

**Tom Kelly**  
Chair

**Gustavo J. Cruz, Jr.**  
Commissioner

**Aneshka Dickson**  
Commissioner

**Mark Edlen**  
Commissioner

**William Myers**  
Commissioner

**Charlie Hales**  
Mayor

**Patrick Quinton**  
Executive Director

This document represents the official meeting record of the June 24, 2015, Portland Development Commission (PDC) Board of Commissioners (Board) Meeting held at 222 NW Fifth Ave., Portland, OR 97209. The full video recording of this meeting can be found at <https://www.youtube.com/watch?v=TsXzyiwwPIE> and <https://www.youtube.com/watch?v=intRVpJCjB0>.

**1. Call to Order and Roll Call**

Chair Tom Kelly called the meeting to order at approximately 1:06p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

Chair Tom Kelly	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner Mark Edlen	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Charles Wilhoite	PRESENT

Executive Director Patrick Quinton reported that from June 15 through 19 he participated in the Portland Business Alliance Trade Mission to France and England.

**2. Meeting Minutes**

Chair Kelly called for a motion to approve the May 13, 2015, PDC Board meeting minutes. Commissioner Mohlis moved and Commissioner Edlen seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite  
NAYS: None

**3. Public Comment for Items Not on Agenda**

No public testimony was presented.

**CONSENT AGENDA**

**4. Action Item: Resolution 7124 – Authorizing Short-Term Interfund Operating Loans Not to Exceed \$1,000,000 from Specified Funds to the Community Development Block Grant – Economic Opportunity Initiative Fund and Neighborhood Prosperity Initiative Urban Renewal Area Funds from July 1, 2015 to June 30, 2016**

With this action, the PDC Board will authorize, through June 30, 2016, short-term interfund operating loans pursuant to the provisions of Oregon Revised Statutes (ORS) 294.468, which states that:

“It shall be lawful to loan money from any fund to any other fund of the municipal corporation whenever the loan is authorized by official resolution or ordinance of the governing body.”

The interfund operating loans are necessary to bridge the time between expenditure of funds to provide services under intergovernmental agreements and subrecipient agreements with the Portland Housing Bureau (PHB) and the City of Portland (City) and the date PDC is reimbursed for those services by PHB and the City for the Economic Opportunity Initiative (EOI) Fund and in the case of the Neighborhood Prosperity Initiative (NPI) districts, the time between the beginning of the fiscal year and the receipt of tax increment financing (TIF) du jour proceeds.

This action will authorize interfund operating loans, not to exceed \$1,000,000 in aggregate, from the Grant Offset Fund, Fund 108; the Small Business Loan Fund, Fund 410; and the Business Development Loan Fund, Fund 463; to the Community Development Block Grant/EOI Fund, Fund 213; the 42nd Avenue NPI Fund, Fund 310; the Cully Boulevard NPI Fund, Fund 311; the Parkrose NPI Fund, Fund 312; the Rosewood Initiative NPI Fund, Fund 313; the Division-Midway NPI Fund, Fund 314; and the 82nd Avenue & Division NPI Fund, Fund 315.

**5. Action Item: Resolution 7125 – Authorizing Execution of Fiscal Year 2015-16 Intergovernmental Service Level Agreement – General Fund Special Appropriations with the City of Portland to Provide Funding of \$6,997,110 for Implementing Economic Development Activities on a Citywide Basis**

With this action, the PDC Board will authorize an intergovernmental agreement (IGA) with the City through the City Budget Office (CBO) to transfer \$6,997,110 to PDC to fund certain economic development activities, including neighborhood economic development and traded sector job creation and retention on a citywide basis. These activities have been budgeted for in the fiscal year (FY) 2015-16 Adopted PDC Budget.

This IGA, which has been authorized each of the past seven years, allows for the transfer of general fund dollars to support PDC's economic development activities.

Chair Kelly called for a motion to approve Resolutions 7124 and 7125; Commissioner Wilhoite moved and Commissioner Edlen seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite  
NAYS: None

**REGULAR AGENDA**

**6. Action Item: Resolution 7126 – Adopting Budget Amendment No. 3 for the Fiscal Year Beginning July 1, 2014, and Ending June 30, 2015; and Making Appropriations**

PDC staff presenting this item:  
*Tony Barnes, Budget Officer*  
*Francis Thurman, Budget Analyst III*

With this action, the PDC Board will amend the FY 2014-15 PDC Revised Budget to provide final adjustments for project and program estimates that were not known or have changed since drafting Budget Amendment No. 2 which was adopted by the PDC Board on April 8, 2015.

The proposed FY 2014-15 Budget Amendment No. 3 will decrease the total PDC budget from \$300,647,177 in the FY 2014-15 Revised 2 Budget to \$299,409,717 including Transfers, Contingency, and Reserves. Excluding Transfers and Contingency, total budgeted expenditures increase from \$106,498,108 to \$106,558,926.

Chair Kelly called for a motion to approve Resolution 7126; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite  
NAYS: None

**7. Action Item: Resolution 7127 – Adopting the Eighth Amendment to the Amended and Restated Interstate Corridor Urban Renewal Area Plan to Add Assistance to a Public Building; Resolution 7128 – Authorizing an Intergovernmental Agreement with Portland Parks and Recreation in an Amount Not to Exceed \$603,000 for Purposes of Replacing the Roof of the Charles Jordan Community Center**

PDC staff presenting this item:  
*Tony Barnes, Budget Officer*

With this action, the PDC Board will assist the Portland Parks and Recreation (PP&R) in replacing the roof of the Charles Jordan Community Center (CJCC) located at 9009 N. Foss Avenue within the Interstate Corridor Urban Renewal Area (URA), at a cost not to exceed \$603,000.

Oregon Revised Statutes (ORS) 457 require that when urban renewal funds are used on a public building, the building must be identified in the urban renewal plan and the plan must show how the building serves and benefits the URA. The amendment section of the Interstate Corridor Urban Renewal Plan requires that the use of funds for public building be approved by resolution by the PDC Board and by resolution by the Portland City Council (City Council).

Commissioner Dickson asked the following questions:

- When was the contract executed? Dale Cook, Construction Management Supervisor, PP&R, responded that the contract was signed on June 10, and the bid was sent out on February 25, 2015.
- It appears that due to the timing, the PDC Equity Policy does not apply to this project. Will staff be working with the contractor to assist/negotiate compliance of the PDC Equity Policy? Mr. Cook responded that it will be difficult to do this, this is a metal roofing project and there are not any subcontractors on the project.

Commissioner Wilhoite asked what would stop the City from working on other public buildings using TIF funds. Mr. Barnes responded that the ORS 457 requires that there be a public benefit and that it be identified in the URA plan. Executive Director Quinton added that this is not a blanket request for all buildings, only this one, and any other similar projects would require PDC Board and City Council approval.

Commissioner Edlen asked the following questions:

- The budget shows \$134,000 for staff; how much of that is specifically staff time? Mr. Cook responded that \$55,000 will be staff time.

