



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

**DATE:** January 24, 2024  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 24-06

Authorizing the Terms of a Development Agreement Relating to the Design and Construction of a Private Mixed-Use Development and Public Infrastructure at and Near NE 102<sup>nd</sup> Avenue and Pacific Street in the Gateway Tax Increment Finance District; Authorizing an Intergovernmental Agreement with the City of Portland Bureau of Transportation to Fund Infrastructure Improvements in the Gateway Tax Increment Finance District

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

Adopt Resolutions No. 7519 and 7520

These actions by the Prosper Portland Board of Commissioners (Board) will approve i) a Development Agreement (DA) with Modomi Gateway LLC (Modomi) and David Douglas School District (DDSD) that provides \$2,849,101 for development of a mixed-use mixed-income redevelopment project (Project), and ii) an Intergovernmental Agreement (IGA) with the City of Portland Bureau of Transportation (PBOT) in the amount of \$603,000.

If approved, these actions will provide funding for critical infrastructure improvements within the Gateway Transit Center area of the Gateway Tax Increment Finance (TIF) District; introduce a network of streets improving neighborhood connectivity; satisfy Prosper Portland's obligations to DDSD per Prosper Portland Board Resolution No. 7455 (June 7, 2022); and advance redevelopment of a vacant superblock property into an innovative project called "Modomi Gateway" at NE 102<sup>nd</sup> Avenue and Pacific Street (see an aerial in Attachment A) providing at least 216 units of middle-income housing.

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

These actions deliver on the several Advance Portland strategic goals, most notably by "catalyzing public-private partnerships to unlock infill development of large scale mixed-use, mixed-income sites with high transit accessibility," and "addressing housing production across a continuum of affordability."

In addition, these actions fulfill Gateway Action Plan goals, including i) prioritizing and implementing transportation projects in Gateway that enhance bicycle, pedestrian, and automobile connectivity, and ii) developing additional sites in Gateway for mixed-use, mixed-income housing.

#### **BACKGROUND AND CONTEXT**

As a Metro-designated regional center and a strategic transportation crossroads, the Gateway area has the potential to be a hub of employment and housing in East Portland with strong connectivity to the region. The Gateway TIF District was created in 2001 with the dynamic vision of Gateway as an urban,

mixed-use environment in East Portland with employment and commercial activity that contribute to the region's economy and livability.

On October 22, 2009, City Council approved the Gateway Master Street Plan to provide connectivity in a part of the city lacking a consistent street network or grid, including an extension of NE 100<sup>th</sup> Street and Oregon Street near the Gateway Transit Center (see Attachment B).

The Gateway Action Plan, accepted by City Council through Resolution No. 37228 on August 10, 2016, focuses Prosper Portland's TIF resources and calls for partner City bureaus to rise to the challenges that have prevented Gateway from realizing the level of success that other areas in the Portland region have achieved. The Action Plan also focuses on building partnerships, supporting local community organizations, and working with private sector partners to deliver community goals and aspirations. The Action Plan also prioritized leveraging Systems Development Charges (SDC) investment and local improvement district financing to implement transportation infrastructure improvements.

David Douglas School District Partnership. On June 7, 2022, through Resolution No. 7455, the Prosper Portland Board removed the last date to issue debt on the Gateway TIF District to allow for the issuance of short-term debt and to gain access to additional TIF resources to further support the goals and projects called for in the Action Plan. Through that resolution, the Prosper Portland Board also acknowledged that DDSD's bonding capacities may be financially impacted by removing the last date to issue debt.

Therefore, the action directed Prosper Portland staff to work to offset any potential financial impact to DDSD by committing funding of \$3,000,000 tied to land development and infrastructure costs for properties at NE 99<sup>th</sup> Avenue and Pacific Street, which DDSD has identified for a new elementary school (see Attachment A). Staff were instructed to memorialize that offset commitment through a binding agreement with DDSD that supports investment in site planning, design, land development, or infrastructure costs related to properties at NE 99<sup>th</sup> Avenue and Pacific Street and in coordination with surrounding private development activities.

