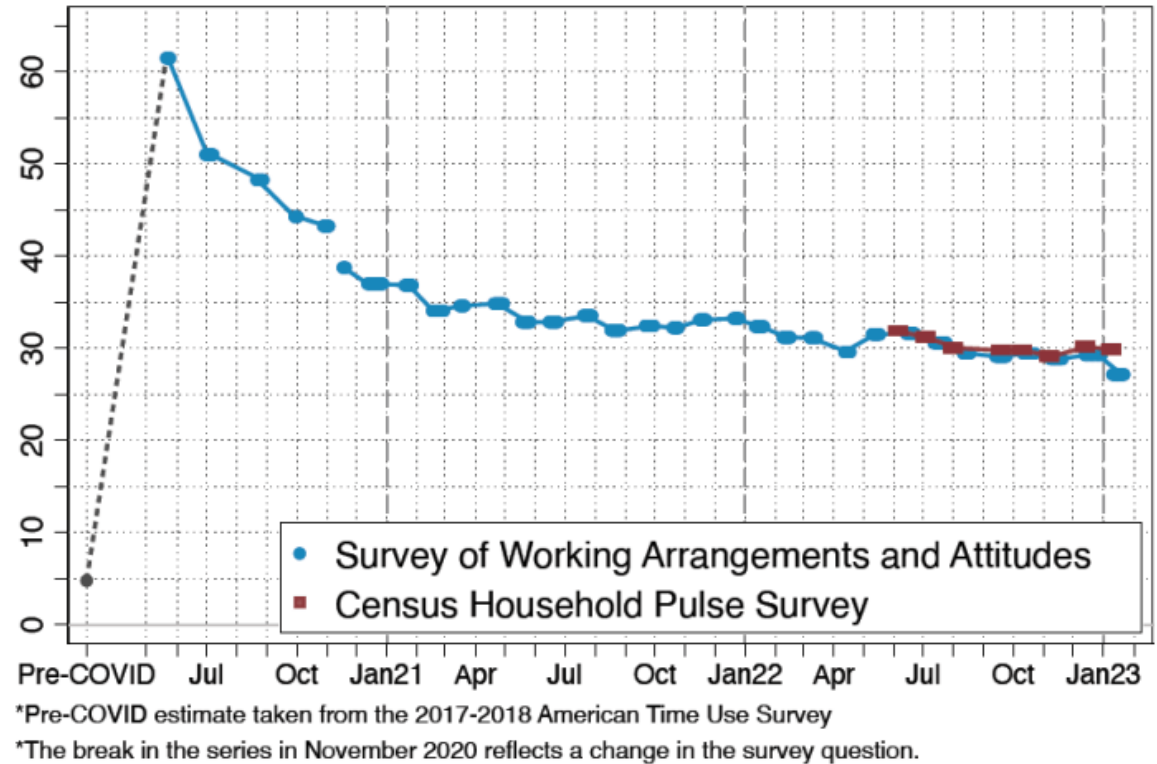
business have returned to historic levels in most locations. Retail continues to be out of favor, in large part because online shopping continues to grow rapidly. Office is also out of favor, as an increasing share of the population works from home.

# Working From Home

As mentioned above and shown at right, Americans' relationship with the office has changed.

Before the pandemic, around 5 percent of the nation's workforce worked from home on a given day. As the pandemic ended, that number settled to about 25 percent—five times the pre-pandemic amount. Work from home rates for certain professions—particularly white-collar professions that can be theoretically completed from any computer anywhere, and historically were the primary occupants of office space—are significantly higher than the average. This has led uncertainty on the part of major corporations and office developers/owners about the future of office space, and to a significant decrease in demand for office space in most locations.

## Percent of Full Days Worked From Home, US



Source: Survey of Working Arrangements and Attitudes (SWAA); wfhresearch.com.



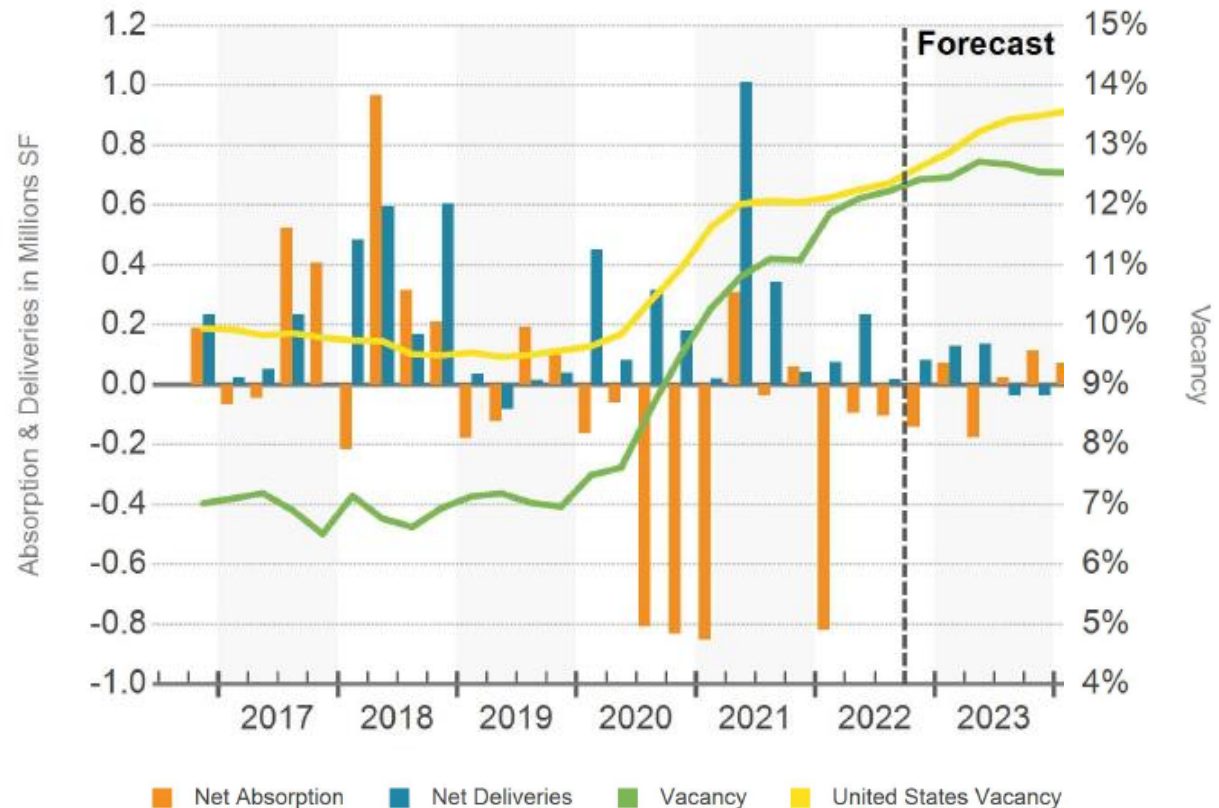
# Regional Office Market

During the pandemic, throughout the region, office tenants moved out of office space.

This created more than 800,000 square feet of negative net absorption during four quarters of the pandemic, while planned office buildings continued to be delivered (built and completed). These trends, coupled with higher levels of working from home, has led to a spiking regional office vacancy rate, going from about 7 percent 2019 to about 12.5 percent in 2023. This regional spike in vacancies is similar to the national office vacancy trend. CoStar (the leading national provider of commercial real estate data) estimates that there are approximately 14 million square feet of vacant office space in the region—a staggering amount. Many brokers believe that additional space will become vacant as tenants continue to vacate space. All of these market signals are making office developers and lenders much more cautious about developing major office projects.

