

Alex,

Here is a breakdown of the attached information on Congress Sq. Plaza:

1<sup>st</sup> Section:

Excerpts from October 1979 UDAG report for Congress Square showing:

That the plaza was a portion of an eight part plan involving (1) a façade program on Congress St. between High and State, (2) funding for the addition to the Portland Museum of Art, (3) renovations to the Eastland Hotel, (4) building the garage at High and Cumberland, (5) restoration of the HH Hay Building, (6) improvements to the old Public Library for adaptive reuse, (7) public improvements to Congress Street from High to State, and (8) a major new office tower at the corner of Forest and Congress, replacing the Strand Building and Maine Savings Building. It was never built.

The plaza was included in part 3, the Eastland Hotel improvements.

The additional excerpts from this report are somewhat repetitive but each provides information of slightly different aspects of the plan.

2<sup>nd</sup> Section:

An excerpt from the February 1981 Congress Square Phase 1 Technical Memoranda – Congress Square Urban Plaza Inventory, by Dubesne-Henry, describing the intent of building the plaza.

3<sup>rd</sup> Section:

Breakdown of the costs for three proposed Plaza schemes. These were loose Xerox pages inserted in the Phase 1 Memoranda.

4<sup>th</sup> Section:

1999 Press Herald story about proposals for the redesign of Congress Sq. Plaza and photos of presentation of models that were in the files on this project.

City of Portland, Maine

Congress Square Urban Development Action Program

RT: II - Description of Proposed Project

SECTION: A - Brief Summary of Project and its Participants

Submitted to the U. S. Department of Housing and Urban Development  
October 1979

PROGRAM SUMMARY

The Congress Square Urban Development Action Grant project consists of eight transactions. The first is assistance to neighborhood businesses along the two block Congress Street shopping spine. Second is financial assistance for an addition to the Portland Museum of Art, which anchors the neighborhood on its eastern boundary. Third is the rehabilitation of a large underutilized hotel which creates a blighting influence currently and acquisition of several buildings to create an urban pedestrian plaza. The fourth transaction will provide improved parking facilities in support of the uses in the UDAG area. The fifth is a substantial renovation to the H. H. Hay Building to be undertaken by a private developer. The sixth involves substantial rehabilitation of the old public library with a facade improvement grant. The seventh activity is public improvements to Congress and Wash Streets to improve accessibility and attractiveness to the street scope involved in the project. The final activity involves the construction of a 120,000 s.f. office tower with \$6.5 million of private investment tied into a 300 car parking facility funded with \$5 million of UDAG second mortgage financing.

first transaction, assistance to businesses in the neighborhood, would use the principle of facade easement. UDAG funds in the amount of \$250,000 are requested. The leveraging ratio is three to one. For each three dollars which a landlord or tenant invests in the improvement of a retail property, one dollar in action grant funds would be available for facade improvements subject to design approval by the City and the recording of a seven year easement. Rehabilitation standards would be developed. Approximately twenty storefronts would be improved.

second transaction would provide grant assistance in the amount of \$2 million to the Portland Museum of Art to construct a new building for the display of a collection of Winslow Homer paintings and other important proposed donations of art. This transaction would cost approximately \$19 million including a required endowment. The donation of Homer paintings and other collections is contingent upon the new building being constructed and endowed.

The third transaction would convert an underutilized 500 room hotel into a modern, economically productive facility by (1) constructing 150 modern hotel rooms to support a growing tourism and convention industry, (2) creating 15,000 s.f. of modern office space, (3) constructing modern apartments from obsolete hotel space, and (4) constructing a modern hotel entrance by acquiring and demolishing blighted structures at the corner of High and Congress Streets. Property acquisition, relocation of eight businesses, demolition and site improvements at the corner of High and Congress Streets are estimated at \$1,500,000 to be provided by the action grant for the construction of an urban pedestrian plaza.

One million dollars in UDAG funds will provide a below market rate second mortgage for the hotel conversion. Additionally, private financing in the amount of \$5 million will be provided through industrial revenue bonds and private market financing. The developers of the building, Eastland Associates, are purchasing the hotel as part of a larger real estate venture. The purchase terms require the operation of the hotel facility. It is the intent of the developers to redevelop the hotel space in a manner which will allow for the efficient renewed operation of a first class hotel. This will require the conversion of the Eastland building into the following mix of uses:

- first class hotel rooms - 150
- moderate rate apartments - 65
- office rentals - 15,000 s.f. in the newer wing
- restaurant, banquet, and retail facilities on the ground floor

It is critical to the hotel conversion project, however, that the area presently occupied by lower buildings at the intersection of Congress and High Streets be made available to an urban pedestrian plaza so that the hotel itself may be tied more closely to the principal commercial street - Congress Street. It is possible that the plaza may be covered by a canopy or partially covered. In this manner, a pedestrian may move along a comfortable and inviting walkway from Congress Street to the shops and restaurants of the hotel, or move on to the offices and the proposed garage and theaters beyond through an arcade, canopy or covered pedestrian plaza.

It is expected that the project described above will require the following levels of investment:

Acquisition and Existing Inventory	- \$	650,000
Upgrading of Rooms and Basic Systems	-	3,000,000
Conversion of Rooms to Apartments	-	1,625,000
Rehabilitation of Rooms for Offices and Upgrading of Entrances	-	725,000
		\$ 6,000,000

The City of Portland will be asked to approve the issuance of tax-exempt revenue bonds for this hotel conversion project. This bonding will not affect the City's tax rate nor its bonding debt limit.

The developer notes that a lowered rate of financing must be available to this project in order to provide a break-even status by mid 1984 (during its third year of operation). A UDAG second mortgage is being sought to bring the effective financing constant to the level of approximately 7% in the third year, thereby producing some annual return on equity by that time. A loan of \$1,000,000 in UDAG funds is being sought for this purpose.

The property will be acquired and held by Eastland Associates, a partnership the general partners of which are Mr. Warren Sawyer and Mr. Gerald Gouchberg. The hotel, apartments, and offices will be managed by an entity titled the Eastland Realty Company.