Modomi Development. Modomi Gateway, LLC, a Delaware limited liability company is proposing development of at least 216 housing units within six three-story buildings along NE 102<sup>nd</sup> Avenue and Pacific Street, with up to 10,549 square feet of commercial space and 11,280 square feet of residential amenity space on the ground floors. All units will target middle-income residents at 120 percent of area median income and below and help address the unmet need of more than 15,000 middle-income units in the region. The Project will feature modular construction methods with components manufactured at the Port of Portland's Mass Timber Innovation Campus to Earth Advantage Platinum specifications. When complete, the Project will provide vehicular access from NE 100<sup>th</sup> Avenue and Oregon Street.

Street Improvements. As part of the City's pre-application process, PBOT determined that a future DDSD elementary school and the Project each would require street network improvements to accommodate the additional transportation demand, including the construction of new streets at Oregon Street (NE 100<sup>th</sup> to 102<sup>nd</sup> Avenues), NE 100<sup>th</sup> Avenue (Pacific to Oregon Streets), and improvements to Pacific Street (see Attachment C). The total estimated costs to construct and improve these streets is approximately \$6,102,000.

Given the significant infrastructure required at the DDSD properties at NE 99<sup>th</sup> Avenue and Pacific Street and the Gateway Master Street Plan-identified improvements, and with Prosper Portland providing a match, PBOT is allocating \$1,892,000 of Transportation System Development Charges (TSDCs) to fund those transportation improvements and associated infrastructure eligible under the TSDC program. With private funding from Modomi Gateway LLC and TSDC cash and credits, staff are proposing to commit resources to close all remaining funding gaps to fully fund the street improvements with a small increase of an original commitment to a total of \$3,452,101.

If these actions are approved, Prosper Portland will satisfy its commitments to DDSD by entering into this DA and thereafter performing its obligations to fully fund with PBOT set forth in the IGA. DDSD is expected to vote on the DA in February 2024 and City Council will vote on the IGA shortly thereafter.

### **EQUITY IMPACT**

The DA will be subject to Prosper Portland’s Construction Business Workforce Equity Policy and the Green Building Policy. The IGA will be subject to Prosper Portland’s Construction Business Workforce Equity Policy.

As noted, the Modomi Gateway project will bring much needed middle-income housing to the Gateway area within proximity to the Gateway Transit Center and direct access to some of the region’s job centers. In the past ten years, more than 75 percent of housing built in the Gateway area has been regulated affordable housing, and this project will bring mixed-incomes and economic diversity to the neighborhood.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

Over the past year, and as part of Prosper Portland’s broader engagement related to the Gateway Action Plan update, staff has engaged Gateway’s business and community groups for feedback on plans to improve infrastructure and advance redevelopment of this key site in the Gateway Transit Station area. Members from the community broadly support this infrastructure investment and middle-income housing.

### **BUDGET AND FINANCIAL INFORMATION**

The current Revised Budget for fiscal year (FY) 2023-24 includes \$3,300,000 for infrastructure investments (see Attachment D). Staff will request the Prosper Portland approval to move the \$3,300,000 and an additional \$152,101 to match the total investment amount and planned disbursement schedule in the upcoming FY 2023-24 Revised Budget and FY 2024-25 budget approval actions in spring 2024.

### **RISK ASSESSMENT**

Should the Prosper Portland Board not approve the resolutions, the development project will likely not proceed and the commitment to DDSD would not be fulfilled.