- What will the work entail that the contractor or public sector cannot do? Mr. Cook responded that staff would attend meetings such as the PDC Board meeting, prepare ordinances for City Council, work and manage the request for proposals for consultants, and perform onsite inspections.
- If there are overages, whose responsibility will it be? Mr. Cook responded that it is assumed that it will be the responsibility of PP&R.
- If there are any savings, will dollars be returned to PDC? Mr. Barnes responded that if the project comes in under \$603,000, then the money will go towards other projects in the Interstate Corridor URA in collaboration with PP&R.

Commissioner Mohlis asked the following questions:

- Does PP&R have good assurance that \$603,000 will be enough, that there will not be any unforeseen issues? Mr. Cook responded that PP&R is confident that it is a solid cost, but there are contingencies built in.
- So if there is excess money, it would go to other projects in the same building? Mr. Cook responded that this is a possibility; when the building was remodeled in 2007 there were areas that were not worked on yet and have structural issues that should be addressed. Mr. Barnes added that the IGA specifically references other PP&R projects in the Interstate Corridor URA.

Chair Kelly called for a motion to approve Resolutions 7127 and 7128; Commissioner Mohlis moved and Commissioner Edlen seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite  
NAYS: None

**8. Action Item: Resolution 7129 – Authorizing the Third Amendment to the Hawthorne Bridge Relocation Intergovernmental Agreement with Multnomah County and the Second Amendment to the Health Department Building Intergovernmental Agreement with Multnomah County**

PDC staff presenting this item:  
*Tony Barnes, Budget Officer*

With this action, the PDC Board will reallocate financial commitments previously made to Multnomah County (County) by authorizing amendments to two IGAs. If approved, the amendments will return funding to PDC that the County never utilized for relocation of the Hawthorne Bridge ramps in the Downtown Waterfront URA and provide the County with additional funding for construction of the County Health Department Building in the River District URA.

Specifically, the proposed amendment to the Hawthorne Bridge Relocation IGA will terminate the IGA and provide reimbursement to PDC from the County in the amount of \$9,323,009. The proposed amendment to the Health Department Building IGA will result in an increased PDC contribution to the County in the amount of \$9,499,409 and alter the timing of payments.

Ken Elliott, Assistant County Attorney. Mr. Elliott stated that after years of work on Health Department Building project, City Council has approved the zoning code amendments that will allow the additional height and floor are ratio bonuses for the site. When reviewing building plans and programmatic needs, it was determined that the current plan was not enough to move the entire headquarters of the Health

Department. New programming and design efforts will commence shortly and will be presented to the City Design Commission later in 2015, and the County is requesting an extension of 18 months on the IGAs with PDC and PHB to meet all of the requirements and have the projects shovel ready in late 2016 or early 2017.

Resolution 7129 was proposed to be amended by adding language to the second to the last paragraph to read as follows:

**BE IT FURTHER RESOLVED**, that the PDC Board hereby authorized the Executive Director to amend the Health Department IGA in a form substantially in accord with Exhibit B to extend the dates of disbursement and to increase the PDC contribution by \$9,499,409, except that the IGA shall also require that the project comply with PDC's Equity Policy.

Chair Kelly called for a motion to amend Resolution 7129; Commissioner Edlen moved and Commissioner Mohlis seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite  
NAYS: None

Chair Kelly called for a motion to approve amended Resolution 7129; Commissioner Edlen moved and Commissioner Dickson seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite  
NAYS: None

## **9. Election of Officers**

Commissioner Mohlis made the motion to elect Commissioner Kelly to serve as chair of the PDC Board, Commissioner Dickson to serve as vice chair, and Commissioner Edlen to serve as secretary; Commissioner Wilhoite seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite  
NAYS: None

At approximately 1:47 p.m. Chair Kelly adjourned the PDC Board meeting,

## **10. Information Item: Tax Supervising and Conservation Commission (TSCC) Public Hearing on and Certification of the Fiscal Year 2015-16 Approved Budget**

At approximately 2:01 p.m. the TSCC Chair, Terry McCall, opened the 2015 PDC budget public hearing by stating this is a public hearing of the Multnomah County TSCC as a service to PDC and the public. The purpose of the hearing is to promote public discussion of the PDC budget with the intent of promoting thoughtful consideration of this and future budget issues.

Chair McCall asked his fellow commissioners and TSCC staff to introduce themselves and state if they have any real or perceived conflicts of interest: Chair McCall, no conflict; David Barringer, Commissioner, no conflict; Steven Nance, Commissioner, no conflict; Gülgün Mersereau, Commissioner,

no conflict; Craig Gibons, Executive Director; and Tunie Betschart, staff. Chair McCall asked the PDC Board to introduce themselves.

Chair Kelly stated that the PDC Board and staff started working on the budget in November 2014; the budget process starts out early since PDC engages with City Council starting in February to discuss PDC's priorities. What drives the budget development is that in the midst of a rebounding economy, new development, and growing jobs, Portland continues to face the challenge of balancing the disparities in income and opportunity within the city. PDC's work over the past year has focused increasingly on investments in programs and projects with the potential to develop shared prosperity for all Portland residents. Looking ahead to next year, PDC is devoting time and resources to work that goes beyond the status quo to foster innovation and entrepreneurship, community-based economic development, and broader opportunities for people throughout the city. The PDC Board is grateful to the numerous private and public partners for their collaboration and cooperation in making PDC's accomplishments possible. The FY 2015-16 budget supports PDC's 2015-2020 Strategic Plan that promotes healthy, complete neighborhoods; access to employment; equitable wealth creation; and civic networks, institutions, and partnerships in pursuit of the goal of prosperity among all Portlanders.

Executive Director Quinton stated the Proposed Budget was informed by the 2015-2020 PDC Strategic Plan. The budget is also shaped early by the development of PDC-wide work plan which is reviewed by the Central City Budget Advisory Committee and Neighborhood Economic Development Leadership Group Budget Sub-Committee and by the PDC Board in December. The budget and longer term financial plan is also shaped by amendments to six urban renewal areas that were finalized over the last year as well as key development agreements the PDC Board and City Council approved with Portland State University (PSU) and ZRZ Realty Company (ZRZ). Early in the process PDC had a budget work session where staff, stakeholders, and PDC Board members reviewed all the draft budgets and made clear URA project budget decisions. The FY 2015-16 Proposed Budget includes the implementation of a number of strategies and plans including: (1) Old Town/Chinatown Action Plan in the River District and Downtown Waterfront URAs; (2) supporting Metro's development of a Convention Center Hotel and implementing redevelopment opportunities within the Rose Quarter along NE Broadway in coordination with the City; (3) executing development agreements for all development partners from the Lents Town Center URA property solicitation; (4) moving forward with development at NE 106th Avenue and Halsey Street, and the Halsey-Wielder investment strategy in the Gateway Regional Center URA; (5) supporting ZRZ's Phase I development and move forward with the Portland Bureau of Transportation (PBOT) on the SW Bond design and construction; (6) completing Burnside Bridgehead, pursuing Clinton Station redevelopment, and advancing acquisition of the Oregon Department of Transportation blocks in the Central Eastside URA; (7) completing the Martin Luther King, Jr. Boulevard and Alberta Street project, including local business as retail tenants; and (8) constructing Lombard Street improvements. As PDC looks forward, reviewing PDC's long-term financial sustainability is becoming more crucial. PDC will need to identify a new financial path moving forward as historic TIF resources come to an end and the agency seeks to fully implement strategic plan goals and mission.

