DATE:    February 12, 2014
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 14-06
Authorizing the Disposition of 0.59 Acres of Real Property in the River District Urban Renewal Area to Pearl Hotel Investors, LLC, for $142,000

BOARD ACTION REQUESTED
Adopt Resolution No. 7039

ACTION DESCRIPTION
This action will authorize the Executive Director to execute a Purchase and Sale Agreement (PSA) between the Portland Development Commission (PDC) and Pearl Hotel Investors, LLC (PHI), for the conveyance of Station Place Lot 7 (Property), a 0.59-acre PDC-owned parcel, for $142,000, the appraised fair market value of the property. PHI is purchasing the property in “as is” condition. The full execution of the PSA will be contingent upon confirmation of a separate agreement between PHI and the City of Portland (City), approved by City Council, that will result in PHI providing to the City at least $800,000 in funds to assist with finding a new location for Right To Dream Too (R2D2), a non-profit organization currently providing a rest area at NW 4th Avenue and W. Burnside Street.

BACKGROUND AND CONTEXT
The Property is a paved 64-space surface public parking lot with access from NW Lovejoy Court and is located directly underneath the NW Lovejoy Street Vehicle Ramp. The lot does not have a physical street address and is bounded by NW Lovejoy Court (north), NW 9th Avenue (west), NW Station Way (east) and the downtown United States Post Office Building (south) (see Attachment A). PDC took title to the Property on October 23, 1987, through a Bargain and Warranty Deed, and in 2002 constructed the parking lot to meet the current and future needs of the neighborhood.

The Property is encumbered by the following easements and parking agreement which restrict the use to that of a surface parking lot:

1. An easement for overhead bridge approaches and pier support;
2. An easement for the construction, maintenance and perpetual use by the public of a ramp structure, support columns and footings, abutment, and other necessary appurtenances on land over the Property; and
3. In June 2003, PDC entered into a Parking Agreement to allow for up to 40 reserved monthly parking spaces at discounted parking rates for the residents of the Station Place Senior Housing Tower, developed by REACH Community Development (REACH), situated on the adjacent lot northwest of the Property. The remaining 24 parking spaces are open to the general public for monthly parking only.
A 223-room Marriot Residence Inn Hotel owned by PHI is currently under construction on Station Place Lot 4, one block north of the Property.

As the Parking Agreement with the Station Place Tower LLC requires reduced monthly parking rates (and whose historical usage has been minimal), the Property has an appraised value of $142,000 using the direct capitalization approach per an appraisal performed on December 1, 2013, by Romanaggi Valuations, LLC.

PHI currently leases 100 parking spaces from PDC at PDC’s adjacent Station Place Garage under a 10-year parking lease agreement. PDC and PHI will terminate this parking lease agreement as part of PHI’s closing with the City. PDC has also agreed within the PSA, if requested, to provide up to 40 additional spaces to REACH in the Station Place Garage. If REACH so requests, thereafter, PDC shall have 60 net additional parking spaces in the Station Place Garage available to lease to the public.

In a separate action, PDC will execute a restrictive covenant on the block owned by PDC to the north of the Marriot Residence Inn Hotel property, whereby PDC clarifies that the original intent of the 2002 Disposition & Development Agreement for the development of that lot would not permit its use as a tent camp without the consent of nearby property owners. Since this action has no material economic impact, it does not require separate Board approval.

**COMMUNITY AND PUBLIC BENEFIT**

Public benefits of executing the PSA include the following:

- Disposition of the Property will generate $142,000 in land sale proceeds which PDC can allocate to other project and program priorities within the River District Urban Renewal Area (RDURA);
- The entire Property will be returned to the real property tax rolls;
- The Property will serve as an amenity for the PHI hotel guests and visitors who in turn will provide economic benefits to the neighborhood businesses;
- After the parking lease agreement with PHI is terminated, at least 60 additional sites will be made available to the public at PDC’s Station Place Garage, increasing the aggregate, available public access parking spaces; and
- Providing to the City at least $800,000 in funds to assist with finding a new location for R2D2.

**PUBLIC PARTICIPATION AND FEEDBACK**

No direct public participation has taken place regarding the proposed PSA.

**BUDGET AND FINANCIAL INFORMATION**

This action will increase the Property Income line item to the RDURA budget by $142,000 for fiscal year (FY) 2013-14 (Attachment B). The change will be added to the FY 2013-14 Revised Budget in the next revision.

**RISK ASSESSMENT**

Entering into this PSA creates minimal risks for PDC since it is selling the Property for fair market value, does not have financial resources at risk, and PHI is purchasing the property in “as is” condition. By selling the Property, PDC will be relieved of future costs and land-ownership liabilities.

**ALTERNATIVE ACTIONS**

The Board could decide to not approve the PSA or direct staff to renegotiate specific terms and conditions.
ATTACHMENTS

A. Project Summary
B. RDURA Adopted FY 2013-14 Revised Budget
PROJECT SUMMARY

Project Name: Disposition of Station Place Lot 7
Description: 0.59-acre 64 space paved surface parking lot
Location: NW Lovejoy Court
URA: River District
Current Phase: Disposition
Outcome: Conveyance of Station Place lot 7 to Pearl Hotel Investors, LLC for the use of an off-street parking facility for hotel guests and visitors

(Note: Subject is situated under the Lovejoy Ramp)
# URA Financial Summary

## Five-Year Forecast Program Requirements Detail

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<td>Beginning Fund Balance</td>
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<td><strong>Property Income</strong></td>
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## Requirements

**Program Expenditures**

**Administration**

**Financial Administration**

- A45101330 Debt Management-RVD: 50,000

**Total Administration**

- 50,000

**Business Dev**

**Business Lending**

- L02100330 BIF-General-RVD: 301,000
- L02110330 BIF-Cluster Group-Budget-RVD: 500,000

**Small Business & Community Dev**

- E55030330 OT/CT Action Plan-RVD: 0

**Traded Sector Business Dev**

- T01059330 Lean Manufacturing-RVD: 12,500
- B15100330 Cluster Development-RVD: 37,500
- E55030330 OT/CT Action Plan-RVD: 110,000

**Total Business Dev**

- 951,000

**Infrastructure**

**Public Facilities**

- N33020215 Union Station Grant-RVD-Adm: 2,226,500

**Transportation**

- N33033415 Pearl District Cir-RVD-Adm: 2,125,369

**Total Infrastructure**

- 4,351,869

**Portland Hsg Bureau**

**PHB Housing**

- H15135330 The Medford-RVD: 1,478,000
- H15403330 Affordable Rental Hsg-RVD: 5,725,000
- H15900330 PHB Staff & Admin-RVD: 769,077
- H15903330 Fairfield Apartments-RVD: 50,000
- H15961330 Yards at Union Station-RVD: 220,000

**Total Portland Hsg Bureau**

- 8,260,977

**Property Redevelop**

**Commercial Property Redevelopment**

- F33005115 Dtw Retail Strat-RVD-Adm: 250,000
- F33005415 Centennial Mills Rdv-RVD-Adm: 1,070,000
- F33006935 Station Place Lot 7-RVD-Adm: 29,349
- F33009105 Public Outreach-RVD-Adm: 2,000
- F33009185 Old Fire Station Mgmt-RVD-Adm: 152,792
- F33007715 One Waterfront North-RVD-Adm: 4,187

**Total Property Redevelop**

- 8,260,977

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Monday, February 03, 2014

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