

**DATE:** April 20, 2016  
**TO:** Board of Commissioners  
**FROM:** Patrick Quinton, Executive Director  
**SUBJECT:** Report Number 16-26

Authorizing the Terms of a Purchase and Sale Agreement to Convey 0.38 Acres of Real Property in the Lents Town Center Urban Renewal Area to Lisac Brothers Construction, Inc., for \$500,000

**BOARD ACTION REQUESTED**

Adopt Resolution No. 7183.

**ACTION DESCRIPTION**

This action by the Portland Development Commission (PDC) Board of Commissioners (Board) will approve the terms and conditions (Term Sheet) whereby the PDC Executive Director shall execute an Agreement for a Purchase and Sale (PSA) for \$500,000 between PDC and Lisac Brothers Construction, Inc. (Buyer), for the conveyance of two parcels located at the southeast corner of SE 93rd Avenue and SE Woodstock Boulevard (Property), located in the Lents Town Center Urban Renewal Area (URA). An aerial and photo of the Property can be found in Attachment A. Upon execution of the PSA, the Buyer intends to construct a two-phased development concept: phase one will consist of a commercial building and pavilion supporting a small pod of food carts; phase two will consist of a multi-unit, market-rate apartment building (Project).

**BACKGROUND AND CONTEXT**

**Acquisition.** The PDC Board approved the acquisition of the two parcels on May 17, 2000, as part of a larger effort to strategically acquire opportunity sites for assembly and redevelopment. The purpose of this acquisition was to support PDC's efforts to promote and stimulate commercial revitalization within the Lents Town Center.

**Lents Five-Year Action Plan.** In May 2014 the PDC Board and Portland City Council adopted the Lents Town Center Five-Year Action Plan (Action Plan) which lays out a strategy for the next five years that focuses investments where they will have the most impact, ensures existing residents and businesses benefit, and takes some calculated risks. The Action Plan requires collaboration among public and private sectors as well as non-profit partners. It builds upon previous plans and efforts for this neighborhood, including the 1998 Lents Town Center URA Plan (amended 2008), the 2009 Lents Town Center Redevelopment Feasibility Study, the 2010 Lents Business District Strategy, and the 2011-13 Foster/Lents Integration Partnership. The proposed action is consistent with desired outcomes of all of these strategies.

**Lents Request for Interest (RFI).** In an effort to advance Neighborhood Centers, Commercial Corridors and Affordable Housing, all focal points of the Action Plan, PDC staff issued an RFI in October 2014 for

the disposition and development of multiple PDC-owned parcels in the Lents Town Center, including this Property. While multiple proposals were received for other PDC-owned parcels in January 2015, no proposals were received for the subject Property. The two parcels have remained openly marketed with signage on the Property since that time. Two offers proposing similar concepts were received in March 2016. PDC staff requested both applicants to provide a best and final offer. The Buyer responded with the highest offer at \$500,000 and a subsequent April 2016 appraisal valued the Property at \$469,000.

**Proposed Project.** The proposed project is a two-phased development concept. The first phase would consist of a freestanding commercial building and pavilion supporting a small pod of food carts. An affiliated entity would tenant the commercial building with a pub/restaurant. The second phase of development would not occur until after and if the 2035 Comprehensive Plan is adopted (anticipated in 2017), and would consist of up to a 12-unit apartment building.

### **COMMUNITY AND PUBLIC BENEFIT**

**Lents Five-Year Action Plan.** These actions will further multiple key objectives of the Action Plan, including stimulating development for the Lents Town Center and the construction of new market rate housing. The proposed housing element of the Project would help achieve community desires for a broad spectrum of housing choices within the Lents Town Center including new market rate housing. In addition the Project brings new private investment to the Lents Town Center providing new market comparables for other private investment opportunities in Lents.

**District Identity.** The Project will provide new services that increase the vitality of the Lents Town Center, complement existing businesses, align with the Lents Grown identity, and implement the Business District Development Strategy. The Project will provide much needed active uses along SE Woodstock Boulevard, and the food cart pod and proposed restaurant are uses identified by the community as highly desirable for the Lents Town Center.