In addition, construction cost escalation and general inflation has resulted in a significant disconnect between high office construction costs and flat office rents, which create unacceptably low returns for most office developers.

## Office Absorption, Construction (Deliveries), & Vacancy, Portland-Vancouver Region



Source: CoStar.

# Office Space Categories

Companies in many different industries occupy office and general employment space, including professional services, corporations, medical/healthcare, government, and creative industries. For the reasons described above, the amount of space that most of these industries will demand has decreased significantly. Even when some companies expand and require more space—and many inevitably will—they will typically find it to be less expensive to occupy vacant existing space compared to new buildings, which cost more to build.

The exception is medical and healthcare space. The country's aging population, growing household incomes, demand for more outpatient service, and the pandemic have created an unprecedented demand for medical office space. The current and future demand for healthcare facilities far outstrips demand for other types of office space and medical office users are typically able to pay higher rents. However, healthcare providers tend to congregate near regional hospitals and require good freeway or arterial road access for the convenience of their customers. Therefore, the Waterfront does not appear to be a particularly strong location for medical organizations.



Professional

Corporate

Medical/  
Healthcare

Government

Creative

# Multitenant Building

Despite the poor performance of the regional office market, LCG believes that one or more multitenant office/employment buildings are appropriate for the Waterfront, if the Port can serve as a catalyst for the project by being a key tenant, developer, and/or owner.

The Port's preference would be to own the building. The Port can serve as an anchor tenant for the project, and bring capital to it, either via grants, its general fund, or by paying a lease to a third party. The Port is a unique anchor tenant, and anchor tenants have the capacity to attract other funders to projects. Once anchor tenants have covered some of the fixed costs of development (e.g., site prep, construction costs) the marginal cost of "overbuilding" office space for additional tenants is relatively low. The Port has many unique attributes related to this project, including:

- Land-owner (no out of pocket land cost)
- Commitment to the location
- Som equity
- Potential to access to grants and low-cost financing sources such as CERB and Commerce funds
- Relationships with potential tenants and the Clark County economic development community. Patience to attract tenants over time
- Expertise in horizontal and vertical improvements

Additional tenants could include general office, co-working (share working spaces for small businesses), institutions, tribal entities, and "craft industrial" (e.g., breweries, explained later).

Examples of this type of project have been built at the Ports of Everett, Edmonds, Pasco, Kalama, Hood River, and potentially other ports.



Osprey Pointe Building, Port of Pasco



Waterfront Center, Port of Everett



# Craft Industrial

Craft industrial or maker's space is a type of space that includes a number of different activities, often including production, employment, retail/commercial, and food and beverage service.

This is usually a place where goods are both produced and sold. Examples include breweries, distilleries, coffee roasteries, and small-scale manufacturers. Specific projects include Vintner's Village at the Port of Benton, where wine makers share production facilities such as bottling machines, and the locations shown at right.

Such space is a good fit for the Ridgefield waterfront, where both employment and experience are important. LCG believes that one or more craft industrial businesses could be good fits for the Ridgefield Waterfront in general, and potentially for the multitenant building in particular. Good fits could include food and beverage producers, and producers of kayaks or other outdoor gear connected to the activities that take place near the site.



*pFriem Family Brewers, Hood River, OR*

# Flex Space

The market for “flex” space is another bright spot for the Waterfront.

Flex space typically usually combines some industrial/production, a front office or commercial space, and industrial-quality building- and tenant-improvements. Examples are shown at right. The Port has expertise building flex space, for example, at Wisdom Ridge.

Flex makes up just 7 percent of all industrial space in northern Clark County. The current vacancy is 0 percent, indicating a tight market with demand outpacing supply. Average annual market rent is \$14 per square foot. There have been no new deliveries over the past year and there is no new space under construction as of early 2023.

Given zero vacancy with nothing in the pipeline, flex space could be a potential market opportunity. Preleases would reduce risk. LCG’s view is that, in the near term, flex space is more viable than office space.

While flex space would generate employment at the Waterfront, it is unlikely to generate any placemaking “buzz” or catalyze other desirable uses. Therefore, the best locations for flex space may be in the North area or near the railroad tracks.



Trademark Building, Ridgefield, WA



Union Ridge Commerce Center, Ridgefield, WA



# Lodging

Lodging/Hospitality is a highly desirable land use with respect to generating tourist traffic and creating a destination, particularly if the facility includes a restaurant.

Lodging creates jobs on-site (managers and staff), although the number of workers per square foot of building area is lower than some other types of building, such as healthcare, office, or the type of multitenant building shown above.

There are many different types of hospitality formats with a large variety of room counts, quality levels, room rates and brands or flags. With a location 3 miles from I-5 Millers Landing is not suitable for a traditional hotel whose room demand is generated by a combination of business and drive-by traffic, such as a Marriott or Holiday Inn, which are typically sized at 100 to 150 rooms or more.

LCG believes that a small boutique hotel and retreat center, with perhaps 50 to 75 rooms, can be a component of the Ridgefield Waterfront. Examples include:

- The Society Hotel, Bingen, WA
- McMenemy's, Port of Kalama
- Menucha Retreat and Conference Center, Corbett, OR
- Skamania Lodge, Columbia Gorge (comparable in character but not room quantity)



*McMenamins Kalama Harbor Lodge, Kalama, WA*



*Society Hotel, Bingen, WA*



# Interim Lodging

As with food and beverage, interim lodging uses may be possible at the Waterfront. Options include specific operators such as [Getaway House](#), which sites attractive mobile lodging units in natural areas and other destinations, and “glamping”—temporary structures such as yurts that offer a more comfortable experience than camping. Getaway House operates destinations across the country, including 40 cabins near Mt. Adams.

Like interim food and beverage providers (food trucks), the rationale for interim lodging uses is that they can be brought to the site relatively quickly and inexpensively, even while other major capital improvements are being planned, in order to generate customer familiarity, energy, and business at the Waterfront. Long term, this could build demand for tourism and overnight stays at brick-and-mortar lodging on the site.



*Getaway House near Mt. Adams, Washington*

# General Retail

The Port has indicated that general retail is not particularly desirable at the Waterfront, and it is probably not particularly feasible either.

Here, we define general retail as commercial space that is anchored by a grocery store, pharmacy, or large-format tenant such as Home Depot. Smaller, “in-line” tenants (hair salons, cell phone stores, etc.) are typically located adjacent to these anchor tenants. General retail serves the populations daily and weekly needs.

Such uses are probably not appropriate at the Waterfront because the key metrics that developers and anchor tenants use for site selection are traffic volumes on adjacent arterial roads, visibility from those roads, and the number of households, often within 1, 3, and 5-mile radii from the site. The Waterfront does not boast any high-volume arterial roads. It is not on the way to or from other locations. Like other waterfront locations, the Ridgefield Waterfront will always have lower population density because there will never be any households located to the west. Therefore, general commercial developers and anchor tenants will tend to select sites close to Discovery Ridge and I-5 over the Waterfront. As commercial tenants continue to locate in those locations, they will also create a gravitational pull that will attract even more commercial tenants.



