



PROSPER
PORTLAND
Building an Equitable Economy

DATE: December 14, 2022
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 22-35

Approving the Terms of a Commercial Property Redevelopment Program Loan to OnTrak Developers, LLC, in the Amount up to \$175,000, and Authorizing Exceptions from Loan Program Guidelines for Redevelopment of a Certain Property in the Interstate Corridor Tax Increment Finance District

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7471

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to execute a Commercial Property Redevelopment Loan (CPRL) with OnTrak Developers, LLC (Borrower) in the amount of \$175,000 at an interest rate of 6.25 percent, for development of seven to eight residential condominiums located at the northwest corner of N Marine Drive and N Gantenbein Avenue in the Interstate Corridor Tax Increment Finance (TIF) District (see a site map in Attachment A). While the size of the loan is within the executive director's signature authority, there are two exceptions to the proposed CRPL that require Prosper Portland Board approval.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This action will deliver on Prosper Portland's Strategic Plan objectives to create healthy, complete neighborhoods and to foster wealth creation in communities of color. The action also aligns with the N/NE Community Development Initiative Action Plan by (1) promoting property ownership and redevelopment, and (2) investing in new and existing homeowners.

BACKGROUND AND CONTEXT

The Borrower (owned by wife-and-husband team Talietha Mathis and Kadir Abdullanhi) purchased the 31,799 square foot, Commercial Mixed Use 2 zoned parcel in 2017. They are also working with Jeana Woolley, a development consultant who has worked in Portland since 1991, to bring additional expertise to their team. Should the Prosper Portland Board approve the CPRL, the Borrower will use the loan funds to complete predevelopment feasibility work for the condominium project, including architectural, environmental, engineering, arborist consulting, and market analysis.

As noted, there are two exceptions to this CPRL that require Prosper Portland Board approval:

1. The CPRL program, which was most recently amended by the Prosper Portland Board on April 13, 2011, through Resolution No. 6863, is intended to provide gap financing for commercial redevelopment projects in TIF districts, not development of solely residential projects. Given that the Borrower intends to build a residential project without a commercial use, staff are seeking a Prosper Portland Board exception.

2. CPRL program guidelines also require that a Borrower contribute 50 percent of predevelopment costs when requesting a predevelopment loan. Although the Borrower has previously contributed \$197,786 toward the project in acquisition and previous predevelopment costs, they are not able to meet the CPRL requirement for the uses noted above; therefore, staff are seeking a Prosper Portland Board exception.

The Borrower intends to apply for a future Prosper Portland construction loan, in an amount yet to be determined, pending the final feasibility study it will complete with Ms. Woolley's assistance. Any future construction loan will be underwritten by Prosper Portland and brought to the Prosper Portland Board for consideration.

Ultimately, the Borrower plans to both sell some condominiums and maintain ownership of the remainder to build wealth and potentially leverage the equity for future development projects. The number of condominiums to be sold will depend on the number required to repay the predevelopment loan and subsequent construction loan.

EQUITY IMPACT

This action will provide the Borrower with wealth creation opportunities and helps meet the objectives of the N/NE Community Development Initiative Action Plan.

COMMUNITY PARTICIPATION AND FEEDBACK

Staff have not conducted any specific public outreach related to this proposed action. However, as noted, the CPRL loan is consistent with the N/NE Community Development Initiative Action Plan, which was developed with considerable public input.

BUDGET AND FINANCIAL INFORMATION

There are sufficient resources in the fiscal year 2022-23 Adopted Budget for the Interstate Corridor TIF District Budget for this proposed action (see Attachment B).