Mr. Gibons commented on the phrase "shared prosperity" stating he had never heard an urban renewal agency use this phrase; the focus is usually on buildings and infrastructure. He opined that PDC is doing things the right way; this is the way it should be done as a renewal agency. He likes the fact that PDC's Strategic Plan reflects the way things should work in the business of redevelopment and referred to the integration of the new strategic plan into the budget and the five-year forecast that was built into the budget for all line items. Touching on the Strategic Plan, he emphasized the goal of PDC again, "Prosperity Among All Portlanders," and the items that feed into it: healthy complete neighborhoods,



access to employment, specific networks and institutions and partnerships, and equitable wealth creation. This all comes together in the budget; financial stability and sustainability is the big goal.

The questions posed by the TSCC team to the PDCs Board and staff are listed below, along with the PDC Board and staff responses.

Chair McCall asked Question 1: You recently approved a development agreement with ZRZ for development of their South Waterfront property and related infrastructure improvements. The first project is the construction of Bond Avenue, an \$8,000,000 project that will begin next year. What is ZRZ expected to accomplish as a result of this first investment?

Commissioner Edlen responded: Construction of Bond Avenue is budgeted over the next couple of years for a total of \$8,200,000 as part of the first of three phases of development. This investment in infrastructure is critical to ZRZ moving forward with Phase I and Phase II of the development that will total about 1,500,000 square feet of mixed-use employment-oriented projects as well as residential projects. ZRZ will also fund, design, and construct a storm water system for Phase I development projects on ZRZ property. Through the planned three phases, PDC is expected to invest \$23,700,000 related to the ZRZ agreement based on the planned scale of development by ZRZ.

Chair McCall asked Question 2: The Centennial Mills project is intriguing. What is the background on this project and how will the \$5,000,000 in next year's budget be spent?

Chair Kelly responded: PDC is currently moving forward with selective demolition to resolve the most critical public safety issues on site and lay the groundwork for future development. Above water demolition will occur this year and in-water demolition will occur next year. All budgeted resources in FY 2015-16 are for demolition.

Commissioner Nance asked Question 3: The City's General Fund includes an extra \$1,400,000 for an Inclusive Startup Fund and Community Development Fund. What are the goals of these two new programs?

Commissioner Wilhoite responded: \$500,000 in resources are for the Inclusive Startup Fund to support under-represented entrepreneurs, the launch and implementation of the next Startup PDX Challenge, and provide tailored mentoring programs targeting under-represented populations in partnership with local and national partners. This level of funding is anticipated to assist 27 startups with three to four years, creating 130 jobs over five to seven years. There are \$891,000 in resources are for the Community Development Fund. The fund will provide initial capital to launch a new revolving loan fund to provide gap financing for community-driven, public-benefit development projects that are in or adjacent to the NPI districts. This level of funding is expected to help finance four projects over five years providing increased jobs and square feet of commercial and community-benefit space in NPI districts.

Commissioner Nance asked Question 4: There is funding in the budget/five year forecast for continued work on the MLK/Alberta project. What is the current status and plan going forward?

Commissioner Wilhoite responded: Majestic, Inc., the proposed developer, is currently finalizing lease negotiations with the proposed grocery anchor tenant Natural Grocers. It is anticipated this project will

come to the PDC Board for approval early in FY 2015-16. Design and permitting process would commence shortly after PDC Board approval.

Commissioner Nance asked Question 5: Is there more being contemplated besides that particular business?

Commissioner Wilhoite responded: On that site there is room for Natural Grocers and a parking and not much else.

Executive Director Quinton asked if Commissioner Nance was asking about the site or if he wanted information on the neighborhood. Commissioner Nance responded that he was seeking information about the neighborhood and adjoining properties and how this would influence the general area. Executive Director Quinton responded that Majestic Realty, Inc., would complete the construction on this property, although PDC staff is working with other stakeholders in a systematic way along Martin Luther King, Jr. Boulevard to promote local businesses along that stretch.

Commissioner Mersereau asked Question 6: Budgets are ramping up in the Lents Town Center URA compared to recent years; can you describe what type of development is anticipated to occur over the next one to two years?

Commissioner Mohlis responded: In an effort to advance neighborhood centers, commercial corridors, and affordable housing, all focal points of the Lents Five-Year Action Plan, PDC staff issued a Request for Interest in October 2014 for the disposition and development of multiple PDC-owned parcels in and around the Lents Town Center. PDC received nine proposals and selected four in January 2015. Being presented to the PDC Board for consideration today are predevelopment loans, development loans, and disposition and development agreements with three finalists, Asian Health and Service Center, Inc. (AHSC), Palindrome Communities, LLC, and Williams/Dame and Associates, Inc. The planned developments include mixed-use build-to-suit, community meeting space, AHSC office space, medical clinic space, market rate and affordable residential units, ground floor commercial space, and associated parking spaces on a combination of property currently owned by PDC and property that is privately owned in the Lents Town Center. Total PDC investment includes about \$13,000,000 in lending and a total investment of \$66,400,000 by the three developments.

Commissioner Mersereau asked Question 7: PDC has stopped collecting tax increment in the Willamette Industrial URA; the sole source of revenue is the fund balance of about \$4,000,000. How will PDC be investing in that area?

Executive Director Quinton responded: Although the Willamette Industrial URA plan was amended to stop collecting new tax increment, the URA plan will continue and all remaining resources must be spent in a way that is consistent with the URA plan, which includes expanding the supply of serviced, developable industrial lands and to help restore properties that may be contaminated, vacant and/or underused and help bring them back to productive use.

Commissioner Mersereau asked Question 8: PDC does not budget an ending fund balance, preferring to fund contingency. This provides PDC with the flexibility to respond to economic development opportunities. This strategy is supported by the Neighborhood Economic Development Group. How has this strategy been helpful in the past?



Executive Director Quinton responded: PDC's budget includes a combination of committed projects and more opportunistic program funds. Sometimes, cash resources that were not appropriated in the adopted budget may be needed to start a project sooner or because an opportunity is identified additional funds are needed. Because local budget law prevents making mid-year budget revisions that draw from the ending fund balance, PDC places resources that were not appropriated to an expenditure in contingency so that the PDC Board may move the cash to an expenditure appropriation to fund a commitment or opportunity sooner (rather than perhaps later in the five year forecast), if needed.

Commissioner Barringer asked Question 9: What is the status of the proposal to invest in development in PSU?