The fourth transaction is a 650 car municipally-owned garage and commercial space. The estimated cost is \$5 million. It will be financed through an action grant of \$1,200,000 municipal general obligation bonds of \$1,300,000 and \$3,175,000 of private financing.

The acquisition of the Eastland Hotel property by Eastland Associates will include the portion of that parcel presently occupied by a small garage and surface parking. The number of cars which can be accommodated on this parcel presently is about 130. There are two businesses which will be relocated from this site

It is imperative that additional off-street parking be developed if the projects under development at present in the Congress Square area are to be successful. The location is ideal as it fronts on Cumberland Avenue, High Street and Forest Avenue, all major streets in the downtown. A projection of the day-time parking needs of the commercial neighborhood is as follows:

- Eastland office rentals	- 75 spaces
- State Office Building	- 150 spaces
- Eastland apartments	- 65 spaces
- Eastland Hotel	- 150 spaces
- Eastland restaurants & lounges	- 55 spaces
- Neighborhood commercial & offices	- 150 spaces
	<u>645 spaces</u>

In considering a means to meet this identified and established need, there has been developed the concept of additional commercial activity at this site. An agreement has been reached with a major theater group which wishes to lease 20,000 s.f. within a garage complex for new movie theaters. Another 30,000 s.f. of retail space is being considered for indoor sports facilities of other commercial retail uses as lessees of the developer. Both of these uses will require the availability of evening parking spaces. In fact, the evening parking requirements projected for the site are as follows:

- theaters	- 300 spaces
- Eastland apartments	- 65 spaces
- Eastland Hotel	- 150 spaces
- New commercial or sports-related	- 50 spaces

It is assumed that approximately 190 cars can be accommodated at the site on each level of a multi-level parking facility. The majority of these spaces (150) will be provided within the main parking structure and 40 spaces will be decked over the ground floor parking to be provided off Forest Avenue for the tenants of the adjacent Congress Square Housing for the Elderly. Not only will this approach provide covered parking for the elderly neighbors but it will reduce proportionately the number of levels which must be constructed to meet the parking need. A 3½ level garage structure above ground floor commercial space will produce an optimum development for this parcel and a complementary facility for the entire Congress Square area.

The garage and associated commercial space can be anticipated to cost slightly more than \$5 million. This assumes costs per space of about \$4,000 and approximately \$3.2 million for the commercial ground floor. The ground floor area would be owned and developed by an entity taking title from Eastland Associates. Another corporate management entity would be formed as well. The use of tax-exempt revenue bonds is anticipated for the financing of the commercial space. The garage would be developed above this space using a combination of \$1.2 million in UDAG monies and \$1.3 million in municipal obligation bonds.

Once constructed, the garage facility would be managed and the repayment of the bonds made the responsibility of the management entity. The City would have no financial responsibility for either capital or operating expenses for the facility

The fifth transaction involves restoration of the so-called Upper Hays Building. Currently Greater Portland Landmarks is initiating exterior improvements to the H. H. Hay Building using C.D. Block Grant funds. A private developer, CARBO, Inc., is willing to invest \$200,000 into the H. H. Hay facility as part of the UDAG project. No UDAG monies are being sought for the H. H. Hay Building but the demolition of adjacent buildings and parking are clearly the important incentives to this investment.

The sixth transaction focuses on the old Baxter Library which is now vacant. Proposals have been received and it is estimated to require \$350,000 for improvements to have the building adaptively re-used. Facade improvements are necessary, but are likely to be infeasible for private investment. UDAG funds for facade improvements are proposed to leverage the private investment needed into this important structure

In transaction number seven, public improvements are proposed for Congress Street between High and State Streets and, should funds be adequate, for High Street. These improvements will improve needed access to the Museum, offices, apartments, the hotel and garage. They will also make the area more attractive, thus stimulating rehabilitation and development. Congress Street is congested. Public improvements will include sidewalks, improved travel lanes, street furniture, landscaping as appropriate, and other amenities.

Transaction number eight, the final component, will be a major new office tower for Sun Savings and Warren Sawyer Associates adjacent to the Congress Square/Eastland Hotel site on a 58,000 s.f. parcel. Proposed is a 120,000 s.f. office complex. Needed for this facility is a 300 car parking facility adjacent to and connecting with the office building. This complex will cost \$9million. It is proposed to fund this component with \$1.5 million second mortgage financing from UDAG funds and \$7.3 million of private financing.

The proposal includes the construction of 120,000 s.f. of first class commercial, office and residential condominium uses. The breakdown of these uses is as follows:

- 30,000 square feet of banking space for the Sun Savings and Loan Association
- 60,000 square feet of condominium and rental office space
- 13,000 square feet of commercial space of the Congress Street and Forest Avenue facades
- 10,000 to 20,000 square feet of residential condominiums

It is assumed that the ground floor coverage of the building to include these uses will be approximately 25,000 s.f. In addition, a drive-up window for the bank and some atrium space will require an additional 10,000 s.f. This will permit the development of an associated parking facility to the rear of the parcel with

approximately 75 spaces on each level of the four level structure.

The projected cost for this project is \$8,800,000. The elements of this cost is presented below:

- retail space	\$ 500,000
- Sun Savings space	1,800,000
- office condominiums	3,400,000
- residential condominiums	1,500,000
- parking facility	<u>1,600,000</u>
	\$ 8,000,000

In addition, the purchase of the land and demolition of existing buildings is anticipated at \$750,000.

The developers of this project will be the same persons committed to the Eastland Hotel and Garage project to the west. Mr. Warren Sawyer and Mr. Gerald Gouchberg will be the principals in a limited partnership taking title to the property and undertaking the development. A management entity also will be created.

It is expected that this project will be developed through conventional financing, and the pre-sale of condominiums or the pre-commitment to the rental of space will produce the basis for the financing of all but the ground floor retail space. That comparatively small amount of building area will be produced by the developers on speculation of eventual rentals.

