

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** December 9, 2009

**TO:** Board of Commissioners

**FROM:** Bruce A. Warner, Executive Director

**SUBJECT:** Report Number 09-138  
Acquisition of Real Property at 9320 SE Ramona Street

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6756

#### ACTION SUMMARY

This action will authorize the acquisition of real property and improvements located at 9320 SE Ramona Street (the Property), comprised of one lot in the Lents Town Center Urban Renewal Area (URA), from property owners Tamela Tate-Hall, et. al., for the purchase price of \$250,000. An independent appraisal was conducted by RSP Associates in 2008 and revised in January 2009. Funding for the acquisition is contained in the Adopted FY 2009-10 Lents Town Center URA Budget (see Attachment A).

The Property is located on the south side of SE Ramona Street, adjacent to the new Lents Town Center MAX Station along the Green Line (see Attachment B). The Property consists of one parcel that totals 0.18 acre (7,925 square feet) in size. The site contains an existing single-family residence built in 1915 with approximately 1,790 square feet of finished building area. There are no accessory buildings. The zoning code designation for the Property is Central Employment with a design overlay (EXd).

#### PUBLIC BENEFIT

Acquisition of the Property will benefit the public in three significant ways: (1) streetscape enhancement, (2) redevelopment or renovation of a blighted property, and (3) facilitate the implementation of the Ramona Street Revitalization Strategy, which includes among other actions, the incubation of small businesses to activate the street next to the new Lents Town Center MAX Station.

First, the public will benefit from an enhanced streetscape along SE Ramona Street as part of a new green street that is planned. The Ramona Green Street is being planned and designed with City agency partners as an offshoot of the Foster-Woodstock Streetscape Enhancement Project. After acquisition, Portland Development Commission (PDC) staff has outlined a disposition strategy with three alternatives: (1) renovate the existing home and change the occupancy to assembly use for a home office or other small business, (2) donate the house to a non-profit affordable housing provider that would relocate and renovate the house for resale or rental, or (3) deconstruct the existing house, prepare the site for redevelopment, and dedicate additional right-of-way to the City for the Ramona

Green Street project. The latter could include widened sidewalks, street trees, stormwater treatment, and on-street parking to support and attract new businesses (see Attachment C), but could differ in urban design treatment to distinguish the street as a station area. Regardless of the acquisition, this improved frontage is contemplated in conjunction with the Foster-Woodstock Streetscape Enhancement project that will improve streetscapes, public safety, and facilitate redevelopment of the Lents Town Center along SE Foster Road and SE Woodstock Road east of SE 88<sup>th</sup> Avenue and west of the I-205 expressway and along SE 92<sup>nd</sup> Avenue north of SE Woodstock and south of SE Reedway.

The second benefit to the public is redevelopment of a blighted property (see Attachment B). The Property includes a house that was built in 1915 by the ancestors of the current owners. It is one of the original houses built in the town of Lents. Depending on the market and structural viability, the first choice is to renovate and change the occupancy for a small business to use and activate the space either permanently or on an interim basis. Given the Property's location adjacent to the MAX Station, staff believes this is a key property to catalyze private investment, start a new small business, and improve public safety with more activity and "eyes on the street." If the first disposition option is not feasible, PDC will either donate the house for relocation and renovation, while the last option is to deconstruct and recycle the building to prepare the site for eventual redevelopment. Regardless of which option is utilized, PDC will control the property, remove blight from the neighborhood, and facilitate streetscape improvements to encourage more pedestrian activity to and from the new light rail station.

A third public benefit to acquisition will be the implementation of the Ramona Street Revitalization Strategy. The strategy is a three-pronged approach to revitalizing the street: (1) work with the Lents Neighborhood Association and Ramona residents to clean the street, clean up run-down properties, and have residents take ownership of the street prior to the opening of the MAX Green Line; (2) invest in public infrastructure through a new streetscape (i.e., Ramona Green Street); and (3) acquire and redevelop key properties to spur private investment and small business activity where none exists today. Ramona Street is zoned Central Employment (EXd), which allows by right a variety of mixed uses to encourage activity in the town center. On-street parking will be an important element to implement this small business strategy as well as improving the first impression appearance from the new station through green infrastructure investments. This revitalization strategy comes on the heels of PDC's public investment of \$5 million towards construction of the MAX Green Line, which includes four station areas in the Lents Town Center URA, and the Ramona Street Fair – a celebration of the Green Line in the town center and an opportunity to showcase the neighborhood improvements made to date.

