



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** September 29, 2021  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 21-27

Authorizing an increase in the existing Commercial Property Redevelopment Loan to Foster the Phoenix, LLC to an amount of up to \$580,000

### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7433

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to execute a loan amendment, increasing the loan amount to Foster the Phoenix, LLC (Borrower) from \$293,000 to \$580,000. The loan is for Phase II of the rehabilitation of a historic building, formerly known as the Phoenix Pharmacy, located at 6615 SE Foster Road, within the Lents Town Center urban renewal area (URA). Funds will come from the Commercial Property Redevelopment Loan (CPRL) program.

### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

This action will deliver on Prosper Portland's Strategic Plan objective to create healthy, complete neighborhoods by promoting the development of safe and convenient access to goods and services needed for daily life.

### **BACKGROUND AND CONTEXT**

In August 2020, Prosper Portland extended a loan to the Borrower in the amount of \$235,000 for Phase I of the rehabilitation of the Phoenix Pharmacy building. Most recently, an increase of \$58,000 for Phase II soft costs was approved; both actions were approved under Delegated Authority.

At that time, the Borrower originally wanted to complete all rehabilitation as one project, however, the building could not secure conventional financing. In response, the Borrower opted to create a two-phased approach (Phase I and Phase II). Under Phase I, the Borrower focused on completing the most urgent structural improvements (roof, façade, electrical, HVAC) and on rehabilitating the second-floor office spaces. Under Phase II, the Borrower planned to focus on the first-floor retail rehabilitation, using lease income from the office spaces to leverage conventional financing for Phase II.

Phase I improvements are underway and almost complete. The Borrower has signed its first three leases on the second floor and has secured a temporary occupancy permit, expecting the final permit once the storefront is complete.

Due to a recent opportunity to lease the entire first floor, the Borrower cannot proceed with their original strategy of leveraging conventional financing. The Borrower recently secured a Letter of Interest from Foster Outdoor to occupy the first floor. Foster Outdoor has expressed that in order to



**ATTACHMENTS**

- A. Aerial Photo of Subject Property
- B. Memo - Original Loan Approval Dated 8/6/20
- C. Memo - First Loan Increase Dated 9/9/21

**AERIAL PHOTO OF SUBJECT PROPERTY**