### **ATTACHMENTS**

- A. Aerial Site Map
- B. Gateway Master Street Plan
- C. Site Plan and Street Improvements
- D. Gateway TIF District Budget and Forecast

**AERIAL SITE MAP**



Modomi Gateway Site/Project



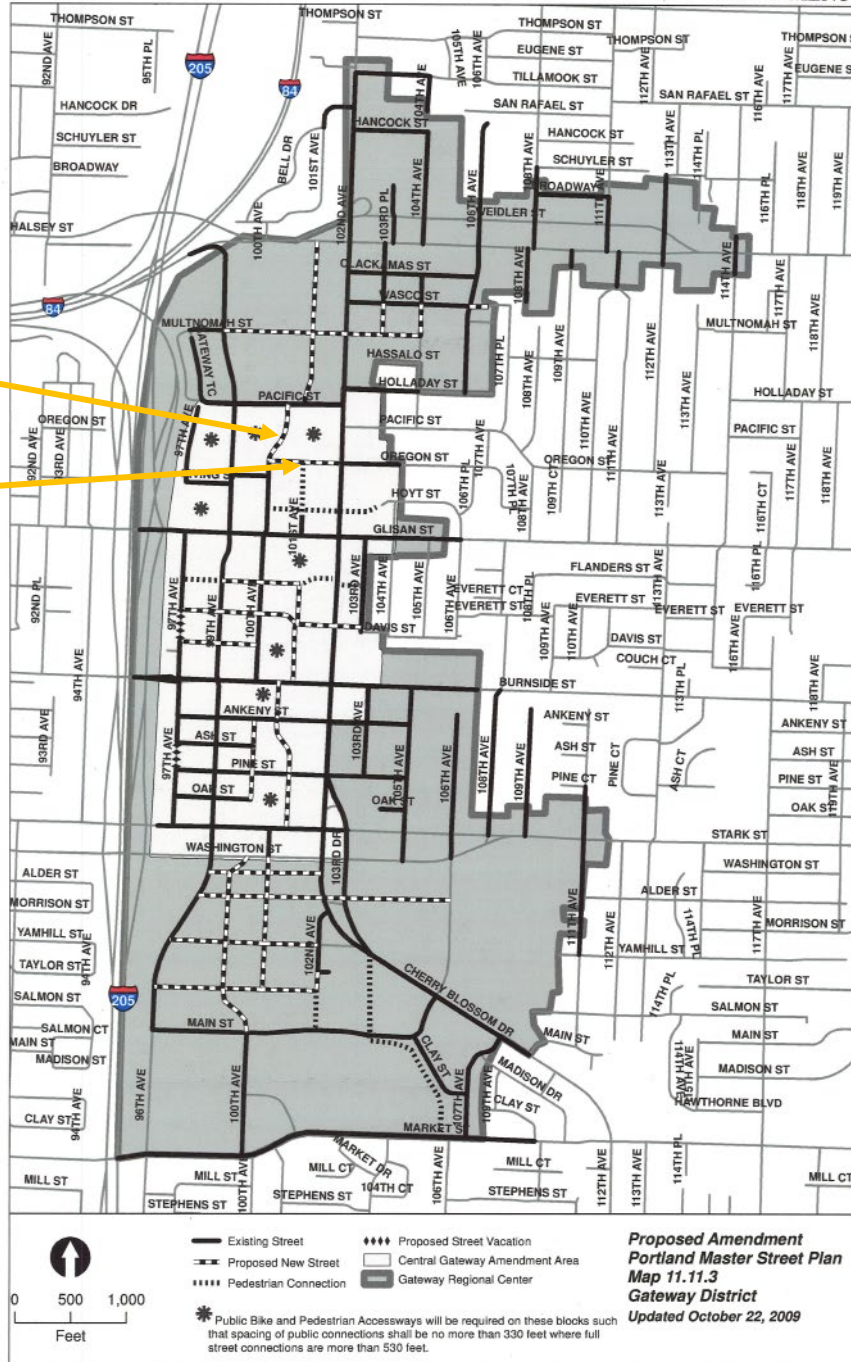
David Douglas School District Site

### GATEWAY MASTER STREET PLAN

EXHIBIT A 10/22/09 AMENDMENT

NE 100<sup>th</sup> Avenue  
 Extension

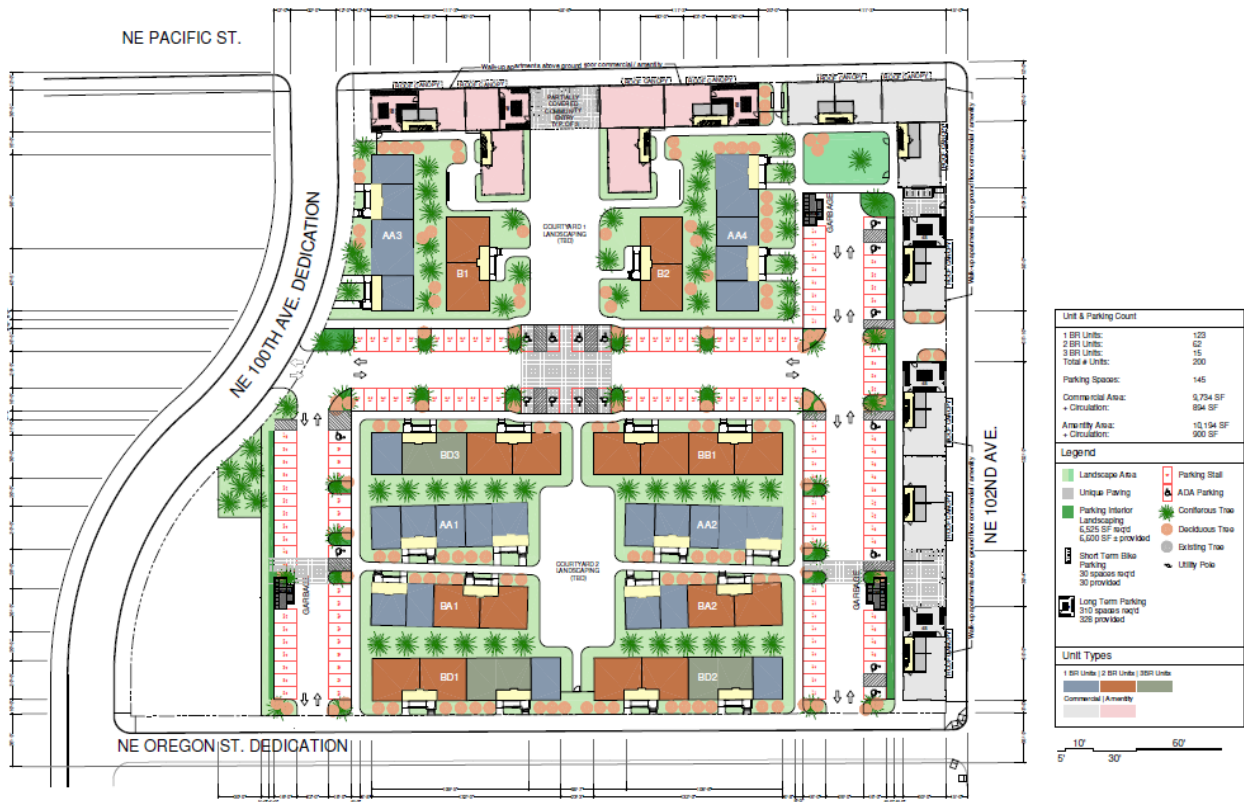
Oregon Street  
 Extension



Prepared by: G. Heston; Analysis Date: 04/25/08; Plot Date: 05/14/08; File Name: PortlandMasterStreetPlan\_Gateway.mxd



**SITE PLAN AND STREET IMPROVEMENTS**



Unit & Parking Count	
1 BR Units:	123
2 BR Units:	62
3 BR Units:	15
<b>Total Units:</b>	<b>200</b>
Parking Spaces:	145
Commercial Area:	9,734 SF
+ Circulation:	854 SF
Amenity Area:	10,194 SF
+ Circulation:	900 SF

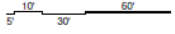
  

Legend	
Landscape Area	Parking Stall
Unique Paving	ADA Parking
Parking Interior	Coniferous Tree
Landscaping	Deciduous Tree
6,525 SF req'd	Existing Tree
6,000 SF is provided	Utility Pole
Short Term Bike Parking	
30 spaces req'd	
30 provided	
Long Term Parking	
310 spaces req'd	
326 provided	