It will be difficult to obtain commitments to the space in the complex, however, if the cost of garage production is added to the sale or rental levels. Consequently it is requested that UDAG financing be made to this project to effectively reduce the parking production costs. A UDAG 2nd mortgage loan of \$1,500,000 is sought for this purpose. This loan would reduce the amount to be financed conventionally to \$7,300,000.

buildings in near proximity. The H. H. Hay building and the former Baxter Library, both victims of deterioration, are stated for adaptive re-use. In general, all elements of the project will have a significant impact on reversing structural deterioration.

(2) Provision of off-street parking for 950 vehicles within two years

The proposed UDAG will assist in providing the parking which will go a long way in abating the parking problem. There has been a long standing need for parking facilities on the Cumberland Avenue side of Congress Street and the proposed project will accomplish this goal. It is hoped that the residual parking needs beyond that served by this project will be served within 5 to 6 years by both public and private means.

(3) Reduction of traffic congestion in four years

Because of the intown location of this neighborhood, it is unreasonable to expect that all traffic congestion will be eliminated. The City is taking steps to reduce congestion and the safety hazards presented by the following actions:

- (a) Recent HUD funded improvements at the corner of Congress Street and High Street better channelize traffic and provide pedestrian areas and safety zones.
- (b) The proposed UDAG project will reconstruct Congress Street between High and State Streets to upgrade public way conditions in the area of the facade improvement program and to also provide a safer and more attractive entrance to the Congress Square Area. Pedestrian facilities will be improved, channelization of traffic will be accomplished and on-street parking (and its access) will be made more orderly.
- (c) The Portland Area Comprehensive Transportation Study (PACTS) and the Maine Department of Transportation (MDOT) have identified the intersection of State and Congress Streets (Longfellow Square) as a priority for improvement.
- (d) The section of Spring Street between State and High Streets was reconstructed during 1979 to allow for two-way traffic. This change in traffic flow should reduce congestion on Congress Street but because travel habits change slowly, it is too early to perceive any significant change at this time.
- (e) Cumberland Avenue is now the remaining unimproved link in the so-called "ring road" system - a system comprised of Franklin Street arterial, Spring/Middle Streets, State/High Streets and Cumberland Avenue which circle the City's core and are planned to eliminate congestion on Congress Street and its entrances. It is expected that Cumberland Avenue will be reconstructed in the early 1980's to four lanes so that the goal of eliminating the need for cars to be on Congress Street can be realized. The proposed parking facilities on and near Cumberland Avenue wholly conform to the City's plan to have parking facilities on the "ring road" system and will actually spur the system's completion.

(4) Installation of pedestrian areas and an urban plaza for pedestrians in two years -

While the HUD Mainway project has provided ample pedestrian areas in other sectors of the City core, they are sorely lacking in the portion between High and State Street. The proposed project involves the construction of much

improved sidewalk, pedestrian crossings and widened areas on the Congress Street for pedestrians. Street trees and street furniture are also planned. As a result, the facilities for pedestrians on Congress Street will be greatly improved.

The "pedestrianization" of Monument Square has had an important beneficial effect on human activity and buildings in that area of the core. A similar facility is needed in the Congress Square area. The UDAG project proposes to acquire 13,000 sq. ft. at the corner of High and Congress Streets for this purpose and to better connect the Eastland Hotel complex and parking with Congress Street. Making this space a controlled public area will add a significant amount of vitality to the project area. Pedestrian and visual amenities will be installed to make it a showplace of the City.

(5) Elimination of deteriorated public areas in four years -

The proposed project will go a long way in achieving this objective by adaptively re-using the former public library and by reconstructing Congress Street. Forest Avenue, High Street and Park Street are also in need of improvement and the City intends to upgrade these rights of way with other funds available to the City in the early 1980's.

(6) Elimination of economic disinvestment in two years -

The proposed project alone will reverse this serious trend. The infusion of \$33 million of private investment, as well as concentrated public attention, will demonstrate an important and intensive commitment by private and public sectors alike. Other private investment into the area will naturally follow.

(7) Modernization and adaptive re-use of all buildings in the project area within five years -

Structures slated to remain in the project area are expected to attract significant investment. As part of the project alone, the H. H. Hay building, the former Baxter Library and the Eastland Hotel will be modernized and adaptively re-used. Energy conservation measures will be installed. Various structures along Congress Street will benefit from the facade improvement program. The museum will attract additional private donations to complete restoration of its existing and historic facility.

The NSA program will also have an important impact - in addition to various residential structures participating in the program, substantial improvements will be made to the Congress Square Hotel to accommodate 160 units. Both these programs will shift the current of the investment climate in the area and set it on a path where deteriorated structures in the project area will be modernized and adaptively re-used.

(8) Stabilization of the core's geographic center -

Improvements which have taken place in the Old Port Exchange and Monument Square sectors of the core have shifted the geographic center away from the Congress Square area. Disinvestment in the Congress Square area has been self-defeating; that is, disinvestment has spurred the shifting of this center away from the area and this shift has resulted in further disinvestment. The proposed project will eliminate economic disinvestment, make the project area an attractive and vital place to be, and allow it to compete on an equal basis with other sectors of the core. It is expected that the shift of the geographic center will be perceived to reverse and then stabilize two years after project completion at a balance point where all sectors

cultural activities and the arts are major year-round employers. Cultural pursuits and the arts are a business unto themselves that enhance highly desirable economic development". Following this logic, economic development is stimulated by the arts and, in turn, the arts are the beneficiaries of a stronger economic base. Louise W. Wiener of the Commerce Department concurs with this view in her study of the economic development potential of the arts, prepared for The White House Conference on Balanced National Growth and Economic Development: "Corporate location decisions increasingly involve quality of life issues including the availability of cultural activities. Unless an industry is directly arts related, and there are many, the existence of a stimulating cultural life is not likely to be the primary consideration. However, the absence of cultural vitality may be decisive in the evaluation of otherwise balanced alternatives."

The Museum's market potential, then, is enhanced by its proposed expansion: (1) resident individuals and corporations are already demonstrating increased interest, attendance and financial support; (2) expansion will upgrade the Museum's excellence and permit it to compete for major, special exhibits, which will increase attendance and attract tourists to the area; (3) a thriving, well-known Museum will be a positive factor in attracting new business to the Greater Portland region and those businesses and their employees will further strengthen the Museum through their attendance and financial support.