**Jobs.** The Project will provide temporary construction jobs and permanent commercial spaces for employment opportunities and new services in the Lents Town Center, in addition to adding residential households that support neighborhood businesses.

**Equity Goals.** During the first phase of development, it is unlikely that there will be any subcontracts exceeding \$100,000. Therefore, the Workforce Equity Policy is not likely to be triggered during the first phase. However, the Business Equity Policy will apply throughout both phases.

**Green Building.** Because the size of the building during the first phase of development does not meet the threshold for certification, the developer will be required to follow Portland's Green Improvement Guide; the Green Building certification requirement is likely to apply to the second phase of development.

### **PUBLIC PARTICIPATION AND FEEDBACK**

PDC staff employed an aggressive marketing campaign to generate public and developer interest in the RFI. Aside from the standard social media, website presence, and media release, PDC staff held two investor walking tours (open to the public) and an open house on November 5, 2014. In addition, PDC staff installed on-site advertisements and conducted an online survey to test market ideas for needed neighborhood services.

### **BUDGET AND FINANCIAL INFORMATION**

The Lents Town Center URA fiscal year (FY) 2016-17 Proposed Budget and Five Year Forecast includes the projected sales proceeds for this proposed sale (see Attachment B).

### **RISK ASSESSMENT**

Risks related to these PDC Board actions include:

1. **Buyer may terminate the transaction prior to closing.** There is a risk that the Buyer, after completing due diligence, will terminate the transaction. This risk is mitigated by the commitment of earnest money.
2. **Buyer may fail to construct after conveyance of the Property.** PDC will retain a right to repurchase the Property for the same sale price under such circumstances.