Commissioner Dickson responded: PDC approved the development agreement with PSU in December 2014. PSU will develop three properties within the University District, including the 3.8 acre University Place site, and expand and improve two additional buildings to include ground floor commercial activation. PDC's investment would span multiple fiscal years between 2016 and 2025. PDC's financial participation will be \$19,000,000 in addition to transferring PDC-owned property (the Jasmine Block valued at \$4,000,000) to PSU and termination of PSU annual payment in lieu of taxes to PDC (valued at \$1,800,000). Projects are focused on commercial/mixed-used developments at the School of Business Administration, University Place, Fourth and Lincoln, Fourth Avenue Building, and the Jasmine Block.

Commissioner Barringer asked Question 10: For a summary, please tell us the top three priorities for PDC in next year's work plan and budget? If everything goes according to plan, what successes will PDC staff be telling the TSCC about at next year's hearing?

Chair Kelly responded: He would choose to work on the financial sustainability plan plus projects in the Lents Town Center URA. Executive Director Quinton added that he would like to see an agreement with the U.S. Post Office be in place; if all goes well PDC would have the PDC Board and Portland City Council taking action on the site. Commissioner Edlen added that he would like PDC to work closely with PHB to get public housing completed faster.

Chair McCall checked and said there were no members of the public that had signed up to speak at the hearing. Then he closed the public hearing and opened the Regular Meeting of the TSCC of the Commissioners to consider PDC's FY2015-16 Approved Budget. He asked the TSCC Commissioners if there were any additional comments. There were none. He then asked Executive Director Gibbons to make comments on the budget before they addressed the Certification Letter. Executive Director Gibbons said there were no recommendations for next year's budget and no objections to the adoption of the FY 2015-16 budget. Commissioner Nance moved to sign the FY 2015-16 Certification Letter as presented by staff; Commissioner Barringer seconded the motion which carried with a unanimous vote. With no other business Chair McCall adjourned the meeting of the TSCC.

At approximately 2:38 p.m. Chair Kelly called for a break. At approximately 2:46 p.m. Chair Kelly reconvened the PDC Board meeting.

## **REGULAR AGENDA**

- 11. Action Item: Resolution 7130 – Adopting the Annual Budget of the Portland Development Commission for the Fiscal Year Beginning July 1, 2015, and Ending June 30, 2016; and Making Appropriations**

PDC staff presenting this item:

*Tony Barnes, Budget Officer*

With this action, the PDC Board will formally adopt PDC's FY 2015-16 Recommended Budget and appropriate resources set forth therein, effective July 1, 2015. Adoption by the PDC Board of the FY 2015-16 Recommended Budget represents the final phase of the FY 2015-16 budget process, which began in November 2014. Upon adoption, PDC's FY 2015-16 Recommended Budget will become PDC's FY 2015-16 Adopted Budget.

With the recommended changes, the total PDC budget will decrease from \$311,061,998 in PDC's FY 2015-16 Approved Budget to \$309,327,328 in PDC's FY 2015-16 Recommended Budget, including Transfers and Contingency. Budgeted expenditures decrease from \$209,230,154 to \$205,611,479.

Chair Kelly called for a motion to approve Resolution 7130; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite

NAYS: None

**12. Action Item: Resolution 7131 – Approving the Terms of a Predevelopment Loan, a Disposition Agreement, and a Commercial Property Redevelopment Loan to Asian Health and Service Center, Inc., for Redevelopment of a Certain Property in the Lents Town Center Urban Renewal Area**

PDC staff presenting these items:

*Jina Bjelland, Director, Real Estate & Lending*

*Charri Schairer, Neighborhood Manager*

With this action, the PDC Board will authorize the Executive Director to negotiate and execute agreements for the development and disposition of PDC-owned property and financing in the Lents Town Center URA for a mixed-use project by:

- 1) Authorizing a Commercial Property Redevelopment Loan (Predevelopment Loan) of up to \$786,800 to AHSC.
- 2) Authorizing the negotiation and execution of a Development and Disposition Agreement (DDA) with AHSC for the conveyance of 0.72 acres of real property located at 8931 SE Foster Road. Execution of the DDA is conditional upon terms that are in accord with the Summary of Terms and Conditions.
- 3) Authorizing a Commercial Property Redevelopment Loan (Development Loan) of up to \$3,050,000 to AHSC conditioned upon PDC review and approval of standard underwriting protocols.

The planned development (AHSC Project) is the construction of a mixed-use build-to-suit facility on PDC-owned property. The AHSC Project will include community meeting space, AHSC office space, medical clinic space, as well as two market-rate commercial spaces. The plan also includes one level of parking, most or all of which is tuck-under and surface parking.

The AHSC Project is part of the first-phase of PDC's larger disposition and investment strategy in the Lents Town Center URA. Later in today's meeting, the PDC Board will also be asked to approve actions moving two other major initiatives forward, both of them mixed-use redevelopment projects being proposed by Williams/Dame and Associates, Inc. (WDA), and Palindrome Communities, LLC (Palindrome). PDC will still own significant, redevelopable sites in the Lents Town Center URA that will increase in value and appeal from the first-phase projects.

**13. Action Item: Resolution 7132 – Approving the Terms of a Predevelopment Loan, a Development and Disposition Agreement, and a Commercial Property Redevelopment Loan to Williams/Dame and Associates, Inc., for Redevelopment of a Certain Property in the Lents Town Center Urban Renewal Area**

PDC staff presenting these items:

*Jina Bjelland, Director, Real Estate & Lending*

*Charri Schairer, Neighborhood Manager*

With this action, the PDC Board will authorize the Executive Director to negotiate and execute agreements for the development and disposition of PDC-owned property and financing in the Lents Town Center URA for a mixed-use, mixed-income project by:

- 1) Authorizing a Predevelopment Loan of up to \$1,256,077 to WDA.
- 2) Authorizing the negotiation and execution of a DDA with WDA for the conveyance of 0.63 acres of real property located on the northwest corner of the intersection of SE Foster Road and 92nd Avenue. Execution of the DDA is conditioned upon terms that are in accord with the Summary of Terms and Conditions.
- 3) Authorizing a Development Loan of up to \$4,750,000 to WDA conditioned upon PDC review and approval of standard underwriting protocols.

The planned development (the WDA Project) is a mixed-use building consisting of market rate and affordable residential units, ground floor commercial space, and surface parking.

The WDA Project is part of the first-phase of PDC's larger disposition and investment strategy in the Lents Town Center URA.

**14. Action Item: Resolution 7133 – Approving the Terms of a Predevelopment Loan, a Development and Disposition Agreement, and a Commercial Property Redevelopment Loan to Palindrome Communities, LLC, for Redevelopment of a Certain Property in the Lents Town Center Urban Renewal Area**

PDC staff presenting these items:

*Jina Bjelland, Director, Real Estate & Lending*

*Charri Schairer, Neighborhood Manager*

With this action, the PDC Board will authorize the Executive Director to negotiate and execute an agreement for the development and disposition of PDC-owned property and financing in the Lents Town Center URA for a mixed-use project by:

- 1) Authorizing a Predevelopment Loan of up to \$1,315,000 to Palindrome.