## (2) Feasibility

The on-going financial feasibility of the Portland Museum of Art is a direct function of its professionalism and public appeal. A non-profit institution with limited endowment, the Museum has been presented with a unique opportunity to enhance dramatically its collections, facility and programs. Excitement generated by the contingent donation of the Homers, Field Collection and other works of art attracts contributions to endowment necessary to support an expanded institution. A special committee has been studying the Museum's budgetary needs through June 30, 1983, and has projected the need for a minimum additional \$5.5 million in endowment to operate the expanded facility and programs. This need will be incorporated in the State of Maine fundraising campaign, together with the necessary capital amount described more fully below.

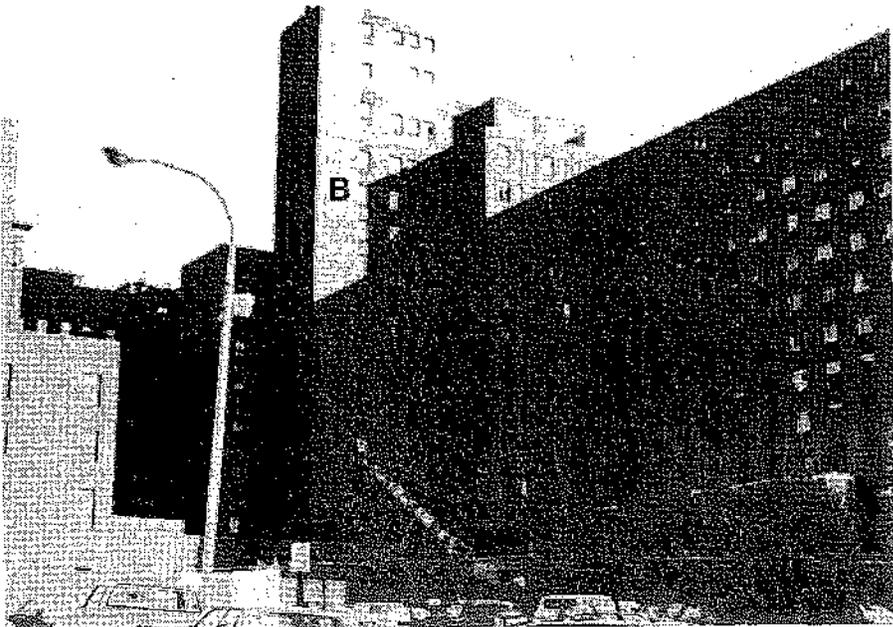
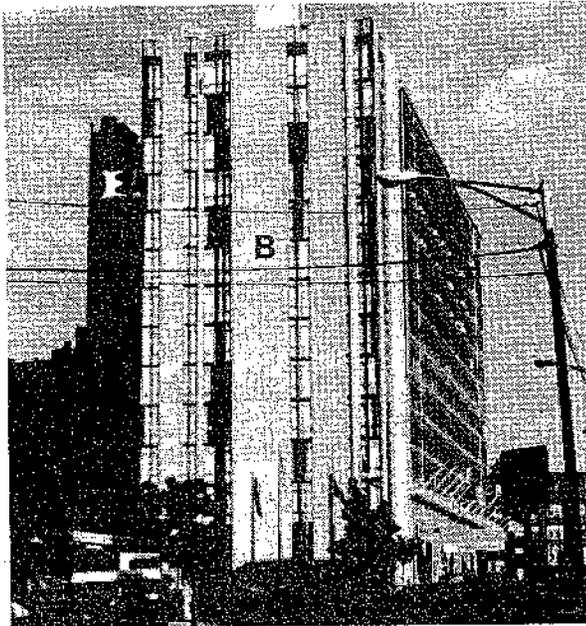
The future of the Portland Museum of Art will be significantly affected by the success - or failure - of this undertaking. Recognizing the critical importance of this undertaking to the Museum, to Congress Square, to the City of Portland, and to the State of Maine, an impressive team has been assembled to pursue this opportunity to a successful conclusion and to assure the on-going financial feasibility of the Portland Museum of Art as an important cultural resource, educational institution and economic development stimulus.

### c. Eastland Hotel Conversion:

The developers of the building, Eastland Associates, are purchasing the hotel as part of a larger real estate venture. The purchase terms require the operation of the hotel facility, at a profit or a loss, for three years beyond the date of acquisition. It is the intent of the developers to redevelop the hotel space in a manner which will allow for the efficient renewed operation of a first class hotel. This will require the conversion of the Eastland

## EASTLAND HOTEL

The Eastland Hotel will be rehabilitated into 150 hotel rooms and 65 new moderate-rate apartments, approximately 15,000 square feet of rental office space, and approximately 15,000 square feet of restaurant, banquet, and retail facilities. This presently second class hotel will therefore be converted into a first class mix of commercial and residential uses, fronting both on High Street and the urban plaza.



- moderate rate apartments - 65
- office rentals - 15,000 square feet in the newer wing
- restaurant, banquet, and retail facilities on the ground floor

These use proposals are verified as feasible within a report produced by the firm of Laventhal and Horwarth. A copy of that report is included with this submission.

In addition to the \$6,000,000 investment, it is assumed that fixed expenses will total approximately \$395,000 annually. These expenses will include insurance, real-estate taxes, reserve for repairs and maintenance, a management fee to the hotel operator, and the payment of a hotel franchise fee, associated services, and the payment toward parking for apartment dwellers in the adjacent garage. There also will be legal and architectural fees incurred which are not included in the total expense figure projected above.

The Laventhal and Horwarth report has developed the projection of \$689,000, \$838,000 and \$1,012,000 as annual earnings of the hotel complex for the years 1982 - 1984 prior to fixed charges, payment of debt and return on equity. The assumptions upon which these projections are based are contained in the attached report.

It is clear that a lowered rate of financing must be available to this project in order to provide a break-even status by mid- 1984 (during its third year of operation). A UDAG second mortgage is being sought to bring the effective financing constant to the level of approximately 7% in the third year, thereby producing some annual return on equity by that time. A loan of \$1,000,000 in UDAG funds is being sought for this purpose.