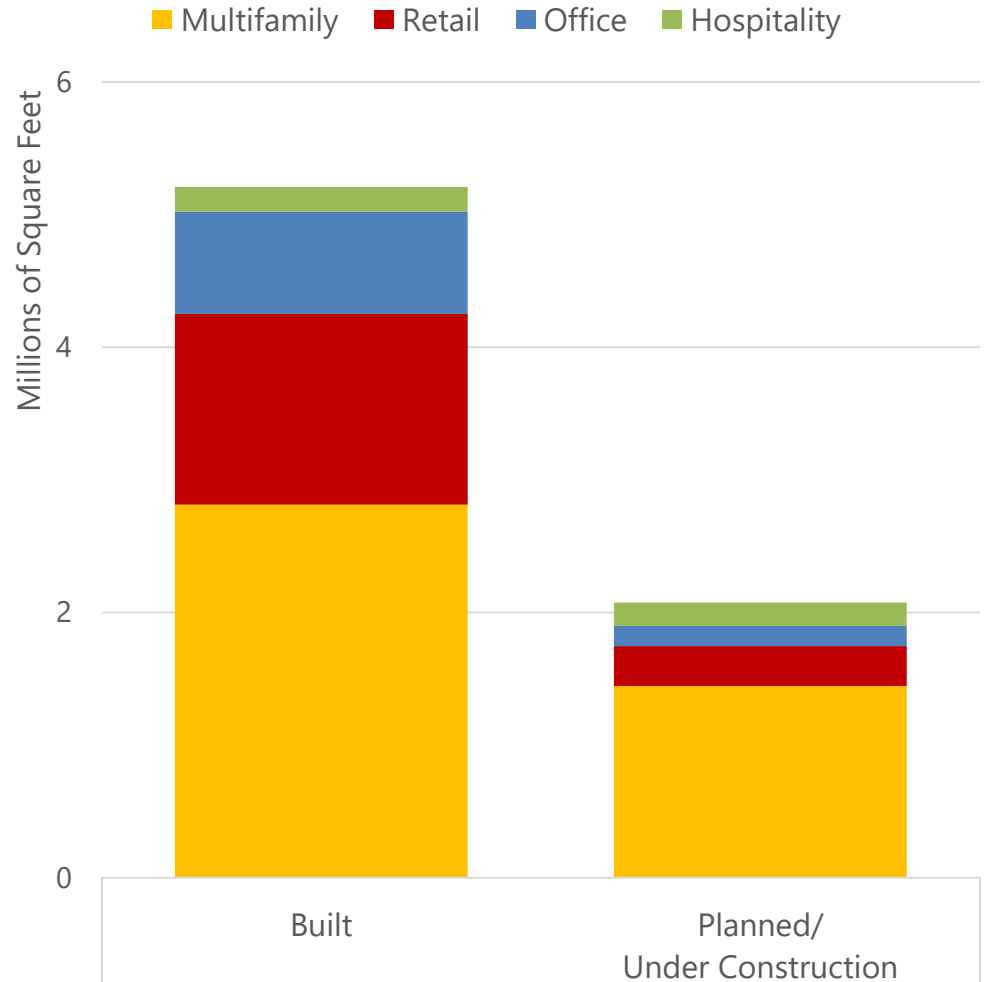
*Typical General Retail center.*

# Housing

Housing—including single family and multifamily housing—continues to be the most in-demand development type in northern and eastern Clark County. Multifamily housing may be appropriate and acceptable, under certain conditions.

The figure at right shows the square footage of major real estate types in Clark County, Washington, excluding Vancouver: multifamily, retail, office, and hotel/hospitality. As shown, there is more built multifamily housing than the other development types. The ratio of multifamily housing to the other development types will increase for development now planned or under construction, since housing demand has largely continued unabated, whereas office and retail development have slowed significantly. LCG believes that there will be significant interest in and demand for multifamily housing development at the Waterfront, though the Port will determine the type and amount of the housing market that it wishes to capture.

## Square Feet of Commercial Real Estate, Clark County, Excluding Vancouver



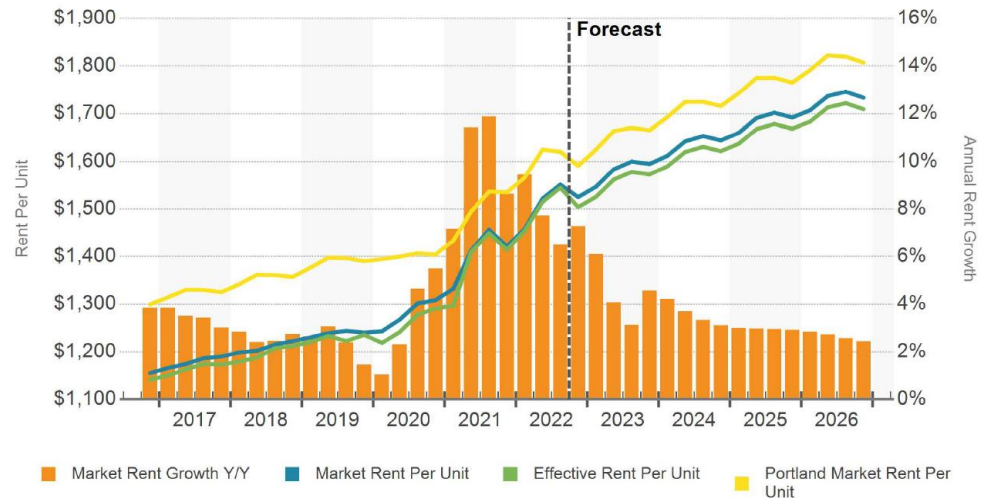
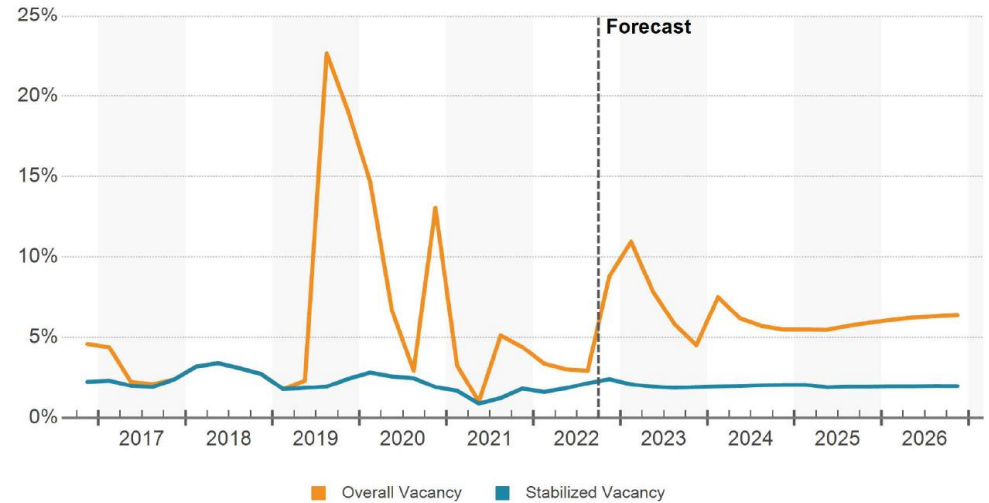


# Housing

Despite rapid multifamily housing development, multifamily vacancies remain low, while rent continues to escalate, indicating ongoing demand for housing.

