



DATE: December 12, 2012
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 12-48
Authorizing the Disposition of Twenty (20) Parking Units Located at the Old Town Lofts Condominiums at 411 NW Flanders Street in the Downtown Waterfront Urban Renewal Area

BOARD ACTION REQUESTED

Adopt Resolution No. 6986

ACTION DESCRIPTION

This action will authorize the Executive Director to dispose of twenty (20) condominium parking units at the Old Town Lofts Condominiums (OTL) located at 411 NW Flanders Street and within the Downtown Waterfront Urban Renewal Area (DTW URA). PDC has no future redevelopment plans for any of these parking units; they are not needed for any strategic purposes, and may not be sold to the general public.

BACKGROUND AND CONTEXT

The Old Town Lofts Condominiums Project was a PDC Housing Department-funded new construction, for-sale, mixed-use property completed in 2002. The developer for the project was Old Town Lofts, LLC, an Oregon limited liability company having an address in care of Link Community Development Corporation. The project consisted of a total of sixty (60) residential units located on floors 3 through 8, one (1) ground floor commercial unit and sixty-seven (67) interior parking units located on the basement level, 1st and 2nd floors. All of the residential units were sold by 2003, and a certain number of these units were partially financed by PDC through Shared Appreciation Mortgages. The project was the first for-sale condominium housing project in the Old Town/Chinatown neighborhood and met many of the City's housing goals.

Due to the developer's default on the PDC loans, approval for a Collateral Surrender, Settlement, and Release (a/k/a Deed in Lieu of Foreclosure) was obtained from the PDC Loan Review Committee. This action cleared the way for PDC to take possession of, and title to, the commercial condominium unit along with twenty (20) parking units. PDC took possession of the commercial and parking units on October 26, 2010. The Developer/Borrower owed PDC in excess of \$1.8 million and PDC accepted the commercial condominium unit and 20 parking units as satisfaction of the two (2) outstanding loans. The Developer/Borrower was insolvent at the time.

The twenty (20) real properties that comprise the parking units are described as follows:

Property Tax ID No.	Parking Space #	Residential Unit Assignment	Sq Ft	Legal Description
R517768	P-6	None	124	OLD TOWN LOFTS CONDOMINIUM, LOT P6, PARKING UNIT
R517770	P-8	None	120	OLD TOWN LOFTS CONDOMINIUM, LOT P8, PARKING UNIT
R517771	P-9	None	128	OLD TOWN LOFTS CONDOMINIUM, LOT P9, PARKING UNIT
R517772	P-10	None	155	OLD TOWN LOFTS CONDOMINIUM, LOT P10, PARKING UNIT
R517785	P-20	None	368	OLD TOWN LOFTS CONDOMINIUM, LOT P20, PARKING UNIT
R517795	P-32	None	166	OLD TOWN LOFTS CONDOMINIUM, LOT P32, PARKING UNIT
R517800	P-37	403	177	OLD TOWN LOFTS CONDOMINIUM, LOT P37, PARKING UNIT
R517802	P-39	511	187	OLD TOWN LOFTS CONDOMINIUM, LOT P39, PARKING UNIT
R517803	P-40	512	183	OLD TOWN LOFTS CONDOMINIUM, LOT P40, PARKING UNIT
R517806	P-43	310	115	OLD TOWN LOFTS CONDOMINIUM, LOT P43, PARKING UNIT
R517807	P-44	408	128	OLD TOWN LOFTS CONDOMINIUM, LOT P44, PARKING UNIT
R517808	P-45	306	126	OLD TOWN LOFTS CONDOMINIUM, LOT P45, PARKING UNIT
R517809	P-46	305	120	OLD TOWN LOFTS CONDOMINIUM, LOT P46, PARKING UNIT
R517810	P-47	304	126	OLD TOWN LOFTS CONDOMINIUM, LOT P47, PARKING UNIT
R517813	P-50	None	116	OLD TOWN LOFTS CONDOMINIUM, LOT P50, PARKING UNIT

Property Tax ID No.	Parking Space #	Residential Unit Assignment	Sq Ft	Legal Description
R517816	P-53	301	241	OLD TOWN LOFTS CONDOMINIUM, LOT P53, PARKING UNIT
R517819	P-56	404	119	OLD TOWN LOFTS CONDOMINIUM, LOT P56, PARKING UNIT
R517820	P-57	405	120	OLD TOWN LOFTS CONDOMINIUM, LOT P57, PARKING UNIT
R517821	P-58	406	126	OLD TOWN LOFTS CONDOMINIUM, LOT P58, PARKING UNIT
R517822	P-59	508	126	OLD TOWN LOFTS CONDOMINIUM, LOT P59, PARKING UNIT

Pursuant to the current Condominium Declaration and By-Laws of Old Town Lofts, parking units may not be sold to the general public, but may only be sold to existing residential condominium owners or to the Homeowners Association. The resolution would provide the Executive Director the authority to negotiate for the sale of the parking units on terms deemed commercially reasonable.

COMMUNITY AND PUBLIC BENEFIT

The community will not be affected by any change in the ownership of these parking units. The public benefit is the receipt of the sales proceeds to be recorded as revenue to the Downtown Waterfront Urban Renewal Area.