- 2) Authorizing the negotiation and execution of a DDA with Palindrome for the conveyance of 1.07 acres of real property located on the northwest corner of the intersection of SE Foster Road and 92nd Avenue. Execution of the DDA is conditioned upon terms that are in accord with the Summary of Terms and Conditions.
- 3) Authorizing a Development Loan of up to \$5,130,000 to Palindrome conditioned upon PDC review and approval of standard underwriting protocols.

The planned development (the Palindrome Project) is the construction of a mixed-use development, including affordable residential units, ground floor commercial space, and associated parking spaces. In addition to the PDC-owned property, Palindrome intends to acquire two additional properties, commonly known as New Copper Penny and Chevron Station as part of the Project.

The Palindrome Project is part of the first-phase of PDC's larger disposition and investment strategy in the Lents Town Center URA.

A handout with a historical overview of the Lents Town Center URA was given to the PDC Board; this is included in these minutes as Attachment 1.

Commissioner Edlen asked the following questions:

- As you move out of the predevelopment phase and into the development loans, will staff return to the PDC Board with updates? Ms. Bjelland responded yes.
- Would like PDC staff to think about stress testing and planning both for success and for failure.
- Noticed that on the predevelopment money there is no co-invest from the private parties; is that due to the difficulty in getting people to go to the Lents Town Center URA to develop? Ms. Bjelland responded that the developers are all spending time, energy, and money just not putting in any additional equity at this time but will do so at closing.
- With regards to AHSC, it was mentioned that they are expanding fairly dramatically and wonders if there are other PDC resources/programs that can assist them in their goals. Ms. Bjelland responded definitely.

Chair Kelly called forward guests to testify.

Javier Mena, Assistant Director at [PHB](#). Mr. Mena stated that PHB has heard from the community and public officials of the need to collaborate more with the City bureaus on projects.

Chad Rennaker, President of Palindrome. Mr. Rennaker expressed his excitement at being a part of the development in the Lents Town Center, and urged the PDC Board to vote in favor of this project.

Trevor Rowe, Vice President at [WDA](#). Mr. Rowe stated that WDA appreciates the opportunity to work on this project. Their next task is to engage with the neighborhood; WDA will be doing a high-quality project, creating an active ground floor and making a place that is comfortable and attractive for pedestrians.

Dr. Erik Szeto, [AHSC](#) Board of Directors Chairman. Dr. Szeto stated that AHSC appreciates the opportunity to work on this project and the support received from PDC, and PDC's efforts to serve the neighborhoods and especially the minority communities.

Nick Christensen. Mr. Christensen expressed appreciation for PDC's staff work over the past years and excitement over the potential development in the Lents Town Center. Spoke in favor of each project and the benefits that it will bring to the Lents Town Center.

Will Gardner, [Lents Neighborhood Association](#). Mr. Gardner expressed excitement over the prospects for the Lents Town Center but expressed concern that all residential units in the Palindrome Project are affordable housing; he would like to see more market rate housing.

Roger Anthony, [ROSE Community Development](#) (ROSE CDC) Board of Directors Treasurer. Mr. Anthony expressed concern that PDC intends to allocate millions of dollars to for-profit developers without having a fair and transparent process, and would like assurance from the PDC Board that there is still funding available for a ROSE CDC project and that PDC will be willing to continue forward with it.

Nick Sauvie, ROSE CDC Executive Director. Mr. Sauvie gave an overview of the document handed out, which is included in these minutes as Attachment 2.

Chair Kelly asked PDC and PHB staff to come up and address some of the issues brought up.

Mr. Mena stated that since PHB has been in existence, they have typically issued Notices of Funding Availability identifying resources for affordable housing developments. There is a desire for PDC and PHB to work collaboratively, and the work in the Lents Town Center affords an opportunity to do so.

Commissioner Edlen asked that PDC and PHB staff speak to the comment about a lack of a fair and transparent process. Mr. Mena responded that these projects did go through a competitive process, but noted that when the Request for Information (RFI) went out it was not made clear that affordable housing dollars would become available. Ms. Bjelland added that the RFI was left open to allow for the opportunity to receive a wide variety of developers and options. Ms. Schairer added that PDC staff has met with ROSE CDC and went over their proposal; it is PDC's intention to further refine it and also look at whether their retail proposal was the best use for the site, and offered a Development Opportunity Services grant to help offset the additional architectural design work. PDC staff is still working with ROSE CDC and hopes to bring a proposal to the PDC Board later this summer. PDC and PHB has been upfront that there will be affordable housing dollars made available for these projects. Executive Director Quinton added that PDC staff wanted to work through each proposal and map out the budget implications for each one. These dollars have been added to the budget just approved by the PDC Board, PDC staff has anticipated the budget needs for each project so that there is no competition with each other, and the timing of the ROSE CDC project does in no way disadvantage them to get money; that money is available for when a deal is reached.

Ms. Bjelland addressed the question regarding affordable housing in the Palindrome Project stating that PDC staff looked at the numbers for affordability in the workforce. Looking at the smallest unit, the studio, the salary range is roughly between \$15,000 and \$51,000 and the affordable rate between 30 and 100 percent; that is a lot of people that would qualify and it is appropriate to do.

Executive Director Quinton asked Mr. Rennaker what would be the impact on Palindrome if the PDC Board only approved the predevelopment loan at this time, with the intent of making changes to the other two items for PDC Board approval at a later date. Mr. Rennaker responded that the uniqueness of their project is that there is a constraint of time in dealing with a property that is privately owned and Palindrome will be releasing earnest money at the end of the month and faced with some uncertainty.

Commissioner Edlen asked the following questions:

- Would like to see an amendment that shows stress testing, success and failure of the permanent loans, so as to make sure that PDC staff has thought through those ramifications. Ms. Bjelland responded that this is part of the underwriting process and PDC staff will go through this on all of the predevelopment loans.
- Will PDC staff come back to the PDC Board with these changes? Ms. Bjelland responded that PDC staff could provide an update.
- Expressed concern over the amount of money stating that he was thinking about stressing and what impact a slower or faster payback will have. If the projects are wildly successful he would like to see payback to PDC right away, but if it is slower, he would like to understand the impact on PDC and its budget down the road. Ms. Bjelland responded that the structure on the Palindrome Project is a three-tier waterfall; the AHSC Project has a grace period; and with the WDA Project, the more success they have the higher value the asset will be.

Chair Kelly asked what a three-tier waterfall is. Ms. Bjelland responded that it refers to sharing the profit moving forward and the percentage. It starts off at 50/50. Then when a certain benchmark is met, PDC gets 80 percent and the developer gets 20 percent. When another benchmark is met, PDC gets 70 percent and the developer gets 30 percent.