The figures at right show vacancy rates (top) and rent (bottom) for the Clark County (excluding Vancouver) Multifamily Submarket. As shown above right, vacancy for stabilized (built and largely leased) apartment properties has remained well below 5 percent for at least five years, despite the construction and pipeline described above. As shown below, rent growth typically outpaced general inflation for the 2017 to 2023 period, and was well over 4 percent during the pandemic. Rents grew rapidly during this period and are expected to continue to increase in the future. In this low vacancy environment, LCG expects demand for multifamily housing to continue.

## Vacancy and Rent, Clark County Multifamily



# Housing Types

Multiple types of housing are possible at the Waterfront, including multifamily mixed-use apartments and senior housing. While some live-work units should be feasible at the Waterfront, this is a somewhat niche product type, so the number of units offered should probably be limited. Condominiums will be infeasible or very challenging, for several reasons. First, due to construction liability lawsuits and

bankruptcies, developers have avoided building condos after 2007/2008. Second, the Port's preference for ground leases will make it very difficult for developers and condo buyers to secure financing since over the long-term, the owner's and lender's interest in the asset diminishes, as the property's reversion to the Port draws nearer.



Multifamily  
Rental Apartments



Senior



Live-  
Work



Condominiums  
Owner-occupied



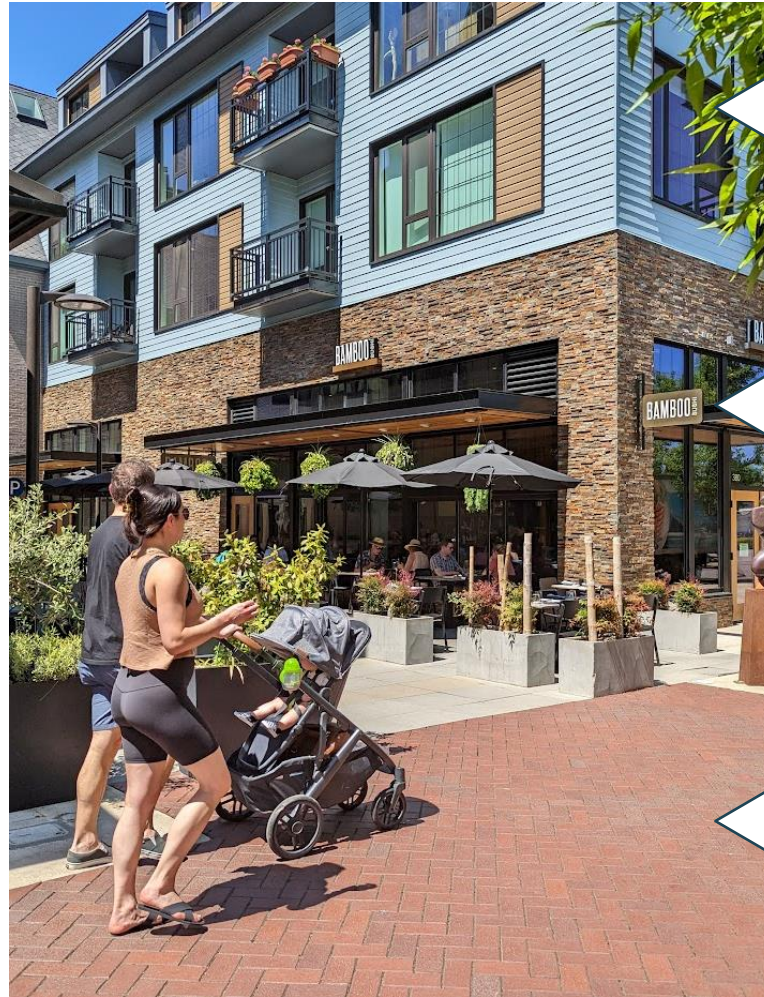
# Why Housing?

The Port has long viewed housing as an acceptable use at the Waterfront, but certainly not as something that is highly desirable.

In the Port's view, housing is already well supplied elsewhere in Ridgefield; can create places that feel private rather than welcoming and public; is not as desirable as many other uses such as food and beverage, lodging, and employment; and may not be a good fit with the adjacent railroad tracks and historic brownfield uses.

In this context, it is reasonable to ask why the Port would allow or even prioritize housing development at the Waterfront.

LCG believes that there is a strong rationale for housing at the Waterfront, if private sector developers can demonstrate that it facilitates the delivery of other desirable uses to the waterfront, such as restaurants, ground floor commercial spaces, parks and open space, and necessary infrastructure, such as roads and utilities. LCG's assessment is that, because of the unmatched strength of demand in the housing market, allowing developers to build housing will increase their overall potential returns and put them in a better position to deliver far more of these other uses and amenities. An example of the interaction between housing, commercial space, and infrastructure in Lake Oswego is shown at right. Of course, developers must also ensure that housing is safe and buffered from rail noise and other nuisances.



Housing  
can "pull in:"

Restaurants  
and ground  
floor retail  
space, and

Quality  
infrastructure  
and land value  
for Port.



# Why Housing?

The image below is of the Schoolhouse District, a mixed-use project that is now built and operating in Woodinville, Washington. LCG was the City of Woodinville's real estate advisor for this project, which is another illustration of how a public agency can leverage high housing demand to require private developers to build desired public amenities. Prior to redevelopment, this site was a brownfield owned by the City. The site was sold to a master developer under certain conditions.

The developer was allowed to build about 260 units of market rate housing, and was also required to renovate the 100-year-old, deteriorating schoolhouse, remediate brownfield conditions, significantly expand the existing YMCA, and build shared public/private parking, multiple open spaces including a Festival Street for the farmer's market, and multiple ground floor commercial spaces including several restaurants. These desired public benefits would not have been possible without allowing the developer to build housing.



Renovated Schoolhouse

YMCA with Childcare

Public Open Spaces

Ground Floor  
Commercial Space

Brownfield Site

Public Parking

Farmers Market

# Live-Work

Some examples of local live-work units are shown below. This use fits well with existing zoning, which does not allow ground floor residential units. Despite high levels of interest in live-work units on the part of many planning departments, live-work has always been a small, niche use. LCG expects that the Waterfront could include twenty or fewer live-work units. In part, this is because live-work occupants must be a part of several market categories.

They must want to live in a particular location, have a small but successful business that will benefit from some commercial exposure, and be relatively affluent, since live-work spaces are by nature large spaces. New-construction live-work space has proven challenging when it does not stay within these market parameters. For example, artists are often envisioned occupying live-work space, but many artists are not affluent enough to afford the space.



Anthem Park at Uptown Village, Vancouver, WA.  
These units feature ground floor workspace and upper floor living space.



Everett Station Lofts  
Portland, OR



# Housing and Port Projects

Another important issue related to housing at the Ridgefield Waterfront is the degree to which Washington state law permits Ports to be involved in the provision of housing on Port property. Since ports are public entities charged primarily with economic development, staff and commissioners at various port districts have wondered whether housing projects are a part of their charge, and whether they can and should be included in waterfront projects.

LCG is not qualified to provide definitive legal guidance on this issue, but we have worked with port districts and legal counsel around the state, and we can describe the actions taken by other Ports and the guidance provided by legal counsel elsewhere.