Unit Types	
1 BR Units (2 BR Units) 200 Units	
Commercial / Amenity	

1 Ground Floor Plan  
 Scale = 1" : 30'



**GATEWAY TIF DISTRICT BUDGET AND FORECAST**

**Financial Summary  
 Forecast**

Gateway Reg Center TIF Fund	Actuals FY 2021-22	Revised 2 FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27	Forecast FY 2027-28
<b>Resources</b>						
Beginning Fund Balance	0	20,476,684	10,379,043	28,932,725	26,624,137	18,849,766
<b>Revenue</b>						
Interest on Investments	0	409,534	38,453	211,746	268,596	235,808
Loan Collections	0	31,845	31,846	31,845	306,750	0
TIF - Short Term Debt	0	3,237,588	3,488,551	3,728,140	3,972,896	4,216,982
TIF - Long Term Debt	0	7,000,000	22,000,000	0	0	0
Rent and Property Income	0	158,423	105,074	149,498	193,897	238,303
Reimbursements	0	11,454	17,172	34,344	51,516	68,688
<b>Total Revenue</b>	0	10,848,844	25,681,096	4,155,573	4,793,655	4,759,781
<b>Total Resources</b>	0	31,325,528	36,060,139	33,088,298	31,417,792	23,609,547
<b>Requirements</b>						
<b>Administration</b>						
A00031-Debt Management-GTW	0	36,439	36,440	36,499	0	0
Administration Total	0	36,439	36,440	36,499	0	0
<b>Economic Development</b>						
Business Advancement & Traded Sector						
A00382-Lean Manufacturing-GTW	0	30,000	10,000	0	0	0
Business Lending						
A00210-BL -General-GTW	0	500,000	200,000	200,000	200,000	200,000
Economic Development Total	0	530,000	210,000	200,000	200,000	200,000
<b>Housing</b>						
A00172-Affordable Housing-GTW	0	4,722,482	2,589,198	895,886	1,000,000	1,000,000
Housing Total	0	4,722,482	2,589,198	895,886	1,000,000	1,000,000
<b>Infrastructure</b>						
Transportation						
A00590-Trans. Improvements-GTW	0	3,300,000	0	0	0	2,000,000
Infrastructure Total	0	3,300,000	0	0	0	2,000,000
<b>Property Redevelopment</b>						
Commercial Property Lending						
A00367-CPRL-General-GTW	0	2,172,296	0	0	5,000,000	0
Real Estate Management						
A00588-Halsey 106 Com Condo-GTW	0	71,776	71,776	66,776	66,776	66,776
Real Estate Acquisition						
A00588-Halsey 106 Com Condo-GTW	0	85,007	0	0	0	0
A00346-Property Development-GTW	0	1,600,000	3,000,000	4,000,000	5,000,000	0
Real Estate Predevelopment						
A00588-Halsey 106 Com Condo-GTW	0	3,830,297	0	0	0	0
Redevelopment Strategy						
A00346-Project Development-GTW	0	1,500,000	0	0	0	0
Redevelopment Grants						
A00132-Community Livability Grant-GTW	0	700,000	220,000	220,000	220,000	220,000
A00503-Prosperity Investment Program (PIP) Grant-GTW	0	300,000	100,000	100,000	100,000	100,000
Property Redevelopment Total	0	10,259,376	3,391,776	4,386,776	10,386,776	386,776
<b>Total Program Expenditures</b>	0	18,848,297	6,227,414	5,519,161	11,586,776	3,586,776
Personnel Services	0	364,251	400,000	420,000	430,000	440,000
<b>Total Fund Expenditures</b>	0	19,212,548	6,627,414	5,939,161	12,016,776	4,026,776
Interfund Transfers - Indirect Charges	0	733,937	500,000	525,000	551,250	578,813
Interfund Transfers - Cash Transfers	0	1,000,000	0	0	0	0
Contingency	0	10,379,043	28,932,725	26,624,137	18,849,766	19,003,958
<b>Total Fund Requirements</b>	0	31,325,528	36,060,139	33,088,298	31,417,792	23,609,547