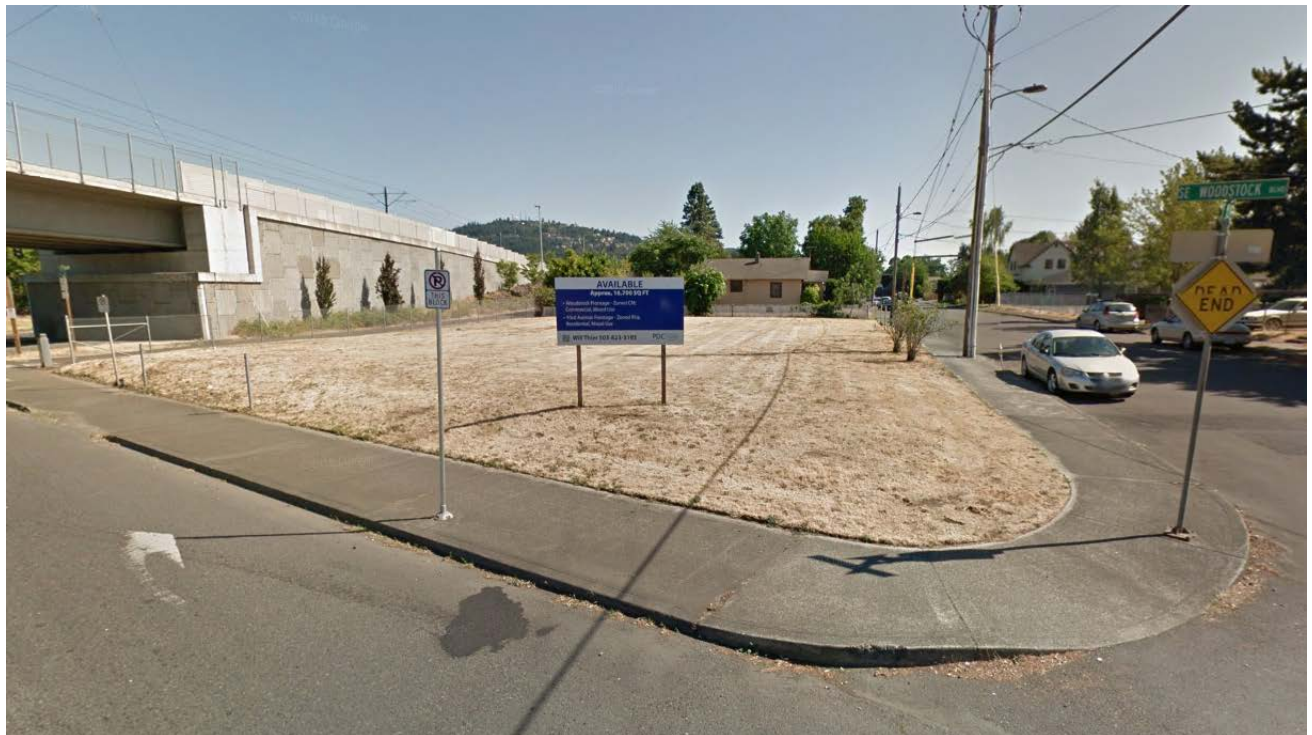
### **ALTERNATIVE ACTIONS**

The PDC Board may elect to specify alternative terms or reject the proposal in its entirety and direct PDC staff to discontinue the disposition process.

### **ATTACHMENTS**

- A. Aerial and Property Photos
- B. Lents Town Center URA FY 2015-16 Financial Summary

**AERIAL AND PROPERTY PHOTOS**



View from Woodstock Boulevard, Looking South

**LENTS TOWN CENTER URA FY 2015-16 FINANCIAL SUMMARY**

**Financial Summary  
 Five-Year Forecast**

<b>Lents Town Center URA Fund</b>	<b>Revised FY 2015-16</b>	<b>Proposed FY 2016-17</b>	<b>Forecast FY 2017-18</b>	<b>Forecast FY 2018-19</b>	<b>Forecast FY 2019-20</b>	<b>Forecast FY 2020-21</b>
<b>Resources</b>						
Beginning Fund Balance	18,589,745	17,066,817	217,538	525,335	2,493,906	20,199,572
<b>Revenue</b>						
Fees and Charges	50,300	31,211	31,462	3,539	4,107	3,390
Interest on Investments	61,040	51,118	665	1,607	8,938	72,951
Loan Collections	209,149	122,117	172,490	187,830	301,365	158,002
TIF - Short Term Debt	9,990,000	9,990,000	10,989,000	10,513,896	10,541,765	8,695,401
TIF - Long Term Debt	0	3,300,000	26,000,000	-	15,389,114	-
Property Sales	0	1,203,000	180,000	-	1,345,000	-
Rent and Property Income	61,025	58,874	58,874	58,874	2	1
Reimbursements	82,500	81,593	81,593	81,593	81,593	81,593
<b>Total Revenue</b>	<b>10,454,014</b>	<b>14,837,913</b>	<b>37,514,084</b>	<b>10,847,339</b>	<b>27,671,884</b>	<b>9,011,338</b>
<b>Total Resources</b>	<b>29,043,759</b>	<b>31,904,730</b>	<b>37,731,622</b>	<b>11,372,674</b>	<b>30,165,790</b>	<b>29,210,910</b>
<b>Requirements</b>						
<b>Administration</b>						
A00029-Debt Management-LTC	19,327	20,000	20,000	20,000	20,000	20,000
<b>Administration Total</b>	<b>19,327</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>Economic Development</b>						
<b>Traded Sector</b>						
A00113-Business Development-LTC	20,000	20,000	20,000	20,000	20,000	20,000
A00380-Lean Manufacturing-LTC	30,000	30,000	30,000	30,000	30,000	30,000
<b>Community Economic Development</b>						
A00121-Community Development-LTC	50,000	50,000	50,000	50,000	50,000	50,000
<b>Business Lending</b>						
A00208-BL -General-LTC	700,100	700,300	700,300	700,300	700,300	300,300
<b>Economic Development Total</b>	<b>800,100</b>	<b>800,300</b>	<b>800,300</b>	<b>800,300</b>	<b>800,300</b>	<b>400,300</b>
<b>Housing</b>						
A00159-Home Repair Projects-LTC	500,000	-	-	-	-	-
A00161-Home Buyer Assistance-LTC	500,000	-	-	-	-	-
A00170-Affordable Housing-LTC	202,475	8,553,402	17,071,255	3,180,913	4,165,000	4,371,849
A00180-PHB Staff & Admin-LTC	592,365	-	-	-	-	-
<b>Housing Total</b>	<b>1,794,840</b>	<b>8,553,402</b>	<b>17,071,255</b>	<b>3,180,913</b>	<b>4,165,000</b>	<b>4,371,849</b>
<b>Infrastructure</b>						
<b>Parks</b>						
A00239-Walker Stadium-LTC	200,000	-	-	-	-	-
A00240-Leach Botanical Grdns-LTC	25,000	1,890,989	-	-	-	-
<b>Transportation</b>						
A00243-Foster-52nd to 82nd-LTC	740,000	1,200,000	-	-	-	-
A00244-Lents Entryway-LTC	12,641	-	-	-	-	-
<b>Infrastructure Total</b>	<b>977,641</b>	<b>3,090,989</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Property Redevelopment</b>						
<b>Real Estate</b>						
A00325-Lents Little Lge Fld-LTC	7,375	7,500	7,500	7,500	7,500	-
A00326-Bakery Block-LTC	290,787	95,937	95,937	95,937	95,937	95,937
A00327-LTC II Parking Lot-LTC	7,840	8,200	8,200	8,200	8,200	-
A00328-MetroAuto Whlsl WLot-LTC	66,620	9,500	9,500	-	-	-
A00329-MetroAuto Bldg & Lot-LTC	351	50	50	50	50	50
A00330-ArchctironPrdctBldg-LTC	212,100	12,100	12,100	12,100	12,100	-
A00332-Real Estate Mgmt-LTC	69,883	33,000	33,000	33,000	33,000	33,000
<b>Commercial Property Lending</b>	<b>8,502,000</b>	<b>15,515,000</b>	<b>15,515,000</b>	<b>1,001,000</b>	<b>1,001,000</b>	<b>1,001,000</b>
<b>Redevelopment Strategy</b>						
A00323-LTC Town Ctr Redev-LTC	100,000	-	-	-	-	-
A00331-Project Development-LTC	100,000	200,000	150,000	150,000	150,000	150,000
<b>Redevelopment Grants</b>						
A00130-CLG-General-LTC	450,000	250,000	250,000	250,000	250,000	250,000
A00137-DOS-General-LTC	75,000	150,000	150,000	150,000	150,000	150,000