In short, LCG's experience is that, over the last few decades, housing has become an integral part of mixed-use waterfront projects completed on Port land (and projects completed on land not owned by Ports). The Port of Everett has leased land to developers of [multifamily housing](#) at their [Waterfront Place](#) project and has plans to lease more land for mixed-use development that includes housing. Housing is a permitted use in the waterfront master plans at the [Ports of Vancouver](#), Camas-Washougal, Pasco, and potentially others. The [Port of Camas-Washougal](#) has leased land that will be developed as a mix of public open space, commercial space, housing, and other uses in the coming years. The legal guidance that LCG has received during other Port-led waterfront projects is that large-scale waterfront projects that include a wide range of uses—for example, food and beverage, lodging, commercial space, multiuse buildings including Port offices, and housing, for example—and significantly increase the number of people who visit, spend money, and work at these waterfronts *are economic development projects*. And housing is one important component of these projects, for reasons discussed above. Moreover, with about 25% of workdays now taking place in homes, housing is a significant location where economic development occurs.



*Waterfront Place Apartments, Everett, WA*



*Waterfront at Parkers Landing, Port of Camas-Washougal*



# Housing and Port Projects

Moreover, the Washington Public Ports Association, via their 2022 [Port Governance and Management Guide](#), has provided specific guidance to Ports to participate in certain types of housing projects. While the association's guidance is in regard to affordable housing projects, this makes clear that the association does not view housing as something that Ports should avoid:

*"An emerging issue for port authorities and the communities they serve is the availability of affordable workforce housing... The exploding cost of housing has reshaped the industry thinking to view workforce housing as critical to workforce availability in any given community, and it is now considered a key component of a port's role in advancing a sustainable and healthy economy."*

Lastly, LCG believes that it is important to recognize the appropriate place for Ports within the housing development process. In most cases, Ports are providing long-term ground leases that are either provide land at market rates, or at another rate negotiated by all parties that reflects the Port's public benefits and economic development goals. In other words, Ports act as landlords who receive fair compensation for their assets.

LCG is not aware of any cases in which Ports are direct investors that provide capital for housing projects, and such an arrangement could potentially overstep the appropriate Port role. LCG is not recommending this role for the Port of Ridgefield.

While LCG's experience is that housing is legally permissible at the Ridgefield Waterfront, we recommend that the Port take the above experiences and information into account as it continues to plan the Waterfront; if necessary, discuss the issue with the WPPA and other trusted industry groups; and most importantly, consult with the Port's legal counsel.



Terminal 1 Mixed-Use, Port of Vancouver



Osprey Pointe, Port of Pasco

# Development Strategy





# Location of Uses on the Waterfront

The sections above describe the Port's vision and LCG's analysis of which land uses are desirable and feasible at the Waterfront. This section describes our recommended development strategy: *How* the Port should go about realizing this vision and recommended development program at the Waterfront. This begins with an understanding of *where* certain land uses and activities should be located.

## Recommended land uses and activities:

### North

Employment, potentially including "craft" industrial, flex, live/work, other. Potentially, other uses identified as desirable or acceptable, and feasible.

### Center

Waterfront restaurants/food and beverage, mixed-use, lodging/retreat, interim lodging, destination retail (e.g., kayak rental), housing, live/work, mixed employment, institutional, healthcare; interim uses such as food trucks and interim lodging. Adaptive reuse of "pump house" structure – could be art gallery, yoga studio, or other. Potentially, other uses identified as desirable or acceptable, and feasible.

### South

Multiuse building including Port offices, community center; multiuse parking lot, serving Waterfront visitors, multiuse building tenants, others; civic spaces, high speed EV charging, pedestrian bridge touchdown point. Other uses identified above for the Center area. Potentially, other uses identified as desirable or acceptable, and feasible.

The Port may also accept other land uses that are proposed in the future by third party developers, tenants, non-profits, or others, assuming they are consistent with the Port's vision, and feasible.





# Mixed Use Sites: Acreage

The table below shows the acreage of the three mixed-use Waterfront sites, along with other information and LCG recommendations. LCG recommends that the Port focus on the Center and South sites as the primary “Phase 1” opportunities. The North site is more likely to be developed in a later phase, in part because it is much less accessible by existing transportation infrastructure, and because the Center and South sites have excellent views of Lake River and the wildlife refuge, and are expected to be adjacent to the future City park.

Based on the information available to LCG, the total buildable area of the three mixed use sites combined is about 27.5 acres. This accounts for unbuildable areas such as the Division and Pioneer Street rights of way and a reasonable setback from the railroad tracks. However, this buildable area could decrease if additional areas are determined to be unbuildable (e.g., due to new roads, environmental constraints, easements, etc.).

Potential developers and major tenants are very aware of site sizes as they are one determinant of what can be built there.

Area		Current Owner	Future Owner	Future Lessee	Likely Phase			Acres (Approx.)
					1	2	3	
Mixed-Use Waterfront Sites								
3	North	Port of Ridgefield	Port of Ridgefield	Developer(s)		✓		6.6
2	Center	Port of Ridgefield	Port of Ridgefield	"	✓			14.8
1	South	Port of Ridgefield	Port of Ridgefield	"	✓			6.1
Subtotal								27.5

# Other Upland Sites

Information about the other upland sites is shown below. The WWTP site is 3.0 acres, and the Railroad Avenue site is 0.9 acres. As discussed above, the long-term use of the WWTP site is yet to be determined, and the Railroad Avenue site may be used to accommodate the potential pedestrian crossing, visitor parking, or other uses yet to be determined. While the future use of these sites is unknown, they should be part of the Waterfront at some level.

Area		Current Owner	Future Owner	Future Lessee	Likely Phase			Acres (Approx.)
					1	2	3	
Other Upland Sites								
7	Waste Water Treatment Plant	City of Ridgefield	Port of Ridgefield	TBD			TBD	3.0
Subtotal								30.5
6	Railroad Avenue	Port of Ridgefield	Port of Ridgefield	n/a			TBD	0.9
Total								31.4

# Public Open Space and In-Water

As shown below, the Waterfront Park is an approximately 9.0-acre site.  
The in-river area is about 5.75 acres.

Area		Current Owner	Future Owner	Future Lessee	Likely Phase			Acres (Approx.)
					1	2	3	
Public Open Space and In-Water								
4	Waterfront Park	Port of Ridgefield	TBD, may be Port or City	City of Ridgefield	✓	✓		9.0
5	Lake River In-Water	WA DNR	WA DNR	Port of Ridgefield		TBD		5.75
Total								14.8