It is critical to the hotel conversion project, however, that the area presently occupied by lower buildings at the intersection of Congress Street and High Street be made available to open space and plazas so that the hotel itself may be tied more closely to the principal commercial street. This prerequisite is emphasized in the Laventhal and Horwarth report. Proposed is the acquisition of this parcel and its conversion to an urban plaza.

Because this element of the project is proposed to be public open space, an economic feasibility analysis is not relevant in this case. As noted, market analyses for the rejuvenation of the Eastland Hotel have identified the critical need for the hotel's entrance to be directly accessible to Congress Square. It is proposed that major hotel entrance improvements on the hotel side facing on the plaza will be made.

Further the developer of the H. H. Hay Building has identified the elimination of the Dunkin' Donuts building and the creation of the plaza to be an important factor in the success of rejuvenation efforts to that building.

The City of Portland further believes that the proposed urban plaza is necessary to provide the amenities needed for overall neighborhood rejuvenation. The City points to the major impact on core revitalization provided by Monument Square plaza (Mainway Urban Renewal).

SITE OF URBAN PLAZA/PARK

The existing structure (C) will be acquired by the City, demolished, and replaced by a new urban plaza/park. All businesses will be re-located through the City's Neighborhood Conservation Department as required by Federal Law. The Eastland Hotel (B), background, will then have access through the plaza directly onto Congress Street, making Congress Street more readily accessible to hotel residents.



The Museum's changed character in the Congress Square development area will help the retail section which lies within the Neighborhood Strategy Area and enhance the positive impact of the various housing programs operating within the residential section of the neighborhood.

The Museum's expanded facility and programs will strengthen its role as an important educational institution in the community. Special programs will be developed for all constituencies - people of all ages and income, and the handicapped (including emotionally disturbed and developmentally disabled). It is anticipated that the Museum's close proximity to over 400 units of elderly housing and more than 200 units of Section 8 family housing in the Neighborhood Strategy Area will prompt a high utilization of the Museum facility and services by the residents of the low and moderate income neighborhood. In addition, the adjacency of the Portland School of Art, and its increasing program offerings to the community, is expected to further enhance the public's experience with the arts in Congress Square.

Finally, the proximity of the Museum to the rehabilitated Eastland Hotel is seen as a positive factor in attracting convention business in that the Museum will serve as an accessible diversion and, in effect, an extension of the Hotel's facilities by use of its galleries for special convention receptions, etc.

(c) Ownership and Operating Responsibility

The Portland Museum of Art is operated in the public trust by the Portland Society of Art, a non-profit organization which also administers the Portland School of Art. The Museum facility is held in the name of the Portland Society of Art and will be administered under the direction of the Society Board and its Museum Committee.

(d) Relationship of the Transaction to Total Project

As noted, the expansion of the Museum onto Congress Square, together with the complementary rehabilitation of the Eastland Hotel, creation of an important Urban Plaza renovation of the historic H.H. Hay Building, construction of new office and residential space in the Sun Savings Office Tower, renovation of the old library and retail facades, street and sidewalk improvements, and construction of new parking necessary to accommodate these developments, will have a major impact on the character of the Square, the present outstanding feature of which is its appeal as a gathering place for prostitutes and drunks. The resulting upgrading of the neighborhood will draw more appropriate retail outlets than the increasing number of X-rated shops and "massage" parlors. The improved urban environment will encourage promotion of Portland as a convention center, and the presence in the immediate area of the Museum and the Cumberland County Civic Center will enhance the appeal of both the rehabilitated Eastland Hotel and the existing Holiday Inn. Although the project does not include the Congress Square Hotel, already scheduled to be converted to Section 8 housing for the elderly and handicapped, it will certainly greatly improve the immediate neighborhood in which its tenants will live.

Perhaps most importantly, the project and all associated transactions and their comprehensive approach to this important urban square, will anchor the western extremity of the City of Portland's urban revitalization efforts. Earlier successes in the Old Port and Monument Square areas and the increasing attraction of the waterfront area, have the combined effect of drawing the focus of the City's downtown economic base and reverse a clear trend of deterioration in a critical residential-commercial neighborhood.

will allow the City to pursue, with Action Grant support, a project which has been described as "the greatest opportunity in the City's history". The success of this effort will reinforce and complement the significant investment dedicated to improve the Neighborhood Strategy Area and will assure the neighborhood's appeal to all income mixes, including the low and moderate-income to be aided by the variety of NSA programs in operation.

Expansion of the Portland Museum of Art represents a substantial community investment in the target area. That investment includes: (1) the total capital and associated costs of the new and renovated facility; (2) the commitment to fund a significantly increased endowment necessary to operate the expanded facility, and its programs; and (3) the value of major art collections which will be housed in Portland rather than elsewhere. This substantial investment and the Museum's commitment to its neighborhood impresses the other project participants, in turn stimulates their commitment to the area, and lends leveraging funds to make their transactions, and the comprehensive approach, feasible with UDAG support.

### 3) Eastland Hotel Conversion:

The Eastland Hotel transaction involves the conversion of the underutilized Eastland building from a second-class hotel to a mix of first-class uses. The final project will result in 150 hotel rooms, 65 apartments, and 15,000 square feet of rental office space. Ground floor retail & restaurant space will also be provided.

This transaction will include the following operations:

- purchase of the hotel by Eastland Associates from Congress Square Associates (all of these are entities involving Mr. Sawyer and Mr. Gouchbert as general partners)
- closing on the primary construction loan from First Penn Co. (which includes also actions by the Maine Guarantee Authority to issue the tax-exempt revenue bonds to be purchased by First Penn Co.)
- continued operation of portions of the hotel and its ground and basement floor commercial and service space during the rehabilitation. Rehabilitation of all spaces and major mechanical systems ultimately.
- conversion of construction financing into \$5,000,000 of permanent primary financing (including those actions by the Maine Guarantee Authority to conclude its bond transactions)
- closing with the City or its designee on \$1,000,000 of second mortgage financing

The Eastland Hotel transaction will be related in a significant manner with two other facilities planned by the City of Portland within this UDAG project. First is the construction of the 650 car municipal parking garage on the adjacent lot (thereby making off-street parking available to the hotel users and tenants). Second is the development in Congress Square of an urban plaza (thereby eliminating the visual blight now present, providing the availability of a new entranceway to the hotel, and producing a tie with the hotel to the main downtown area). The market feasibility analysis by Leventhol and Horwath have identified a principal entrance to the hotel from this urban plaza as critical to the success of the Eastland Hotel revitalization. Also important to this transaction will be the other owners in the Congress Square area which will tend to upgrade the appearance and the real value of the neighborhood for commercial projects.