**Financial Summary  
 Five-Year Forecast**

<b><u>Lents Town Center URA Fund</u></b>	<b><u>Revised FY 2015-16</u></b>	<b><u>Proposed FY 2016-17</u></b>	<b><u>Forecast FY 2017-18</u></b>	<b><u>Forecast FY 2018-19</u></b>	<b><u>Forecast FY 2019-20</u></b>	<b><u>Forecast FY 2020-21</u></b>
A00145-SIP-General-LTC	300,000	600,000	600,000	600,000	600,000	600,000
A00149-GFGP-General-LTC	125,000	125,000	125,000	125,000	125,000	125,000
Property Redevelopment Total	10,306,956	17,006,287	16,956,287	2,432,787	2,432,787	2,404,987
<b>Total Program Expenditures</b>	<b>13,898,864</b>	<b>29,470,978</b>	<b>34,847,842</b>	<b>6,434,000</b>	<b>7,418,087</b>	<b>7,197,136</b>
Personnel Services	561,370	391,560	350,902	358,630	371,576	379,379
<b>Total Fund Expenditures</b>	<b>14,460,234</b>	<b>29,862,538</b>	<b>35,198,744</b>	<b>6,792,630</b>	<b>7,789,663</b>	<b>7,576,515</b>
Interfund Transfers - Indirect Charges	1,500,374	1,824,654	2,007,543	2,086,138	2,176,555	2,239,541
Contingency	13,083,151	217,538	525,335	2,493,906	20,199,572	19,394,854
<b>Total Fund Requirements</b>	<b>29,043,759</b>	<b>31,904,730</b>	<b>37,731,622</b>	<b>11,372,674</b>	<b>30,165,790</b>	<b>29,210,910</b>