Executive Director Quinton asked that Commissioner Edlen clarify his request for an amendment to the resolutions. If speaking about the AHSC Project and to provide director for PDC staff, how could the project do better or worse? This is not a rental deal; this is them, this is their facility. Commissioner Edlen responded that he was thinking about both parties. Executive Director Quinton stated that in that case, there is no amendment needed for the AHSC resolution.

Chair Kelly called for a motion to approve Resolution 7131; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite  
NAYS: None

Executive Director Quinton asked that PDC staff to go through the structure of the deal again of the WDA Project and then walk through the different payment scenarios. Laura Alsenas, Sr. Business Finance Officer, responded that the way the WDA deal is structured in their preliminary pro forma PDC has an interest rate in an interest only period, designed such that the interest only period does not pay out. If the project is wildly successful then PDC will get that fully paid out would have a higher value offset at the end, but if the project does not do as well as anticipated then there would a slower interest rate repayment and the asset value would be lower.

Commissioner Edlen asked if this is 100 percent of the cash flow then. Ms. Alsenas responded no, there is a preferred return to WDA, and then after that PDC, and then after that PHB. PDC staff does not anticipate that WDA would get anything higher than the preferred return and therefore PDC staff has structured the appropriate interest rate to take that into account.

It was agreed that the PDC Board would vote on the WDA Project without any amendments based on the clarification just received.



Resolution 7132; Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite

NAYS: None

Executive Director Quinton asked Ms. Bjelland to give a high level description of the waterfall structure of the Palindrome transaction, as highlighted in Exhibit A to the resolution.

Chair Kelly asked if the PDC Board is really grappling with the decision of whether to maintain some flexibility of the makeup of this project, as far as affordable and market rate housing. Commissioner Edlen stated that he is very supportive of affordable housing. Chair Kelly asked if he heard right that some community members are saying that they do not want the whole project to be affordable housing. Commissioner Wilhoite asked if intuitively is it not historically that the more affordable the more subsidy, yet in this situation that does not appear to be the case. Executive Director Quinton responded that it takes subsidy to develop a project of new construction of market rate project. The affordable housing has the financing in place and if it is not developed within that level of affordability then one has to find other sources that have to be subsidized and there really is not anywhere else to go to get that kind of subsidy, and that is why there is a gap in workforce housing in many communities.

Commissioner Wilhoite stated that having been on the PDC Board for nine years, the PDC Board has had the affordable housing discussion for too long and the City and PDC need to commit to it. There is a developer from the area who is committed to the area, and he believes that the units being proposed are going to be good for the area and therefore good for the city.

Chair Kelly called for a motion to approve Resolution 7133; Commissioner Wilhoite moved and Commissioner Edlen seconded the motion.

Commissioner Mohlis asked for clarification that the PDC Board is moving forward with all three aspects of the resolution. Commissioner Wilhoite responded yes.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite

NAYS: None

**15. Action Item: Resolution 7134 – Resolution of Commendation and Appreciation to John C. Mohlis for Distinguished Service and Outstanding Dedication to the Portland Development Commission and the City of Portland; Resolution 7135 – Resolution of Commendation and Appreciation to Charles A. Wilhoite for Distinguished Service and Outstanding Dedication to the Portland Development Commission and the City of Portland**

PDC staff presenting this item:

*Patrick Quinton, Executive Director*

Executive Director Quinton began by thanking everyone for coming in support of Commissioners Mohlis and Wilhoite. He stated that he was fortunate in stepping into the position with an incredible board and has learned much which has helped him grow in his position.

Executive Director Quinton first spoke of Commissioner Wilhoite who was appointed by Mayor Tom Potter as a commissioner in 2006 and also served as chair for a year, chaired the North/Northeast

Economic Development Initiative which expanded the Interstate Corridor URA and reestablished the priorities of PDC's investment. He listed Commissioner Wilhoite's background, achievements, and qualifications and stated that PDC will definitely miss the role that he has played and thanked him for his service.

Executive Director Quinton then spoke of Commissioner Mohlis who in January 2007 was also appointed by Mayor Potter and has been PDC's strongest advocate for job creation. He listed Commissioner Mohlis' background, achievements, and qualifications and stated that it is a real transition for the PDC Board to be losing two commissioners with their depth of experience, and on behalf of PDC staff he thanked both commissioners for their work and dedication.

Former Mayor Potter stated that he thinks of these two folks as being representatives of Portland and he felt that when they were appointed that they would bring much to PDC and the key to deliver services to the communities of Portland. He thanked them for that and said that they are leaving a legacy and a good feeling of PDC in the hearts and minds of the people.

Former PDC Board Chair Scott Andrews stated that when he asked Commissioners Mohlis and Wilhoite to take a third term, the city was just coming out of recession, the second major reorganization of PDC was being finalized, and there was a new mayor and City commissioner coming in. He felt like if the PDC Board could maintain some consistency with the kind of experience and background that it had, it would have the chance to really make something happen. Commissioner Mohlis taught him about paying attention to the details, and Commissioner Wilhoite taught him how to get the job done and brought so much not only in expertise but also in understanding the need to communicate with the community in terms of how and why the PDC Board makes certain decisions.

Michael Alexander expressed appreciation for Commissioners Mohlis and Wilhoite and thanked Commissioner Wilhoite the counsel and support he gave him.

Multnomah County Commissioner Judy Shiprack stated that Commissioner Mohlis' commitment to the working people is one of the foremost reasons for his appointment to the PDC Board. His role with the Oregon State Building and Construction Trade Council not only represents an important part of Oregon's workforce and regional economy but also the builders of the future economic prosperity of the region. She finished by saying that Commissioner Mohlis is a steady, thoughtful, and dedicated person, and an excellent person and outstanding public servant.

John Jackley, PDC Director of Communications & Social Equity stated that he welcomes the new commissioners joining the PDC Board but will certainly miss Commissioners Mohlis and Wilhoite saying that he has been impressed with their dedication to the city, especially with their patience and how they treat people, both internally and outside in the community. Their willingness to educate people and share the facts with them and hear them out has gone a long way towards improving the image of PDC. Their ability to listen and think and to continually push the equity bar higher and higher has been a personal and professional pleasure to work for and with them.

Jillian Detweiler, Policy Advisor, Office of Mayor Charlie Hales, stated that she had the difficult task in helping Mayor Hales to find someone to fill these vacancies in the PDC Board. She thanked Commissioners Mohlis and Wilhoite for their service and expressed the hope that the City can continue to look to them for guidance as the Mayor and PDC face the challenges and opportunities ahead.

Peter Englander, Opportunities Cooperative Manager, stated that he has always found the PDC commissioners to be particularly inspiring to him, and appreciates the support they have provided in how he does his work and how he thinks about the work that he does, and expressed appreciation for all that they have done for PDC and the city.

Commissioner Dickson stated that she joined the PDC Board during an exciting time period, they have experienced a lot together, and she has grown and learned so much from her fellow commissioners and it has been a fabulous experience for her. She added that Commissioners Mohlis and Wilhoite have had such a huge imprint on the city, they are phenomenal board members, and they will be missed and difficult to replace and expressed a hope that the new commissioners coming in will be able to carry this legacy forward.