This transaction will be operated by entities composed of Mr. Sawyer and Mr. Gouchberg as general partners. Eastland Associates will own the property and Eastland Realty will operate it.

The urban plaza portion of the transaction involves the construction of a major Urban plaza on which much of the success of the other transactions depends. The site of this transaction - the corner of High and Congress Streets - currently houses a one-story structure locally known as the "Dunkin Donuts" building.

The current facility is known state-wide as the innocent, bystander center for various illegal street activities, including prostitution and drug-trafficking, during the late evening hours. These activities have crept into the area as a result of economic disinvestment, noted elsewhere in this application as the root cause for the problems in the project area.

The removal of this structure is necessary to the success of the project for a variety of reasons. These are:

\* It is critically important for the Eastland Hotel to have as its primary entrance in a visible place in Congress Square (the current entrance is midway on High Street between Cumberland Avenue and Congress Street). The criticality of this new entrance is highlighted in a market feasibility analysis prepared by the developer of the Eastland Hotel. It is proposed that the new entrance be constructed on the facade facing the new plaza.

\* The developer of the H. H. Hay building has identified the removal of the existing building and the development of the plaza as very important to the successful re-use of the H. H. Hay building.

\* The Urban Plaza will provide an attractive space complementary to the major new wing of the Portland Museum of Art. The museum trustees have identified the plaza as important to their development initiative.

\* The removal of the Dunkin Donuts structure and its replacement with an attractive plaza will stimulate other development and rehabilitation initiatives in the immediate area - particularly the State Office Building on the adjoining corner of High and Congress Streets (not a transaction of this project).

\* With the provision of proper control of the space by the public sector, the Eastland Hotel and adjacent businesses, the site will no longer be the center of illegal street activities which currently plague the area. Economic investment in the area, as proposed, will also serve to remove this undesirable element from the community.

\* The proposed plaza will highlight, enhance, and continue existing Mainway Urban Renewal public improvements on Congress Street recently installed between Oak and High Streets.

The City proposes to acquire the 13,000 sq. ft. site and the Dunkin Donuts building in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act. Following relocation the structure will be demolished. The City will retain a design firm to prepare plans. These will be coordinated with Eastland Hotel entrance plans and those of other abutting businesses; appropriate leases or easements will be arranged. Improvements will be installed by a private contractor retained by competitive bid with overview responsibilities provided by the City's Chief Engineer and the design firm. The City would retain ownership of the plaza as a City park and would exercise overall supervision and control of the facility. As determined appropriate, agreements may be arranged with the abutting hotel and businesses for security control in the plaza as it relates to their respective properties.



The proposed plaza relates very strongly with City plans and the Mainway Urban Renewal Plan concept. The single major element of Mainway public improvements was the construction of a substantial pedestrian plaza in Monument Square. The Monument Square Plaza was planned a meeting place and activity center for businesses and residences in and surrounding the city's core. Monument Square has been exceedingly successful.

At approximately the same time (1973), improvements were made to Longfellow Square which created a green space plaza out to and encompassing the Clark Fitzgerald designed statue of Henry Wadsworth Longfellow. While seldom as active as Monument Square, this public open space plaza provides a comfortable escape and reprieve for the pedestrian moving along Congress Street or State Street. Further, it more appropriately sets off the attractive Longfellow statue from whence the square obtained its name. Lincoln Park performs a similar purpose at Congress Street's easterly terminum of the core.

The proposed urban plaza conforms with the concept of providing pedestrian plazas at periodic intervals along the core's main street, Congress Street. It will also act as a "pole" to be an equal counterpart with Monument Square and, thus, provide balance to the central core area. As such, the proposed plaza is not only appropriate but also necessary to stabilize the geographic center of the City's core.

#### (4) Parking Garage/Commercial Complex:

The development of a 650-car municipal parking garage and associated commercial space is proposed to occur in the following manner:

- an entity involving Messrs. Gouchberg and Sawyer will take title to the portion of the Eastland Hotel property to be utilized for the garage and commercial space
- this entity will develop 50,000 square feet of commercial space on the ground floor, making use of the mechanism of a tax-exempt revenue bond (which includes the actions of the Maine Guarantee Authority to authorize the issuance of the bond and the purchase of the bonds by First Penn Co.).
- the air rights of this space will be leased to the City of Portland on a long-term basis for \$1.
- the City, by means of a municipal obligation bond and funds from UDAG, would produce on the air rights space a 650-car municipal parking garage.
- operations of the garage would be turned over to an entity representing Mr. Gouchberg and Mr. Sawyer under a long-term arrangement whereby those general partners would be responsible for the operations and maintenance of the garage and the retirement of the City's debt. In addition, the agreement would provide for a sharing of any net proceeds of the garage with the City.

This garage facility is being proposed to expand the commercial district of Portland and to provide the much-needed off-street parking essential to the success of the entire Congress Square project. At no cost to the City, 650 car spaces will be available to those having business in the Congress Square area, including those patronizing the hotel and its associated functions, the apartments, the offices, and the theaters. These theaters and other commercial shops on the ground floor beneath the garage will bring activity beyond the present commercial limits of Congress Square and enliven a presently underdeveloped area of the downtown.

c. Eastland Hotel:

This element involves major rehabilitations and renovations to the existing Eastland Hotel facility. Major internal changes to the physical plant are planned.