**This action will support the following PDC goals:**

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

## **PUBLIC PARTICIPATION AND FEEDBACK**

PDC staff provided an update to the Lents Town Center Urban Renewal Advisory Committee (Lents URAC) at their regular meeting on November 10, 2009. The Lents URAC is supportive of this acquisition and the overall approach to revitalizing the street.

## **COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

The Lents Town Center Urban Renewal Plan (the Plan) specifically authorizes property acquisition from willing sellers for rehabilitation or redevelopment of the property to achieve the goals of the Plan. The Plan supports the goals and policies of the *Outer Southeast Community Plan* (1996) stated in Community Wide Goals ED12, “consider maintaining an accessible inventory on vacant and redevelopable commercial sites,” a policy “to foster the development of a Lents Town Center that attracts employment opportunities, residential density, and recreational activities while reducing adverse environmental impacts,” and objectives for “assembling land for development around the I-205/Foster interchange.” The *Lents Neighborhood Plan* (1998) supports the Lents Town Center Urban Renewal Plan in Policy 7 to “restore Lents identity as a friendly, safe, attractive neighborhood for everyone in our historic community.”

## **FINANCIAL IMPACT**

Based on the highest cost disposition strategy, the acquisition and renovation of the building are estimated to cost \$305,000. This is detailed as follows:

Property acquisition	\$250,000
Hazardous materials remediation	\$5,000
Building renovation	<u>\$50,000</u>
<b>Total</b>	<b>\$305,000</b>

The financial impact is potentially mitigated by the future resale of the Property not needed for right-of-way dedication, estimated at 95% of the total property area, for fair market value. Under this disposition scenario, the Property would be sold with the intent to use as a live-work unit for a new small business that supports the forthcoming Lents Town Center Business Development Strategy and is consistent with the City’s Economic Development Strategy. The above scenario considers the contribution of a building renovation and hazardous materials remediation, which is the first disposition option. A hybrid approach would be to renovate the structure for an interim use, lease the space, and then redevelop the property in conjunction with another development opportunity. The third option would deconstruct the building, prepare the site for redevelopment, and cost up to \$30,000 for deconstruction in addition to the initial acquisition.

## **RISK ASSESSMENT**

A primary risk is that PDC cannot find a small business that is interested in the location or the type of building. In this event, a potential risk mitigation strategy would be to do direct marketing of the property to small businesses or a developer that specializes in the needs of

small businesses and tenants. The zoning designation of Central Employment with a design overlay (EXd) allows for maximum flexibility for the first disposition strategy.

As part of PDC's due diligence investigations, PDC staff performed a Phase I environmental assessment, building inspection, and a hazardous building survey. The reports indicate no significant environmental risk. No underground storage tanks were found to be present on the Property. As part of the site preparation process, PDC will clear the site of debris and overgrown vegetation.

For tax purposes, the Property owners would like for closing to occur on or before December 31, 2009. If PDC fails to close the transaction before that date and is not encumbered by the Property owner, PDC will forfeit its \$20,000 security deposit. However, the \$20,000 security deposit will be applied to the purchase price if the transaction closes on or before December 31, 2009, as anticipated.

### **WORK LOAD IMPACT**

Existing PDC Urban Development Department staff will manage the disposition, property management, and redevelopment process in coordination with Real Estate, Finance, Legal, and Professional Services staff.

### **ALTERNATIVE ACTIONS**

The PDC Board of Commissioners (Board) could decline to approve the acquisition of the property at 9320 SE Ramona Street, in which case the Board could also direct staff to renegotiate the terms of the transaction.

### **CONCURRENCE**

Acquisition negotiations and specific terms were approved by the PDC Investment Committee on November 24, 2009. The PDC East/Southeast Team within the Neighborhood Division of the Urban Development Department and the Lents URAC has discussed and support the acquisition.

## **BACKGROUND**

This action will support the Lents Town Center revitalization and redevelopment efforts set forth in the 1998 Lents Town Center URA Plan and Amendment No.1. Staff has been active in seeking acquisition opportunities that fit the vision of the town center as a pedestrian and bike friendly district. In addition, the neighborhood is designated as a Town Center under Metro's 2040 Regional Growth Plan, which calls for appropriate densities and urban amenities as the area redevelops.