Commissioner Edlen stated that he has not had the opportunity to work with Commissioner Wilhoite before but watching and listening to him talk about the complexities around the PDC budget gives him tremendous confidence, and looked to him to see where he was going with his line of questioning. He has had the opportunity of working with Commissioner Mohlis in his private business and sees him as a driving force in the labor movement.

Chair Kelly stated that it is a special privilege to work with people who are of such high integrity and have an immense commitment to the community and the manner of their communication and integrity in representing their constituents the way they do.

Commissioner Wilhoite expressed pleasure at seeing Mayor Potter and thought about the day that he sat with Mayor Potter in his office and was asked if he would consider joining the PDC Board and thinking why would he go to PDC and what would he bring to PDC. Mayor Potter expressed such a level of trust and confidence in him that he felt that he believed that he truly had things of value to bring to PDC which led him to believe that he did indeed have something of value to bring to PDC. He thanked Mayor Potter for opening his eyes to the opportunity and encouraging him to take the opportunity; it has been a significant, valuable, and meaningful part of his life.

Commissioner Mohlis thanked Mayor Potter for appointing him to the PDC Board; he has learned so much and met so many smart and committed people and community volunteers. Everything PDC does cannot be done without the volunteers in the community and the PDC Board appreciates their time and work. This has been such a great learning experience for him it has been good that over the last few years PDC has been more active in the neighborhoods and made a more mindful decision to do that.

Executive Director Quinton finished by reading highlights from the resolution of commendation and appreciation to Commissioners Mohlis and Wilhoite for distinguished service and outstanding dedication to PDC and the City.

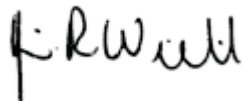
Chair Kelly called for a motion to approve Resolutions 7134 and 7135; Commissioner Dickson moved and Commissioner Edlen seconded the motion.

AYES: Dickson, Edlen, Kelly, Mohlis, Wilhoite  
NAYS: None

**16. Adjourn**

There being no further business, Chair Kelly adjourned the PDC Board meeting at approximately 5:03 p.m.

Approved by the Portland Development Commission on August 19, 2015



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Gina Wiedrick, Recording Secretary



# LENTS LEDGER

The Town of Lent

Vol XCIII, No. 311

Friday, June 19, 1892

\$.05

## Oliver Perry Lent



Oliver Perry Lent, a stone mason born in Ohio in 1830, traveled with his wife (Martha A. Buckley) on an expedition trip across the plains to California. Due to irreparable damage to their covered wagon, they initially settled in Richie Valley, approximately 10 miles east of Portland in 1852.

Shortly after arriving, Lent received a 320-acre government land claim in the Sycamore area which was southeast of Mt. Scott. In 1866, he sold the land and purchased a 190-acre farmstead just outside of the Portland City limits called Cason Prairie. He became known as the authority on ranching and farming. He and Martha had 12 children.



## Freeway Fact

Lents was originally built as a self-sufficient town and suburb of Portland. In 1912, with a population nearing 10,000, Lents was annexed into the City of Portland. Because of its distance from central Portland and lower income class, it was repeatedly neglected by the city in terms of street and sewer improvements.

The I-205 Freeway was originally destined for 39th Avenue, but the powerful residents of Portland's Laurelhurst Neighborhood successfully lobbied to have the path further out to 95th Avenue, effectively cutting the Lents Neighborhood in half.

## Business and Education

### Business

Lent was a trained carpenter and stonemason and his first job in Portland was cutting stone block for the old penitentiary near Kelly Butte, as well as for the Portland Courthouse, the Post Office at Sixth & Morrison, the Hawthorne-Pettyman House and many other homes and businesses.



Stephen Kenney Collection

Lent was a leader in business, and in 1883 he operated a sawmill on Johnson Creek near SE 92nd Ave. He also held office of Justice of the Peace, was a Road Supervisor, and served as master of the Grange.

### Education

Lent also had deep feelings for education, seeing the need to educate the children of the early settlers. He donated land opposite his home as the site for the first Lent school, a one-room hewed log cabin. He was also the school director and later was clerk of the school board.



PdxHistory.com

## 'Change' of Lent

The naming of the settlement of Lent, came about by a coin flip between Oliver Lent and another early Pioneer, William Johnson. Lent won the coin toss and the Post Office was named after Lent. Johnson was then awarded the naming of the creek that runs through the area, now called Johnson Creek.

Beginning in 1892, streetcars on the Mt. Scott Car Line came from downtown Portland and across the Hawthorne Bridge out to the town of Lent. They would connect with the interurbans that went to Gresham and Estacada at Lents Junction near 102nd & Foster Road.



Lents is now a transportation hub for the Portland Region. Interstate 205 and three of Portland's important arterials - Powell Boulevard, Foster Road, and 82nd Avenue - pass through the neighborhood, as well as the MAX Green Line and the Springwater Corridor pedestrian and bike trail.

The official town of Lent, Oregon was first platted and registered with the county recorder on August 17, 1892 by George P. Lent, an attorney and the eldest son of Oliver P. and Martha A. Lent. The center of the town was considered to be the main intersections of Foster Road and S.E. 92nd Avenue. The early town of Lents was a thriving community with a sense of independent spirit amongst the friendly people who lived there. The pioneers who settled this region were strong hearty individuals with a pride of community that still shows through the citizens living there today.



Photo: View of Main Street or 92nd Avenue looking north from Woodstock



Photo: Lents Pharmacy, NE Corner of 92nd & Foster

THEN VS. NOW



Photo: Crossroads Plaza, NE Corner of 92nd & Foster

## The Lents Lowdown

- 1941 - Woody Guthrie and his family rented an apartment at 6111 SE 92nd Ave, to use as his home base while he wrote. The apartment complex still stands today, located behind Tidee Didee.
- 1945 - The Portland Beavers bought several acres near the intersection of 82nd & Holgate to build a stadium, which was never built.
- 1953 - Fred Peterson, City Commissioner (1941-1952) and Portland Mayor (1953-1956), was raised in the Lents and graduated from Washington High School. His father operated the Lents Pharmacy.
- 1960 - Eastport Plaza, a 28-acre shopping center was built, originally as a covered mall. It hastened the decline of Lents' "downtown" at 92nd Ave & Foster Rd.
- 1994 - Shawn Eckhardt, who lived in Lents with his parents, helped Tonya Harding by conspiring to injure figure-skating champion Nancy Kerrigan before the Winter Olympics in Lillehammer.
- 2007 - The Lents International Farmer Market opened, with only 10 vendors.

## URA Creation

In September 1998, the City Council established a Lents Town Center Urban Renewal Area in order to accomplish community goals. These included generation of new family wage jobs, assistance to new and existing business, improvement to local infrastructure such as streets and parks, new housing construction and improvements to existing housing. Implementation of the plan began in fiscal year 1999-2000.