No design plan for the urban plaza is yet available. The types of plaza/pedestrian amenities to be considered in the design of the plaza include:

- sitting areas/benches
- decorative plantings/flowers
- trees
- green space
- attractive paving materials
- buffers/edges
- kiosks
- handicapped access
- sculpture
- water fountains - both drinking & features
- pedestrian and security lighting
- wall treatment
- bollards
- entrances

d. 650 Vehcile Garage/Commercial Space:

This component involves the new construction of a major building to accommodate parking and 50,000 sq. ft. of commercial space. A design concept plan is included as an exhibit which details the plan.

e. H. H. Hay Building Renovations:

This element involves interior renovations to this historic property for office/commercial use.

f. Former Baxter Library Adaptive Re-Use:

Proposed are major restoration improvements to the facade of this historic building using Action Grant funds. Internally, major retrofit of the building for commercial uses will be financed conventionally.

g. Congress Street Improvements:

No design plans are completed. The City is now selecting a design firm. Improvements to be considered in the design include:

- |                          |                       |
|--------------------------|-----------------------|
| - new surface treatments | - handicapped access  |
| - new utilities          | ramping               |
| - street lighting        | - intersection treat- |
| - street trees           | ment                  |
| - street furniture       | - street sculpture    |
| - attractive sidewalk    | - possibility of pro- |
| paving materials         | viding a decorative   |
| - on-street parking      | arch over street as   |
| controls                 | a major attraction    |
| - curb cuts              | - other elements      |

Appraisal . . . . - None available

Zoning . . . . - Downtown Business Zone: B-3

Transferrance - To Eastland Associates  
Upon completion of financing and closing

Area to be utilized for the garage will be transferred to an ownership entity as yet unnamed but comprised of Mssrs. Gouchberg and Sawyer

Price . . . . - Price for Eastland Associates will be \$650,000 for hotel and \$300,000 for garage site.

Previous Price - Not available

Improvements - Demolition of approximately \$100,000 on existing garage

Land Area . . . . - 76,750 s.f. plus or minus

Acquisition . . . . - \$12.37 per s.f. (overall average acquisition)  
\$22.72 - hotel (acquisition cost for hotel site)  
\$ 6.00 - garage (acquisition cost for rear portion of site)

#### 4. Urban Plaza:

##### a. Conveyance Information:

The City of Portland proposes to acquire the approximate 13,000 sq. ft. site, relocate tenants, demolish the existing structure, and install the public improvements. Acquisition will conform with federal and state statutes requiring at least two fair market value appraisals. Relocation assistance (technical and financial) will be provided by the City. Demolition will be awarded to a contractor by competitive bidding practices. The City proposes to retain warranty deed ownership of the property. It will be held as public open space land.

In order for the Eastland Hotel to properly develop and maintain a new and improved entrance off the plaza it is proposed to lease or grant an easement of a 25 foot wide strip of urban plaza land adjacent to its facade. Final arrangements have not as yet been made. Should other businesses abutting the plaza wish to do the same the City will entertain a similar arrangement.

Timing: Sign HUD contract - Spring 1980  
Acquisition - Summer 1980  
Relocation - Summer/Fall 1980  
Demolition - Fall 1980  
Improvements - Spring 1981

##### b. Background Information on Conveyance

None available at this time with regard to the Urban Plaza.

##### c. Sale of Land by City

Not applicable - the proposed urban plaza will be retained by the City. A facade easement or lease, as noted above, will be entered with the hotel facility and other adjacent businesses.

#### d. Improvement Information

This information is provided in previous paragraphs. No acquisition estimates have been made since acquisition is based upon two fair market value appraisals, neither of which has been completed at this time.

#### 5. H. H. Hay Building Renovations:

In mid-1978 various developers were approached by Greater Portland Landmarks and invited to consider the feasibility of the development of the H.H.Hay Building. Because no interest was expressed, Landmarks proposed to purchase, restore the exterior and then sell the building to a buyer as the only acceptable approach in insuring a positive future for this building.

Landmarks purchased the H. H. Hay Building from Schwartz Brothers, Inc. on May 1, 1979 for a purchase price of \$75,000. Concurrently, Landmarks applied for and obtained a grant from the Maine Historic Preservation Commission, a loan from the National Trust for Historic Preservation and a grant from the City of Portland's Community Development program to restore the exterior of the structure.

Upon restoration this building will be sold to the Carbo Co. at the price of \$65,000. It is estimated that it will take an additional \$135,000 to renovate the interior of the structure for an acceptable use.

The subject property is located in a B-3 business zone. This is the most permissive of the several business zones of the City of Portland and permits any retail or wholesale business or service, with a few exceptions, residential uses and accessory uses.

The strategy undertaken to insure the positive future of a historic local building has resulted in the fact that a private developer will not bear the expense of exterior restoration but will rather purchase the structure in a restored state at a price less than the purchase price paid by Greater Portland Landmarks. This has resulted because of Landmarks commitment to retain local historical structures and because the successful restoration and development of the H. H. Hay Building will pay an extremely important function in reinvestment in the Congress Square area.

An appraisal is attached. This appraisal discusses the types and cost of improvements. There will be no demolition in this project. The acquisition cost, \$65,000, for 2,685 s.f. of land area and a structure which has an estimated ground floor area of 2,541 s.f. and a total estimated floor area above the ground of 7,333 s.f. may seem inexpensive, however, high renovation costs necessitated the need to offer the structure at a reasonable price

#### 6. Former Baxter Library Adaptive Re-Use:

##### a. Conveyance Information:

The property involved in this transaction is the Baxter Memorial Library located at 619 Congress Street. This library was used as a public library until 1979 when a new library replaced it resulting in the Baxter Library's closure. Because the City of Portland chose to encourage an adaptive use of the structure

### 3. Eastland Hotel Conversion:

A letter from Mr. Warren Sawyer of Congress Square Associates (attached) documents the necessity for Action Grant funding. The Eastland Hotel will close unless Action Grant monies for a second mortgage loan become available for this transaction.