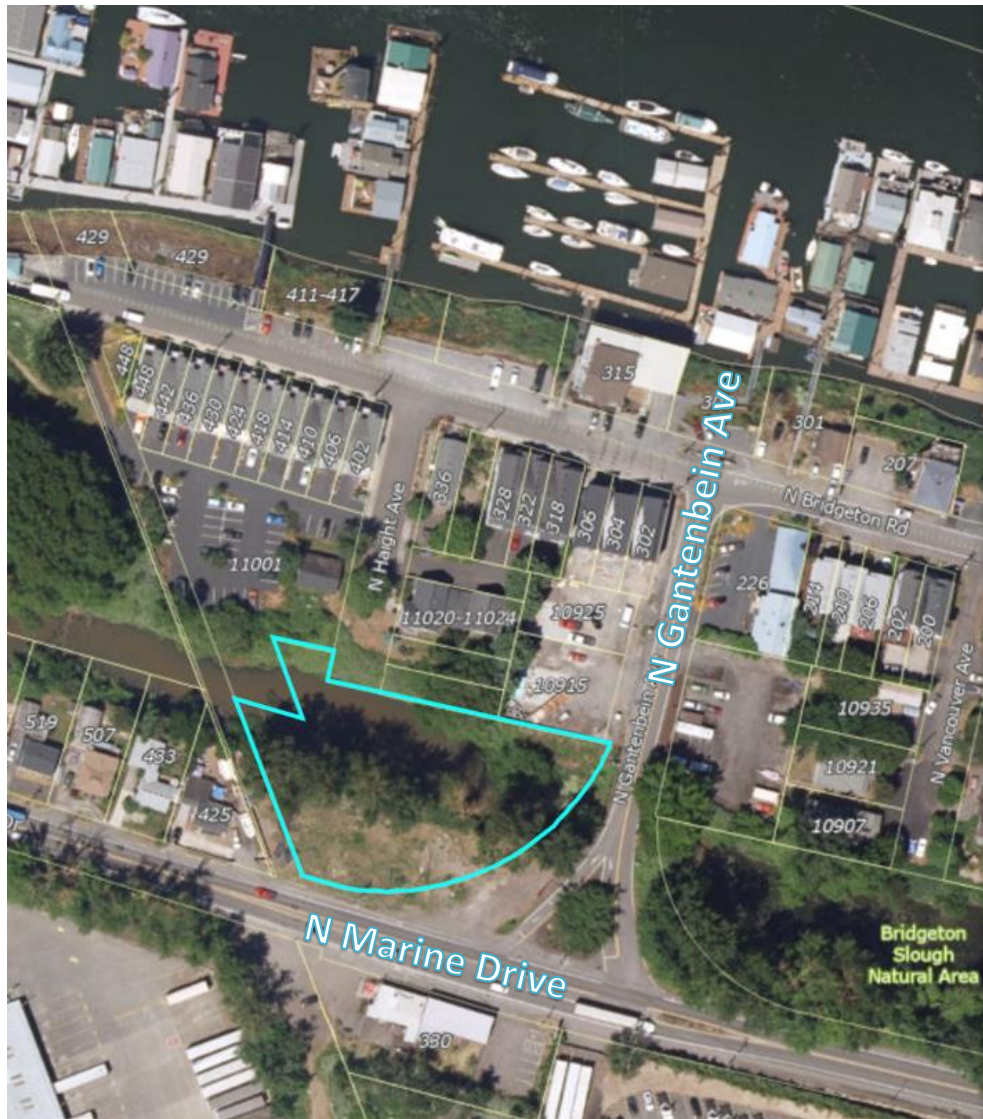
RISK ASSESSMENT

While there is a risk that the Borrower will be unable to repay the loan, staff have reviewed personal financial statements and consumer credit reports and will require a trust deed in first position.

ATTACHMENTS

- A. Site Map and Aerial
- B. Interstate Corridor TIF District Budget and Forecast