The current negotiations were initiated by PDC in 2008 when staff anticipated the opening of the MAX Green Line and discovered that the long-time owner was deceased. PDC staff ordered an appraisal by RSP Associates in 2008 and a subsequent revision that was completed in January 2009, which indicated an opinion of fair market value of \$236,000. PDC staff was granted permission from the PDC Investment Committee on March 11, 2009, to begin negotiations with

the owner, which commenced soon thereafter. The final negotiated price of \$250,000 was within the parameters set by the Investment Committee.

**ATTACHMENTS:**

- A. URA Financial Summary
- B. Project Summary and Site Maps
- C. Ramona Green Street – Design Options

## URA FINANCIAL SUMMARY

### Financial Summary

#### Fund Summary - Five-Year Budget Projections

	Revised FY 2008-09	Revised FY 2009-10	Forecast FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14
<b>Lents Town Center URA</b>						
<b>Resources</b>						
Beginning Fund Balance	2,218,657	2,994,431	565,833	638,627	675,706	640,238
Interest on Investments	250,000	24,240	65,219	66,905	66,590	66,692
Loan Collections	121,782	278,100	88,100	94,758	101,534	100,000
Property Income	270,000	0	2,600,000	0	0	0
TIF Proceeds	12,335,086	20,049,948	12,953,475	18,215,416	17,386,408	18,203,661
<b>Total Resources</b>	<b>15,195,525</b>	<b>23,346,719</b>	<b>16,272,627</b>	<b>19,015,706</b>	<b>18,230,238</b>	<b>19,010,591</b>
<b>Requirements</b>						
<b>Program Expenditures</b>						
<b>Business and Industry</b>						
<b>Community Economic Development</b>						
H72030 Community Econ Development	0	250,000	250,000	400,000	500,000	500,000
<b>General Business Assistance</b>						
H79020 Business Finance	500,000	1,100,000	1,100,000	1,300,000	1,400,000	1,500,000
H79022 Business Retention	100,000	100,000	100,000	100,000	100,000	100,000
<b>Business and Industry Total</b>	<b>600,000</b>	<b>1,450,000</b>	<b>1,450,000</b>	<b>1,800,000</b>	<b>2,000,000</b>	<b>2,100,000</b>
<b>Housing</b>						
<b>Multi-Family - For Sale</b>						
H32110 122nd and Pardee	978,000	115,000	0	0	0	0
H33418 New Homeowner Dev	396,173	0	0	600,000	0	1,000,000
H33438 ROSE/PCLT Homeownership	0	117,000	0	0	0	0
H33441 Dahlia Commons Homeownership	0	745,000	0	0	0	0
H33442 Habitat for Humanity #3	200,000	280,000	0	0	0	0
<b>Multi-Family - Rental Housing</b>						
H89015 Rental Rehabilitation Projects	0	200,000	0	0	0	0
H89030 Affordable Rental Housing	1,400,000	2,975,000	1,900,000	2,200,000	4,000,000	2,000,000
H89032 Beyer Court Apartments	0	50,000	0	0	0	0
H89033 Bush Street Modular Apartments	0	25,000	0	0	0	0
<b>Plans and Strategies - Housing</b>						
H37914 Housing Policy/Planning	5,000	0	0	0	0	0
<b>Portland Housing Bureau</b>						
H28025 Administration	0	161,596	468,720	549,900	527,400	553,284
<b>Single-Family - Home Repair</b>						
H32131 REACH Home Rehabilitation	125,000	125,000	125,000	150,000	150,000	0
H89010 Home Repair Projects	250,000	344,901	250,000	300,000	300,000	550,000
<b>Single-Family - Homebuyer Assistance</b>						
H37929 Scat Site Homeownership Acq HAP	2,181,527	0	0	0	0	0
H37930 Scat Site Home Rehab & Subs HAP	50,000	1,308,473	0	0	0	0
H89020 Home Buyer Assistance	1,500,000	1,243,435	200,000	700,000	700,000	800,000
<b>Housing Total</b>	<b>7,085,700</b>	<b>7,690,405</b>	<b>2,943,720</b>	<b>4,499,900</b>	<b>5,677,400</b>	<b>4,903,284</b>