Photo: Independent Order of Good Fellows Building in 1903 housed a hardware store, a furniture store, and an undertaker.

THEN VS. NOW



Photo: Former KOOP Building in 2007, now houses Working Class Apartments. Photo in background.

## THEN VS. NOW

Photo: NE Corner of 92nd and Foster Road in 1910 and 2014.

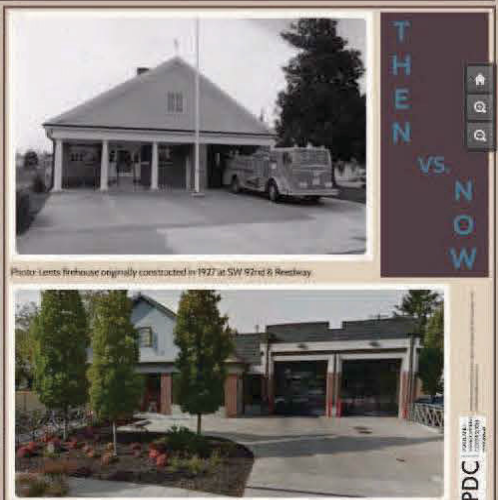


Photo: Lents Palindrome originally constructed in 1927 at SW 92nd & Resway.

THEN VS. NOW





June 24, 2015

To: The Portland Development Commission  
RE: Lents Town Center Development Proposals

ROSE was one of four developers selected by PDC through its RFI to redevelop properties in the Lents Town Center. ROSE is the only one of the proposers that is not here today with a resolution to move our project forward. We believe that our Woody Guthrie/Lents Exchange proposal deserves the same consideration as the other proposals. If PDC decides to green light the other proposals today, we would like PDC's assurance that there are sufficient resources to finance ROSE's project along with the others.

The ROSE Board of Directors is concerned about the lack of transparency and communication in the PDC's Lents Town Center process to date. ROSE submitted a proposal in December for a mixed-use development that included market rate housing, retail and our corporate office. The ROSE team had several meetings with PDC staff in February and March. We understood that PDC was concerned about the amount of PDC investment into the ROSE project, as well as the payback of PDC funds. Our team worked through several scenarios with PDC to respond to these concerns. PDC staff then cancelled several meetings and we only recently learned that PDC intended to move forward with the other projects and not ours. Information about the Lents Town Center proposals was not available until this week, when the Commission agenda was posted on the PDC website.

ROSE urges the PDC Commission to consider the following as it evaluates the projects.

**Public Process**

The Palindrome Communities (PC) and Williams & Dame (W&D) proposals commit more than \$13 million in scarce affordable housing subsidies without evaluation through the Portland Housing Bureau's NOFA process. ROSE has been actively developing affordable housing in Lents for more than 20 years. We have been told by PHB for the last several years that there was no affordable housing funding available in the Lents URA. ROSE developed its proposal based on that assertion. The City's affordable housing funding should be allocated through a fair and transparent process.

ROSE was advised by PDC to propose a primarily market rate housing project. Had we known that affordable housing funding was available, we'd have proposed a different project. Affordable housing is obviously central to ROSE's mission. Market rate housing in



Lents is affordable housing: ROSE's initial proposal included rents at the 60% and 80% MFI levels. A market study commissioned by PDC after the RFI was submitted confirmed those rent levels. PDC staff have repeatedly urge ROSE to increase proposed rents to minimize the amount of PDC subsidy and ensure faster repayment of PDC loans.

**Public Purpose**

The City's redevelopment agency should have a broader public purpose beyond minimizing project subsidies and rapid repayment. PDC's Strategic Plan and Neighborhood Economic Development Strategy emphasize building nonprofit capacity for community economic development. ROSE asks the Commission to recognize that nonprofits cannot build capacity without public resources.

Nonprofit organizations do not enjoy the same rewards as for-profit entities and do not have the same tolerance for risk. Deal structures should take this into account.

**Return on Public Investment**

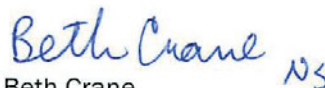
A spreadsheet is attached that compares ROSE's RFI submittal with the PC and W&D proposals. Note that the percent of City financing for ROSE's Woody Guthrie/Lents Exchange project is the lowest of the three proposals. Despite its nonprofit status, ROSE also proposed the highest percentage of developer equity. ROSE's City subsidy per housing unit is higher than the W&D proposal, but much lower than the PC proposal. The community benefits from ROSE's project include support to a neighborhood nonprofit that has been working to improve Lents for 23 years; permanent affordability on the housing; location of ROSE's business office and services in the Lents Town Center; retail with a potential Lents-owned business; and outstanding performance on social equity including minority/women/disadvantaged business utilization.

ROSE has been a partner with PDC for many years. We are proud of our accomplishments together, which includes the first new development in the Lents Town Center in decades and innovative projects like the Lents Grown Story Yard. We would like to work together with PDC to add a great mixed-use, mixed-income development that will make Lents proud. Thank you for taking our concerns into consideration.

Sincerely,



Nick Sauvie  
Executive Director



Beth Crane  
President, ROSE Board of Directors

Lents Town Center  
Portland Development Commission Project Comparison  
6/23/2015

Developer Project	ROSE CDC Woody/Exchange	Palindrome 92nd/Woodstock	Williams & Dame 92nd/Foster
Project Cost	\$ 11,031,810	\$ 40,120,000	\$ 15,702,000
Sources			
Senior Debt	\$ 6,370,000	\$ 12,000,000	\$ 9,400,000
PDC/PHB	\$ 3,615,000	\$ 17,130,000	\$ 5,902,000
Other	\$ 100,000	\$ 7,900,000	\$ -
Developer Equity	\$ 946,810	\$ 3,090,000	\$ 400,000
Pct City Financing	33%	43%	38%
Pct Developer Equity	9%	8%	3%
City subsidy/unit	\$ 59,783	\$ 100,000	\$ 21,333
PDC Pre-Dev Loan		\$ 1,315,000	\$ 1,260,000
Site Acreage		1.07	0.63
Completion Date	9/30/2016	11/30/2017	7/31/2017
Housing Units	46	120	54
Affordability	10@60%, 36@80% MFI	100% affordable	16@60% MFI, 38 unrestricted
Ownership	Nonprofit ownership	For-profit	PDC ownership after 10 years
Mission	Neighborhood Revit.	60 year affordability	PDC sustainability
Community Benefits	Quickest completion date	Longest completion date	Longer completion date
	PDC Five-Year Plan Moderate subsidy/unit Increase income diversity	PDC Five-Year Plan High subsidy/unit Less income diversity	PDC Five-Year Plan Lowest subsidy/unit Increase income diversity
	ROSE Office	Undertermined commerial	Undetermined commercial
	Neighborhood retail Responsive site design 23-yr track record in Lents	Brewpub delays	No track record in Lents
	Social equity	Undetermined	Compare with ROSE
	Higher developer equity	Less developer equity	Lowest developer equity
	Experienced team	Track record in Portland?	Experienced team