Additionally, to proceed with the major improvements to the Eastland Hotel, the acquisition of the proposed site for an Urban Plaza and new entrance to the hotel is an absolute necessity. In the City's unequivocal opinion, Action Grant funds to acquire and develop this plaza must be received or the project will not proceed. The plaza is also an important element of the plans to rehabilitate the H. H. Hay Building and to construct a new wing of the Portland Museum of Art. But, again, the plaza is paramount to hotel plans. Furthermore, the proposed 650 car garage is directly related to hotel improvements; if no hotel improvements proceed, neither do plans for the garage/retail facility. Therefore, the plaza is also a must for the garage/retail facility to be implemented.

### 4. 650 Vehicle Garage/Commercial Complex:

As noted elsewhere in this application, studies have shown that public parking garages in Portland, though absolutely necessary for the very future of the core, are not able to economically sustain themselves with either conventional or revenue bond financing. A letter (attached) from Congress Square Associates further documents the necessity for Action Grant funding. The structure cannot be constructed without Action Grant support.

### 5. H. H. Hay Building Renovations:

It is anticipated that the eventual redevelopment and reuse of many structures in the Congress Square area will occur and will result in an eventual growth of economic strength and physical attractiveness of Congress Square. This will not happen however, without stimulation to encourage private investment into the area. Carbo Co. itself would be unwilling to invest in the H. H. Hay Building unless neighboring projects proceed. These neighboring projects rely on the Urban Development Action Grants, resulting in a situation where Carbo Co. will not proceed without UDAG approval even though they will be receiving no federal funds for the renovation of the structure.

### 6. Former Baxter Library Adaptive Re-Use:

Unless an Action Grant is received the proposed re-use of the Baxter Memorial Library will not proceed. In order to make this real estate investment attractive it is necessary that the public and private sector work together. As stated the Library will be adapted to an art center, a facility lacking in an area that is becoming the cultural center of northern New England.

### 7. Congress Street Improvements:

The improvements proposed for Congress Street are critically important to the entire project and all its transactions since the transaction elements are so highly interdependent. The City has placed great efforts in showing its concern and seeding the attitude that the Congress Square area can be a good investment. As

WHAT'S GOING ON IN THE AREA - URBAN PLAZA

The construction of the Urban Plaza will create an entirely new activity center in Portland. While the redesign of Congress Street will alter its physical appearance, it will not change its present function. In contrast, the Urban Plaza, in conjunction with other projects, will substantially alter the character of Congress Square. For that reason, it is important to consider what is happening in the area of the Urban Plaza and how those phenomena are likely to change when the plaza is constructed. The final design of the Urban Plaza will depend in large part on the kind of activities which are to be encouraged in the area.

The northeastern corner of Congress and High is presently the site of several one level commercial operations. Dunkin Donuts is the most dominant of these and attracts the most pedestrian traffic. Although there is a relatively high volume of pedestrian traffic along Congress Street, the lack of street furnishings on the corner keeps it from being an important gathering point. Relatively little pedestrian traffic moves along High Street to the north. Clearly, vehicular traffic has a strong impact on the Urban Plaza site. The Congress/High intersection handles very high traffic volumes and is an important node for downtown traffic. High traffic volumes and street width often act as deterrents to senior citizens attempting to cross the street at this corner.

Although the entire length of Congress Street from Longfellow to Congress Square has earned a bad reputation, the site of the Urban Plaza is often noted as a particularly undesirable location. The Dunkin Donuts operation has been noted by Police and local residents as a hangout for undesirables during its operating hours. Although the Dunkin Donuts will be removed, it is likely that the reputation and certain that the people will remain.

Because it has no dominant feature, the Urban Plaza site does not presently have a strong identity. Although many vehicles and pedestrians move by the site each day, they are generally on their way to the downtown proper, or on their way out of the City.

Four ongoing projects will combine to make the Urban Plaza an activity center after its construction:

- Portland Museum of Art - the location of the museum across Congress Square from the Plaza will create a great deal of activity there.
- Eastland Hotel - the renovation of the hotel and concurrent opening of an entrance onto the Plaza will generate a regular flow of pedestrians. Hotel operation will take up one third of the Plaza area.
- Parking Complex - the location of a parking structure on the northern end of the Eastland Block will generate increased pedestrian traffic moving toward destinations on Congress Street.
- Congress Square Plaza - although there will be no direct access, the construction of 160 elderly units on the Eastland Block will increase the number of local residents making regular use of the Plaza.

The activity that will be generated by these projects make it clear that the Urban Plaza has potential for being an urban space with a great deal of people oriented activity. The design of the Plaza should be carefully balanced to best accommodate the varied needs of the people who will be using it.

SCHEME: Plaza A

*Hotel*

May 15, 1981

CONGRESS SQUARE  
PRELIMINARY ESTIMATE

<u>ITEM</u>	<u>TOTAL COST</u>
Demolition	24,000
Grading	41,500
Curbs and Paving	53,200
Cast-in-Place Concrete	6,000
Masonry	14,000
Storm Drains and Utilities	38,500
Miscellaneous Site Items	21,000
Planting	13,500
Electrical	36,000
Subtotal	248,000
Contingency 20%	49,600
Total	297,600

SCHEME: Plaza B

*Majority Scheme*  
~~*Minority Scheme*~~  
CONGRESS SQUARE  
PRELIMINARY ESTIMATE

*Atil Brude*

May 15, 1981

<u>ITEM</u>	<u>TOTAL COST</u>
Demolition	24,000
Grading	41,000
Curbs and Paving	43,000
Cast-in-Place Concrete	6,000
Masonry	9,000
Storm Drains and Utilities	40,000
Miscellaneous Site Items	23,000
Planting	29,000
Electrical	<u>20,000</u>
Subtotal	235,000
Contingency 20%	47,000
Total	282,000

SCHEME: Plaza C

*Performance R/S*

May 15, 1981

CONGRESS SQUARE  
PRELIMINARY ESTIMATE

<u>ITEM</u>	<u>TOTAL COST</u>
Demolition	23,500
Grading	41,000
Curbs and Paving	57,000
Cast-in-Place Concrete	9,000
Masonry	40,000
Storm Drains and Utilities	25,000
Miscellaneous Site Items	60,000
Planting	11,000
Electrical	<u>28,000</u>
Subtotal	294,500
Contingency 20%	58,900
Total	353,400