**URA FINANCIAL SUMMARY (continued)**

**Financial Summary**

**Fund Summary - Five-Year Budget Projections**

	Revised FY 2008-09	Revised FY 2009-10	Forecast FY 2010-11	Forecast FY 2011-12	Forecast FY 2012-13	Forecast FY 2013-14
<b>Infrastructure</b>						
<b>Facilities</b>						
H60009 LTC Public Facilities	50,600	620,000	0	0	0	0
<b>Parks</b>						
H13125 Parks Public Improvements	1,021,000	135,000	95,000	40,000	100,000	269,000
<b>Transportation</b>						
H26714 Streets/Sidewalks LID	20,000	500,000	500,000	0	0	0
H26715 Neighborhood Trans Safety Improvements	428,000	2,000,000	2,600,000	1,800,000	1,000,000	2,000,000
<b>Infrastructure Total</b>	<b>1,519,600</b>	<b>3,255,000</b>	<b>3,195,000</b>	<b>1,840,000</b>	<b>1,100,000</b>	<b>2,269,000</b>
<b>Revitalization</b>						
<b>Redevelopment</b>						
H12209 LTC Town Cntr Redevelopment	1,825,000	3,537,000	3,075,000	3,585,000	2,200,000	2,100,000
H12212 Johnson Creek Industrial Area Revitalization	100,000	80,000	100,000	100,000	1,900,000	2,000,000
H27001 Storefront Grants	300,000	300,000	300,000	400,000	400,000	400,000
H27050 DOS Grants	300,000	100,000	100,000	100,000	100,000	200,000
H28030 Redevelopment Loan Projects	0	1,000,000	900,000	300,000	300,000	300,000
H60008 SE 92nd Redevelopment	74,729	375,000	500,000	2,900,000	1,200,000	350,000
H60050 Foster Road Redevelopment	0	0	300,000	0	0	0
H60051 122nd Corridor Redevelopment	0	40,000	300,000	0	0	0
H60052 LTC Comm Livability Grants	0	200,000	250,000	300,000	300,000	300,000
H60053 LTC Station Area Redevelopment	0	75,000	75,000	0	0	1,000,000
<b>Revitalization Total</b>	<b>2,599,729</b>	<b>5,707,000</b>	<b>5,900,000</b>	<b>7,685,000</b>	<b>6,400,000</b>	<b>6,650,000</b>
<b>Administration</b>						
<b>Finance</b>						
H98001 Debt Management	10,000	10,000	10,000	10,000	10,000	10,000
<b>Administration Total</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Total Program Expenditures</b>	<b>11,815,029</b>	<b>18,112,405</b>	<b>13,498,720</b>	<b>15,834,900</b>	<b>15,187,400</b>	<b>15,932,284</b>
Personal Services	743,511	960,874	416,640	488,800	468,800	491,808
Internal Expenditures	2,489,865	2,510,596	1,718,640	2,016,300	1,933,800	2,028,708
<b>Total Fund Expenditures</b>	<b>15,048,405</b>	<b>21,583,875</b>	<b>15,634,000</b>	<b>18,340,000</b>	<b>17,590,000</b>	<b>18,452,800</b>
Contingency	147,120	1,762,844	638,627	675,706	640,238	557,791
Ending Fund Balance	0	0	0	0	0	0
<b>Total Requirements</b>	<b>15,195,525</b>	<b>23,346,719</b>	<b>16,272,627</b>	<b>19,015,706</b>	<b>18,230,238</b>	<b>19,010,591</b>