PUBLIC PARTICIPATION AND FEEDBACK

The sale of these properties will be in accordance with the Old Town Lofts Bylaws and Declarations, and therefore, there has been no community outreach regarding this action.

BUDGET AND FINANCIAL INFORMATION

Currently, holding expenses at Old Town Lofts exceed revenues. The FY 2012-13 Adopted Budget includes \$20,000 in estimated expenses related to the management of the Old Town Lofts parking units and retail condominium unit. (This amount is shown in Attachment B under the project name "OT/CT Hsg-Flanders." This project will be renamed "Old Town Lofts" in future budgets.) The FY 2012-13 Revised 1 Budget, which is expected to take effect on December 14, 2012, will include approximately \$25,000 in estimated expenses and \$16,000 in estimated revenue. The FY 2012-13 Revised 1 Budget does not include estimated sales proceeds from the parking spaces. Once received, any sales proceeds will be included in a future budget and allocated according to URA priorities.

RISK ASSESSMENT

This action is being recommended to reduce financial exposure and legal risks associated with property ownership.

ALTERNATIVE ACTIONS

The Board could elect to retain legal ownership of all or some of these twenty (20) parking units. The Board could also elect to provide authorization only as each individual parking unit is to be offered to a specific buyer, which would require a return to the Board at the time of each proposed sale.

ATTACHMENTS

- A. URA Financial Summary

URA FINANCIAL SUMMARY

Five-Year Forecast Project Requirements Detail

		FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
<u>Downtown Waterfront URA</u>							
Resources							
Beginning Fund Balance		12,768,360	11,636,749	4,207,011	2,331,007	11,456	16,302
Interest on Investments		50,000	116,367	42,070	23,310	115	163
Loan Collections		1,725,490	523,519	584,675	607,299	499,663	3,052,399
Property Income		700	700	700	700	700	700
Total Fund Resources		14,544,550	12,277,335	4,834,456	2,962,316	511,934	3,069,564
Requirements							
Program Expenditures							
Administration							
Financial Administration							
A45101320 Debt Management-DTW		8,000	8,000	8,000	8,000	8,000	8,000
Administration	Total	8,000	8,000	8,000	8,000	8,000	8,000
Business Dev							
Business Lending							
L02100320 BIF-General-DTW		190,000	500,000	500,000	200,000	75,000	500,000
L02110320 BIF-Cluster Group-Budget-DTW		500,000	500,000	500,000	200,000	75,000	500,000
Business Dev	Total	690,000	1,000,000	1,000,000	400,000	150,000	1,000,000
Infrastructure							
Public Facilities							
N32021515 Ankeny/Burns Pub Impr-DTW-Adm		40,000	0	0	0	0	0
Transportation							
N32030015 Dtwm Retail Infra-DTW-Adm		20,000	0	0	0	0	0
Infrastructure	Total	60,000	0	0	0	0	0
Portland Hsg Bureau							
PHB Housing							
H15430320 Affordable Rental Hsg-DTW		0	0	517,400	1,717,345	0	0
Portland Hsg Bureau	Total	0	0	517,400	1,717,345	0	0
Property Redevel							
Commercial Property Redevelopm							
A35401320 Central City 2035-DTW		19,578	0	0	0	0	0
P32012115 Transit Mall Revit-DTW-Adm		87,000	0	0	0	0	0
P32050615 Block 33-Redev-DTW-Adm		500,000	5,500,000	0	0	0	0
P32052115 Block 8 Redev-DTW-Adm		60,000	100,000	10,000	10,000	10,000	10,000
P32052215 CC 2035-DTW-Adm		0	95,846	0	0	0	0
P32053615 OT/CT Hsg-Flanders-DTW-Adm		20,000	20,000	20,000	20,000	20,000	20,000
P32054015 3rd & Taylor-DTW-Adm		10,000	40,000	10,000	10,000	10,000	10,000
P32054115 3rd & Oak Parking Obl-DTW-Adm		65,900	65,900	65,900	65,900	65,900	65,900
P32054415 One Waterfront Pl-DTW-Adm		2,700	2,700	2,700	2,700	2,700	2,700
P32056515 RiverPlace Marina-DTW-Adm		20,000	15,000	15,000	15,000	15,000	15,000
P32092015 Real Estate Mgmt-DTW-Adm		5,000	5,000	5,000	5,000	5,000	5,000
Commercial Real Estate Lending							
R01100320 CPRL-General-DTW		625,000	225,000	225,000	125,000	50,000	225,000
Community Redevelopment Grants							
G02100320 DOS-General-DTW		0	100,000	100,000	0	0	0
G03100320 SIP-General-DTW		150,000	100,000	100,000	75,000	75,000	100,000
Property Redevel	Total	1,565,178	6,269,446	553,600	328,600	253,600	453,600
Total Program Expenditures		2,323,178	7,277,446	2,079,000	2,453,945	411,600	1,461,600
Personal Services							
		311,271	237,922	124,740	146,037	24,696	87,696
Transfers - Indirect							
		273,352	554,956	299,709	350,878	59,336	210,704
PHB Staff/Admin							
		0	0	0	0	0	0
Total Fund Expenditures		2,907,801	8,070,324	2,503,449	2,950,860	495,632	1,760,000