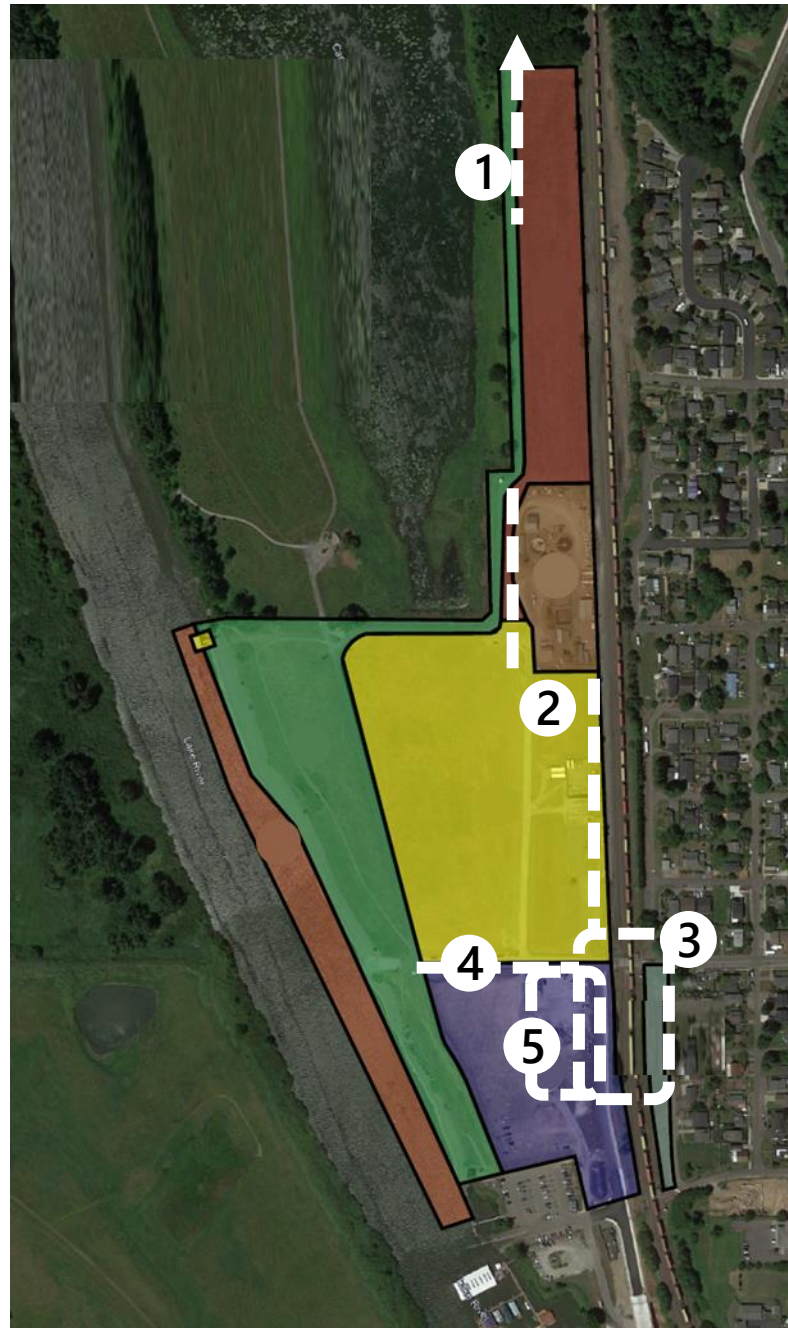
# Key Infrastructure

In addition to the land uses that are anticipated, numerous infrastructure improvements must be built at the Waterfront. Some of the key public infrastructure necessary is shown on this page. However, this list is intended to identify some of the known highlights, and many other improvements will be necessary. All locations are approximate and subject to change. These projects may be designed and built by developer(s), the Port, or other parties, yet to be determined.

1. **Wildlife Refuge Trail Extension.** Potential to connect the waterfront to Ridgefield National Wildlife Refuge trail system and visitor's center to the north.
2. **North-South Access Road.** Required for access to WWTP and North areas, and potentially to Wildlife Refuge. The Port should seek some funding from RNWR. Must be accommodated in developer plans for Center site.
3. **Pedestrian Bridge.** At or near Division Street or Mill Street; conceptual planning is underway as of 2023.
4. **Division Street** sidewalk, streetscape, turnaround, and utility improvements are necessary. There are currently no utility services in the Division St. right of way, these could be extended under sidewalks or elsewhere.
5. **Public Parking.** City-Port parks planning, to begin in 2023, should consider the location and amount of parking.

LCG's baseline assumption is that the Port will not directly fund these infrastructure improvements, with the following exceptions:

1. **Tax Increment Financing**, which is being studied now.
2. **Pursuing Grants and/or Low-Cost Loans.**



# Process

LCG recommends that the Port pursue the following process:

- **Request for Qualifications (RFQ) or Request for Proposals (RFP).** The Port should publish an RFQ or RFP that solicits submittals from Mixed-Use Development Teams covering areas 1, 2 and 3, in 2023 or potentially early 2024. While opinions differ as to whether an RFQ or RFP is the superior format, we recommend that developers be asked to submit the types information described below, and that developers should not be required to undertake extensive and expensive design and financial analysis as a part of the initial submittal. If this information is required up front, some of the most-qualified developers will decline to prepare submittals, and the submittals that are prepared will inevitably contain inaccurate design and financial assumptions, since getting those assumptions right takes time. The Port will receive more details as the agency narrows the field of interested parties over time. We use the term RFQ in the remainder of this document.
- **Developer Submittals.** The RFQ should require developers to describe the experience of their proposed project leadership, firms, and team; demonstrate experience on comparable mixed-use, public-private, waterfront projects; provide references; prepare a concise waterfront vision statement, high-level site concept and/or other preliminary visualizations of future development concepts; and preliminary deal structure. The Port could select one preferred “master developer” or multiple site developers.
- **Deal Structure.** The Port will ask developers to provide their proposed preliminary deal structure/terms (e.g., land value/land lease payments, infrastructure improvements) either as a part of the RFQ, or via a follow up questionnaire provided to a “short list” of development teams.
- **Ground leases.** Land will be conveyed to developers via long-term ground lease (50-year base term plus up to three 10-year extensions) to the selected developer(s). The sites will not be sold.
- **Phasing.** The Port may release properties to developers in discrete phases, for example, in increments of 1 to 10 acres, subject to the site development plan.





# Developer Roles

Developer(s) selected by the Port should also be expected to undertake these additional **developer roles and responsibilities**, with details to be further defined via a Lease or Master Leasing Agreement:

- **Regulation and Entitlements:**
  - Work within the existing city, regional, state and federal regulations.
  - Where necessary, support the Port in preparing site-wide applications and entitlements, and modifying regulations.
  - Secure all necessary site development and building permits.
- **Master Planning**
- **Co-Marketing, with the Port and City**
- **Build infrastructure**, ideally including:
  - Division St. Improvements
  - N-S Access Street, providing access to WWTP and North sites.
  - Other access to the planned waterfront park.
  - Other internal streets and utilities necessary for development.
- **Set aside land for:**
  - Future Port development, including the Port's headquarters office space and attached office, craft industrial, and/or commercial space. Assume +/- 3 acres.
  - Parking lot(s) serving the waterfront park, overflow boat launch, and wildlife refuge visitors.
- **Potentially serve as a fee developer:**
  - For the Port development described above. As a fee developer, the developer would build the building(s) and then provide them to the Port (long term owner) subject to a negotiated acquisition cost/payments. Potentially Port-owned flex/craft industrial buildings.
  - For other development components TBD.





# Master Developer vs. Site Developers

LCG recommends that the Port seek a “master developer” team with whom the Port can work to oversee development of the North, Central, and South areas. A master developer would typically take on the roles described above, including planning, due diligence, entitlement, infrastructure improvements, development, and marketing for the entire 27.5-acre area.

However, in some cases, public agencies seek to play the master developer role and then bring in multiple “site developers”—developers of lodging, food and beverage, employment, housing, and other uses that would develop smaller individual development sites or “pads.”

LCG believes that there are significant benefits to the Port of recruiting a master developer. A master developer will:

- Have much greater capacity to complete the Developer Roles shown above, which will significantly reduce the amount of capital that the Port will need to spend on additional planning, design, engineering, and capital infrastructure improvements.
- Simplify negotiations for the Port. The Port will primarily negotiate and sign agreements with one organization rather than multiple. The Port will not need to referee disagreements among multiple site developers.