### PROJECT SUMMARY

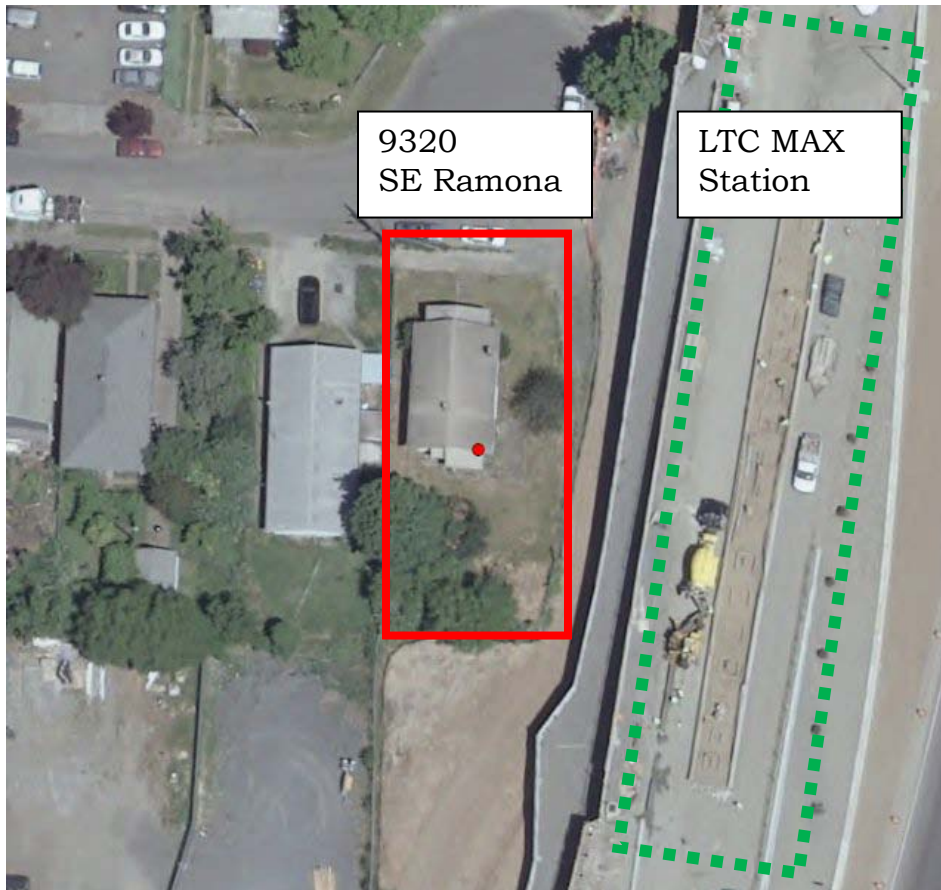
- Project Name:** Acquisition of Tate Property
- Description:** Single family residence of 2,700 SF on a 0.18 acre site
- Location:** 9320 SE Ramona Street
- URA:** Lents Town Center
- Current Phase:** Acquisition
- Next Milestone:** (1) Renovation Assessment, (2) Relocation, or (3) Deconstruction of building, environmental remediation, site preparation
- Completion Target:** Fall of 2010
- Outcome:** Dedication of right-of-way frontage for Ramona Green Street and the sale of the residual property to potential small business, additional off-street parking, and green space in support of the revitalization of the Lents Town Center.
- Site/Project Maps:** See below

#### *Property Location in Lents*





**Site map**



**Tate Property: 9320 SE Ramona Street**



Ramona Green Street – Koch Landscape Architecture

**7** **Ramona Street Design Options**  
 Foster-Woodstock Streetscape Enhancement Project - September 22, 2009



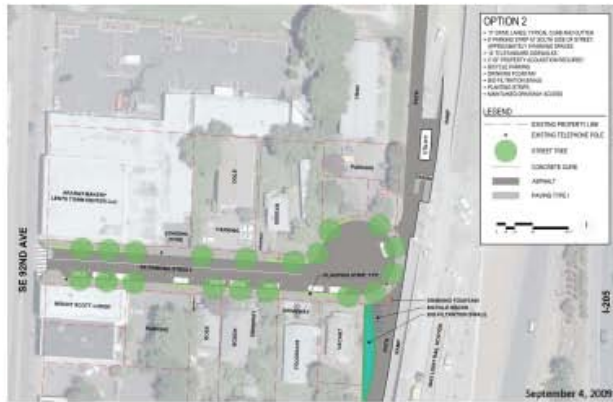
SE Ramona Street view looking west, as seen from new MAX station platform



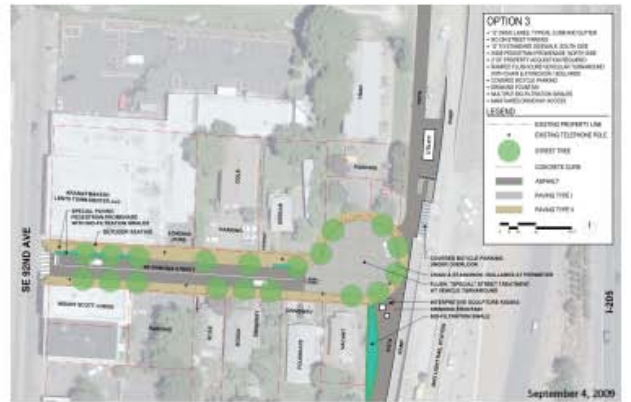
SE Ramona Street view looking east at cul-de-sac and new MAX platform



Option 1



Option 2



Option 3