SITE MAP AND AERIAL



INTERSTATE CORRIDOR TIF DISTRICT BUDGET AND FORECAST

**Financial Summary
 Five-Year Forecast**

<u>Interstate Corridor TIF Fund</u>	<u>Revised 2 FY 2021-22</u>	<u>Adopted FY 2022-23</u>	<u>Forecast FY 2023-24</u>	<u>Forecast FY 2024-25</u>	<u>Forecast FY 2025-26</u>	<u>Forecast FY 2026-27</u>
Resources						
Beginning Fund Balance	54,337,903	47,421,605	45,939,271	43,330,283	26,556,411	14,597,678
Revenue						
Fees and Charges	236	-	-	-	-	-
Interest on Investments	595,518	386,711	198,064	50,285	-	-
Loan Collections	60,855	59,479	52,399	42,651	93,869	26,316
TIF - Short Term Debt	26,973,000	26,973,000	28,856,031	-	-	-
TIF - Long Term Debt	0	-	2,543,089	-	-	-
Rent and Property Income	345,891	447,582	431,338	438,322	440,722	447,706
Reimbursements	107,943	125,240	126,157	127,429	128,341	129,433
Total Revenue	28,083,443	27,992,012	32,207,078	658,687	662,932	603,455
Total Resources	82,421,346	75,413,617	78,146,349	43,988,970	27,219,343	15,201,133
Requirements						
Administration						
A00030-Debt Management-ISC	49,958	32,610	32,610	32,610	-	-
Administration Total	49,958	32,610	32,610	32,610	-	-
Economic Development						
Traded Sector						
A00381-Lean Manufacturing-ISC	20,000	20,000	-	-	-	-
Community Economic Development						
A00122-Community Development-ISC	208,175	207,425	14,850	-	-	-
A00106-NPI & Main St Network-ISC	75,000	-	-	-	-	-
Business Lending						
A00209-BL -GeneralHSC	300,000	500,000	500,000	500,000	500,000	500,000
Economic Development Total	603,175	727,425	514,850	500,000	500,000	500,000
Housing						
A00171-Affordable Housing-ISC	20,717,892	21,478,009	28,056,835	4,038,873	-	-
A00516-N/NE Middle Inc Hsg-ISC	634,417	629,188	-	-	-	-
Housing Total	21,352,309	22,107,197	28,056,835	4,038,873	-	-
Infrastructure						
Transportation						
A00250-Lombard Investment-ISC	372,000	-	-	-	-	-
Infrastructure Total	372,000	-	-	-	-	-
Property Redevelopment						
Commercial Property Lending						
A00366-CPRL-General-ISC	2,850,000	2,500,000	-	-	-	-
A00527-CPRL-PIP Match-ISC	20,000	20,000	-	-	-	-
Real Estate Management						
A00333-MLK Alberta-ISC	260,828	263,247	274,138	276,705	285,672	285,672
A00335-Nelson Bldg-Indust-ISC	121,187	122,657	125,199	127,565	129,931	129,931
A00336-Spar-Tek Building-ISC	137,884	537,961	39,038	40,115	41,192	42,269
A00338-3620 NE MLK Prkng-ISC	29,215	29,241	29,241	29,241	-	-
A00515-MLK Heritage Markers-ISC	3,000	3,000	-	-	-	-
A00552-Albina Triangle Garage-GTW	21,750	21,750	21,750	-	-	-
A00698-1455-63 Killingsworth-INT	30,000	30,000	-	-	-	-
Real Estate Acquisition						
A00698-1455-63 Killingsworth-INT	2,300,000	-	-	-	-	-
Real Estate Disposition						
Redevelopment Strategy						
A00341-Project Development-ISC	372,000	-	2,825,000	10,000,000	10,000,000	-
A00532-Williams and Russell-ISC	649,000	-	-	-	-	-
Redevelopment Grants						
A00131-CLG-GeneralHSC	1,193,000	91,900	321,900	-	-	-
A00502-Prosperity Investment Program (PIP) Grant-ISC	1,524,045	342,800	303,556	-	-	-
A00640-Lombard PIP-ISC	500,000	-	-	-	-	-
A00669-Repair Grant-ISC	8,755	-	-	-	-	-
Property Redevelopment Total	10,020,664	3,962,556	3,939,822	10,473,626	10,456,795	457,872
Total Program Expenditures	32,398,106	26,829,788	32,544,117	15,045,109	10,956,795	957,872
Personnel Services	458,786	634,785	513,896	537,047	363,887	235,674
Total Fund Expenditures	32,856,892	27,464,573	33,058,013	15,582,156	11,320,682	1,193,546
Interfund Transfers - Indirect Charges	2,142,849	2,009,773	1,758,053	1,850,403	1,300,983	886,402
Contingency	47,421,605	45,939,271	43,330,283	26,556,411	14,597,678	13,121,185