- Maintain the Port’s power in determining the nature of the Waterfront through its relationship with the master developer, and legally binding development agreements. The Port can dissolve its relationship with the master developer if they do not perform.
- Introduce development partners with extensive experience in planning, financing, and building exceptional mixed-use projects.
- Remove the Port from risky and expensive development decisions, such as the size and shape of development pads, and the layout of local streets and utilities, which can impact the viability of the project.
- Retain opportunities for a diverse set of developers and tenants at the Waterfront, since master developers often bring in site developers for projects that require specialized expertise, for example, hotels.
- Be able to implement the Waterfront project more quickly.

While LCG recommends that the Port recruit a master development team, there can be downsides to this approach as well. A major one is that if the master developer is unable to move forward for some reason, the entire Waterfront project will effectively stop whereas if the Port were working with multiple site developers, it is possible that some projects would proceed even if one was paused. In our view, the advantages of the master developer approach are greater than the drawbacks.

# Land Leases

The Port has a clear preference for land leases (also known as ground leases).

**Benefits and Features.** The following are some of the features and benefits of land leases. Land leases:

- Ensure long-term land ownership by Port.
- Create stable, long-term revenue streams that typically increase along with inflation.
- Seem to be acceptable to developers and lenders: Land leases for mixed-use development have been completed at Ports of Vancouver, Camas-Washougal, Everett, and other Ports, and extensively by groups such as Portland's Downtown Development Group, Boysen & Boysen in SeaTac.
- Must be for a base term of 50 years, preferably with three 10-year extensions, in order to be acceptable to private developers and lenders. Shorter terms do not allow developers to recoup the cost of their upfront investment.

Specific terms that are typically included ground leases (e.g., base lease rate and annual escalation calculation) are described in more detail in the appendices.

**Potential Challenges.** While there are clear benefits to land leases and LCG recommends that the Port seek to lease its Waterfront land to selected developer(s), there are also some drawbacks that the Port should be aware of. Land leases:

- A typically not preferred by developers, who prefer fee simple sales and will pay more to purchase land that they will own on a fee simple basis.
- Typically, will slightly reduce the amount of money developers will spend on construction on a given site, since the value of a project built on leased land is less than on owned land.

- May reduce the pool of developers who respond to a Port RFQ.
- Are complicated to negotiate and manage due to the 80-year relationship involved and the fact that there are multiple parties to consider who may be involved in the long-term ownership and management of the properties (e.g., Port, master developer, future site owners, operators, lenders).
- Create undesirable incentives towards end of lease term (e.g., in years 40+ of a 50-year base lease), during which the lessee is disincentivized to make capital improvements to their buildings since they cannot be sure how much longer they will own them. Therefore, the Port can end up with deteriorating buildings at the end of the lease term; the Red Lion at the Vancouver Waterfront is an example.
- Require many years to generate significant revenue since they often start slowly and then ramp up over time.
- Are major obstacles to a small number of land uses such as residential condominiums, which usually require that many individual residents own an interest in the property in perpetuity. This is probably not an issue for the Port since condominiums are not a key desired use. However, senior housing could be challenging as well.

**Strategy.** In the Developer RFQ, LCG recommends that the Port express its strong preference for ground lease throughout the Waterfront, but also not "close the door" definitively to some limited land sales. In certain limited circumstances, sale of a small share of the land (e.g., for a desired senior housing project, on land set back from Lake River) might be appropriate. In addition, on properties sold by the Port, the Port can still retain ensure permanent public access via easements or other legal tools. It could also establish a right to repurchase the property after some time period via a development agreement.

# Port-City Relationship

A strong and positive relationship between the City and Port will be essential to creating a great Ridgefield Waterfront, because the two parties will need to work collaboratively on a range of issues, including the planning, marketing, and promoting the Waterfront, the Waterfront Park, zoning, roads and infrastructure, WWTP, permitting, development incentives, and probably other issues that emerge over time. While responsibility to iron out some of these issues may pass from the Port to a master developer, the Port's interests will remain at stake so the Port will always need to be involved at some level. This section outlines the issues that the Port and City will need to work on together.

- **Overall Approach**

- Ideally, the City's overall approach to the Waterfront will start from a proactive stance of, "How can we help move the waterfront forward?" Ideally, the Port and its development partners will be able to reach key City staff to discuss key issues.

- **Waterfront Park**

- The parties plan to jointly complete a master plan for the park. The plan should estimate parking demand (spaces) necessary, since these may be accommodated within the mixed-use development sites. The terms of the land sale or other land transfer of park land from Port to City will need to be defined. The City has indicated that a land sale will likely be required in order for the City to expend parks funds on the site. The Port may require some perpetual easements that allow the Port and public to move through the Park to build docks and moorage, launch boats, etc. Planning will need to define which parties will fund park improvements. The Port may be able to require developer to fund some park improvements.

- **Mixed Use Waterfront**

- Zoning. The parties should evaluate and potentially modify certain zoning provisions such as residential density maximum of 18 units/acre. While zoning modifications could also be negotiated by the selected master developer, the Port will remain the property owner, and changes to regulation will affect properties that are not under developer control.
- Public parking lot(s) located within the mixed-use area. Define construction, management, and maintenance responsibilities for City, Port, others.



# Port-City Relationship (Continued)

- **Wastewater Treatment Plant**

- Define future use of property. Over the long-term, the property could be conveyed from the City to Port.

- **Public Roads**

- Determine which existing and new streets will be public rights of way. Presumably, Division Street will remain a public right of way. The north-south street and others may also be public rights of way.

- **Pedestrian Overcrossing**

- Collaborate to design, secure funding, and permit this project.

- **Impact Fee Vesting, Waivers, and/or Credits**

- The City currently has an Economic Development Catalyst Program that provides waiver of land-use planning, building permit, civil engineering and traffic impact fees for certain major projects. The City should make clear that this program applies to the Waterfront development.
- In the event that Waterfront developers make significant investments in parks spaces and other infrastructure improvements on the Waterfront, the Port and City should explore providing the developers with waivers or credits for parks and/or water impact fees.

- **Other Development Incentives**

- The scale and ambitious nature of the Waterfront development means that developers will be seeking incentives that reduce their cost and risk in early phases. A tax increment financing area (TIA) is one incentive that should be largely under the Port's purview. Developers may also be interested in a multifamily tax exemption (MFTE), typically an 8 or 12-year partial property exemption for certain types of housing projects that provide specific public benefits. LCG's understanding is that no MFTE program exists in the City at this time.

- **Downtown-Waterfront:** Jointly market both areas together.

LCG recommends that the Port and City explore both formal (e.g., intergovernmental agreements (IGAs)) and ad hoc working partnerships to address these issues. Developers may need binding agreements that define the City's roles and responsibilities (e.g., zoning and impact fee policy), and the developers and the Port may need to be involved in the negotiation of these agreements.

# Conclusion



# Conclusion

The Port and Ridgefield community have a special opportunity at the Ridgefield Waterfront. This is a large, flat, developable site with reasonably good transportation access, excellent views, exceptional access to the Wildlife Refuge and its natural amenities, an appealing waterfront along Lake River, and a planned Waterfront Park. There are few waterfront sites in Southwest Washington or Oregon where people can experience both a mixed-use place and natural beauty. The City of Ridgefield is desirable, well-managed, growing, and affluent, and the nationwide trend favoring medium size cities and suburbs continues. The adjacent downtown is already a charming destination.

The Port, City, and Ridgefield community seem to share a clear vision of what this Waterfront can be. The Port and community envision a waterfront that meets triple bottom line benefits for economy, society, and environment; generate economic development; is an active mixed-use place; connects people to the outdoors; and achieves other goals.

