

**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

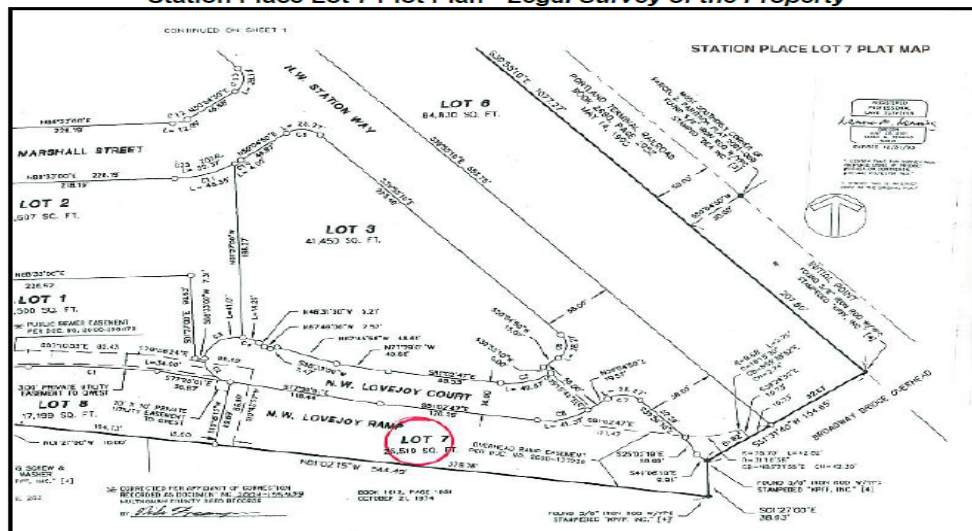
- Project Name:** Disposition of Station Place Lot 7
- Description:** 0.59-acre 64 space paved surface parking lot
- Location:** NW Lovejoy Court
- URA:** River District
- Current Phase:** Disposition
- Outcome:** Conveyance of Station Place lot 7 to Pearl Hotel Investors, LLC for the use of an off-street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

PLAT MAP - AERIAL SUBJECT PROPERTY



(Note: Subject is situated under the Lovejoy Ramp)

Station Place Lot 7 Plot Plan - Legal Survey of the Property



**URA Financial Summary**

**Five-Year Forecast Program Requirements Detail**

	Revised- 1 FY 2013-14	Draft FY 2014-15	Forecast FY 2015-16	Forecast FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19
<b>River District URA</b>						
<b>Resources</b>						
Beginning Fund Balance	38,290,152	12,067,847	2,096,020	8,009,486	27,610,597	15,773,863
Interest on Investments	400,000	0	0	0	0	0
Intergovernmental Revenues	1,800,000	1,322,413	1,322,413	0	0	0
Loan Collections	2,899,564	8,156,070	7,460,820	3,806,785	3,619,344	4,841,505
Long Term Debt	0	6,000,000	23,000,000	63,487,874	0	0
<b>Property Income</b>	<b>3,225,147</b>	<b>1,603,376</b>	<b>1,603,376</b>	<b>1,603,376</b>	<b>1,603,376</b>	<b>1,603,376</b>
Reimbursements	400,000	480,496	480,496	480,496	480,496	480,496
Short Term Debt	20,003,036	22,171,748	22,435,148	6,264,337	18,669,280	12,412,918
<b>Total Resources</b>	<b>67,017,899</b>	<b>51,801,950</b>	<b>58,398,273</b>	<b>83,652,354</b>	<b>51,983,093</b>	<b>35,112,158</b>
<b>Requirements</b>						
<b>Program Expenditures</b>						
<b>Administration</b>						
<b>Financial Administration</b>						
A45101330 Debt Management-RVD	50,000	65,000	65,000	65,000	65,000	65,000
<b>Total Administration</b>	<b>50,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>	<b>65,000</b>
<b>Business Dev</b>						
<b>Business Lending</b>						
L02100330 BIF-General-RVD	301,000	325,000	325,000	325,000	325,000	325,000
L02110330 BIF-Cluster Group-Budget-RVD	500,000	175,000	175,000	175,000	175,000	175,000
<b>Small Business &amp; Community Dev</b>						
B55005330 OT/CT Action Plan-RVD	0	125,000	125,000	125,000	0	0
<b>Traded Sector Business Dev</b>						
T01069330 Lean Manufacturing-RVD	12,500	0	0	0	0	0
B15100330 Cluster Development-RVD	37,500	50,000	50,000	50,000	50,000	50,000
B55005330 OT/CT Action Plan-RVD	110,000	0	0	0	0	0
<b>Total Business Dev</b>	<b>961,000</b>	<b>675,000</b>	<b>675,000</b>	<b>675,000</b>	<b>550,000</b>	<b>550,000</b>
<b>Infrastructure</b>						
<b>Public Facilities</b>						
N33022015 Union Station Grant-RVD-Adm	2,226,500	1,725,017	1,653,017	3,500,500	0	0
<b>Transportation</b>						
N33033415 Pearl District Cir-RVD-Adm	2,325,389	1,779,465	0	0	0	0
<b>Total Infrastructure</b>	<b>4,551,889</b>	<b>3,504,482</b>	<b>1,653,017</b>	<b>3,500,500</b>	<b>0</b>	<b>0</b>
<b>Portland Hsg Bureau</b>						
<b>PHB Housing</b>						
H15135330 The Medford-RVD	1,476,000	0	0	0	0	0
H15430330 Affordable Rental Hsg-RVD	5,725,000	7,375,000	11,075,000	7,475,000	2,725,000	1,100,000
H15900330 PHB Staff & Admin-RVD	789,077	430,271	516,490	544,756	528,533	400,000
H15930330 Fairfield Apartments-RVD	50,000	50,000	50,000	50,000	0	0
H15951330 Yards at Union Station-RVD	220,000	0	0	0	0	0
<b>Total Portland Hsg Bureau</b>	<b>8,260,077</b>	<b>7,855,271</b>	<b>11,641,490</b>	<b>8,069,756</b>	<b>3,253,533</b>	<b>1,500,000</b>
<b>Property Redevel</b>						
<b>Commercial Property Redevelopm</b>						
P33050115 Dtn Retail Strat-RVD-Adm	250,000	30,000	30,000	30,000	0	0
P33050415 Centennial Mills Rdv-RVD-Adm	1,070,000	500,000	14,000,000	0	0	0
P33060535 Station Place Lot 7-RVD-Adm	29,349	19,349	19,349	19,349	19,349	19,349
P33091015 Public Outreach-RVD-Adm	2,000	0	0	0	0	0
P33060815 Old Fire Station Mgmt-RVD-Adm	152,792	0	0	0	0	0
P33060715 One Waterfront North-RVD-Adm	4,187	4,187	4,187	4,187	4,187	4,187