LCG's assessment is that a wide range of development types are desirable (they fit the vision) and feasible at this site, including food and beverage, parks/outdoor space, destination retail, a multiuse building that includes Port offices and other uses, craft industrial, lodging/retreat, a modest number of live-work spaces, and a range of housing, including mixed-use multifamily and senior housing. Other uses—such as office, higher education or institutional space, and general retail—will be challenging but could prove feasible if the right tenants materialize. While the Port sees housing as a use that is acceptable but not desirable, LCG recommends that the Port accept housing because we believe its inclusion at the Waterfront will enable developers to spend significantly more money on other desirable development types, site infrastructure, and the time necessary to properly plan this project.

LCG is not expert in in-water uses such as day docks but understands that these should be feasible, and believes that kayaks, stand up paddleboards, canoes, and some additional transient access for motorized boats would be a huge boon to the Waterfront environment.

However, realizing this waterfront vision will not be without its challenges. The site is off the beaten path, which will reduce demand for some commercial uses. Despite the Port's laudable efforts over many years, the site's environmental and geotechnical history may deter some developers. LCG recommends that certain elements of City zoning, particularly density maximums, be revised in order align with the vision. The high aspirations will require ongoing support from the Port, City, and community—for example, by championing the project, creating a welcoming regulatory environment, and investing grant funds and other public funds where possible. Public-private and public-public partnerships will be necessary. The Port's relationship with the City will be particularly important for the reasons mentioned above, and also for the design and funding of the Waterfront Park, development incentives, determination about the future WWTP site use, and more.

In order to realize the Waterfront vision, LCG recommends that the Port release a Request for Qualifications (RFQ) from mixed-use development teams in 2023 or early 2024. The Port should look for master developers with a strong track record, capable of working collaboratively with the Port and City, and leading infrastructure build out and vertical development for the North, Center, and South sites. During 2024, we recommend that the Port work with the selected developer to conduct additional due diligence and planning, and to reach a preliminary development agreement. The Port should then be able to execute ground leases with the selected developer that enable the developer to proceed and generate revenue for the Port.





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# Appendices

Waterfront Site Areas

Ground Lease Revenue Model



# Waterfront Site Areas

Area		Current Owner	Future Owner	Future Lessee	Likely Phase			Acres (Approx.)
					1	2	3	
Mixed-Use Waterfront Sites								
3	North	Port of Ridgefield	Port of Ridgefield	Developer(s)		✓		6.6
2	Center	Port of Ridgefield	Port of Ridgefield	"	✓			14.8
1	South	Port of Ridgefield	Port of Ridgefield	"	✓			6.1
Subtotal								27.5
Other Upland Sites								
7	Waste Water Treatment Plant	City of Ridgefield	Port of Ridgefield	TBD			TBD	3.0
Subtotal								30.5
6	Railroad Avenue	Port of Ridgefield	Port of Ridgefield	n/a			TBD	0.9
Total								31.4
Public Open Space and In-Water								
4	Waterfront Park	Port of Ridgefield	TBD, may be Port or City	City of Ridgefield	✓	✓		9.0
5	Lake River In-Water	WA DNR	WA DNR	Port of Ridgefield		TBD		5.75
Total								14.8
Grand Total								46.2



# Ground Lease Revenue Model

- In order to prepare an example of how the Port of Ridgefield could create a mixed-use waterfront by leasing some of its land, LCG reviewed the details of the Port of Camas Washougal's (POCW) development agreements and leases. While ground leases (or land leases) are one of the POCW's critical agreements, they are just one of many agreements that enabled POCW to develop its waterfront.
- POCW Agreements
  - Development Agreement: Port and City
  - Memorandum of Understanding (MOU): Port and Master Developer
  - Master Leasing Agreement (MLA): Port and Master Developer (RKm)
  - Leases: Port and Master Developer
  - Site Infrastructure Development Agreement: Port and adjacent developer/property owner
- The notes on the following pages summarize the key elements of POCW's ground lease approach.
- LCG has also spoken and/or worked with staff at the Ports of Vancouver, Everett, and Pasco, and reviewed the ground lease deal terms included in agreements signed by other Ports. In LCG's view, the POCW deal terms are a good example of a ground-lease structure, and consistent with best practices in the Port and development industry. However, every transaction is different, and specific terms of land leases can differ widely.

# Ground Lease Revenue Model

- Master Leasing Agreement (MLA), Port of Camas Washougal
  - Net Developable Land:
    - Gross Area
    - Less Public (City) Streets, Parks, and other non-developable land
    - Net Developable Land (to be leased by Port to Developer): 17.8 acres
  - Master Developer Roles
    - Designs, permits, funds, builds, owns, and maintains all buildings and vertical improvements.
    - Designs, permits, funds, and builds all City streets, rights of way, and off-site improvements.
  - Phasing/Timing
    - All development to be completed within 15 years
    - Two 5-year extensions possible if approved by Port
    - Development will occur in phases
    - Phase 1 will be a minimum of 2.4 acres
    - Phase 1 lease to be executed within 6 months of signing of MLA (this term should not be copied)
    - Following Phase 1, Developer will lease at least 1.2 acres of land per year
  - Land purchases possible

# Net Developable Land





# Property Sales

## (POCW MOU Section 3.2.1)

- **The Port may elect to sell** some portion of the Property to Developer on a fee simple basis. [The Port has sole discretion and determination about whether to sell land.]
- **The Port will not sell the land associated with Phase 1** of the Project. Several buildings must be built before the Port will consider land sales.
- **The Port does not expect to sell waterfront land.** (“The Port does not expect to sell any land within the first 200 to 300 feet of the Columbia River ordinary high-water mark.”)
- The Port recognizes that **certain land uses—such as for sale residential condominiums—should be built on land owned fee simple by the developer** and will take this into account.

# Ground Lease Revenue Model

- **Phases**
  - Governed by individual Leases between Port and Developer
  - Project Memorandum and Site Plan Applications to Port for each Phase.
  - Project Planning Period is a maximum of 12 months
  - Development Phases may be completed by a Special Purpose Entity (SPE), provided Master Developer provides Port with documentation of competence and financial capacity of SPE.
  - Port Creates Legal Lot of Record
  - Permitting and Construction Period. Begins when Lease
- **Leases**
  - 50-year term
  - Three 10-year extensions
  - (80-year maximum term)
- **Base Rent Calculation:**
  - Base Land Value: \$15.79 per square foot of Net Developable Land
  - Annual lease rate: 6.25%
  - Annual Inflation adjustment to Base Land Value, based on 10-year average of Consumer Price Index. Even if inflation is negative, rent cannot go down.
  - Periodic Adjustments: Every 10 years, new Base Land Value may be established via appraisal.
- **Unsubordinated**
  - The ground leases will be unsubordinated. In other words, the Port's interest in the Property will not be subordinated to the debt.

# Ground Lease Revenue Model

- Time and Manner of Payment; Step-In Schedule.
- Permitting and Construction Period: No rent due.
- Rent steps in during first year of operation, after Certificate of Occupancy (CO). This reflects the fact that developer's occupancy and revenues also step up. Rent step in by Quarter: Q1: \$1; Q2: 33%; Q3: 66%; Q4: 100%.
- Thereafter: Base Rent as shown above.
- Additional Rent
  - Paid by Developer
  - Property Taxes, including but not limited to Washington State leasehold excise tax as now or hereafter assessed, currently assessed at 12.84% of taxable rent.
  - Utilities
- Rules for late payment, and lease security during construction.