



Mayor
Timothy Clark

Council President
Scott Harden

Councilors
Patricia Smith

Bruce Nissen

Mark Clark

**MEETING OF THE
WOOD VILLAGE CITY COUNCIL AND URBAN RENEWAL BOARD
September 26, 2017
MINUTES**

PRESENT: Mayor Timothy Clark, Council President Scott Harden, Councilors Patricia Smith, Mark Clark, and Bruce Nissen, Urban Renewal Members Craig Howard and Steve Morasch, City Attorney Jeff Condit, City Manager Bill Peterson, Finance Director Peggy Minter, Public Works Director Scott Sloan, and interested parties.

ABSENT: Urban Renewal Member Stanley Dirks

MAYOR TIMOTHY CLARK CALLED THE MEETING TO ORDER AT 6:00 PM.

CITIZEN COMMENTS (NON-AGENDA ITEMS)

There were none.

CONSENT CALENDAR

- Resolution 30-2017: Grant Authorization for DLCD TA Grant for the Halsey Corridor Economic Evaluation

Upon motion by Mark Clark, seconded by Nissen and passing 5-0, the Consent Calendar was approved.

PUBLIC HEARING – DISPOSITION OF PUBLIC PROPERTY – 2055 NE 238TH DR.

Peterson presented the staff report and stated that this is about the potential sale of the City Hall site. Peterson stated that the City Council and Urban Renewal Board may go into executive session to consider the development package and incentives, but are not required to do so. Peterson stated that at the close of the staff presentation, public hearing, and deliberations, the Council and URA Board will be asked to consider the resolution authorizing the sale.

Peterson stated that about three years ago, there was a presentation about the 100% corner in the City, which is the City Hall site. Peterson explained that this site is tax exempt, and it is the most valuable corner in the City. Peterson stated that is part of the reason why this site was listed for sale. Peterson explained that another reason is to promote new development to enhance revenue growth. Peterson stated that this site is also in the URA, and those proceeds can be used to further incentive new growth and redevelopment.

Peterson stated that this is not about replacing City Hall. Peterson explained that the building works well for staff and the community. Peterson stated that this is about redeveloping the site

in order to get additional property tax revenue. The redevelopment can also serve as the catalyst for the Halsey Corridor Plan.

Peterson stated that this site is made up of five different tax lots, which totals about 5.7 acres. Peterson stated that the northern portion of the site was acquired from ODOT in 2002 after the freeway project was finished. Peterson explained that we will need to purchase an additional 25,000 square feet from the property next door in order to square off the site. Peterson stated that we have spoken with the property owner, and they seem to be willing sellers.

Peterson stated that this site originally contained about 50 acres of workforce housing units that served during the war effort. The houses were temporary barracks, and the City Hall building was the construction office. Over time the barracks were removed, and the City Hall building was used for different kinds of community activities like dances and schooling. Peterson explained that the building has been remodeled several times, which would make moving the building impossible.

Peterson stated that there was an immediate effort to sell this site for redevelopment when the City acquired the northern portion of the property. Peterson explained that several design concepts were developed, but there was not enough interest in the site to make a deal happen. Peterson stated that years later there was an effort called the heart of Wood Village. That process looked at developing a core center of the community. Peterson explained that process spent a good deal of time looking at this site, which is a high-value location and how City Hall should not be located here. Peterson stated that the City hired a real estate broker, and developed a set sale standards.

Peterson stated that some of the absolute standards included retaining the well site and access, and that the sale could not go to a non-profit or tax exempt entity. Peterson explained that additional considerations included the quality of the development over the purchase price. There was also a preference for multiple smaller developments and users over one large use.

Peterson presented the real estate broker's estimate of value which ranges from \$12 a square foot to \$15 a square foot. Peterson stated that the sale price for this site is \$3,750,000 which is \$13.64 a square foot. Peterson presented a pro forma of the land sale and net development return value. Peterson stated that the development of this site will be about a \$29 million project, and the assessed value will be about half of that. Peterson explained that over the life of the Urban Renewal Agency that will return about \$3.7 million, with about \$70,000 going to the City per year after the agency expires.

Peterson stated that the purchaser is Williams Dame, and they are here to discuss the proposed project for the site. Peterson explained that the agreement goes over the character, type, and style of the development and improvements that will be made. Peterson stated that this is not a design review hearing, and that will occur later on in a separate process with the Planning

Commission. Peterson stated that some aspects will change, and the Planning Commission will have the final say through the design review process.

Jim Atkins, a principal at Williams Dame stated that Williams Dame is a local residential community investor and developer. Atkins stated that he has been working with WDA since the mid-1990s, and they are a small firm that does big projects. Atkins stated that they did the South Waterfront project, 700 condo units in South LA, and the redevelopment of the Pearl District. Atkins stated that WDA is interested in this site and project because they have a passion to bring high-quality workforce housing to the region.

Dike Dame, a principal at WDA stated that it has been a pleasure working with Peterson and the City staff on this project. Dame stated that he serves on the Portland Housing Board and Executive Committee, and he is also on the stakeholder advisory group for affordable housing. Dame explained that he grew up in Patterson, NJ in a project that looked very similar to the barracks that used to be here. Dame stated that people are in need of housing, and quality workforce housing is critical. Dame explained that they are in this business to make money, and they want to build quality housing as a legacy.

Wylie Gibbins the project manager for WDA presented the project details, and introduced Rob Justice of Home First, which is the residential developer for the project. Justice stated that Home First was founded to find a way to build affordable housing units outside of tax credit programs. Justice stated that for about ten years his firm has been building homes on the East Side, and they focus on quality projects for working families. Justice explained that their developments include playgrounds, open spaces, and sport courts. Justice stated that they want their projects to fit in to existing neighborhoods, and not look like one large development.

Justice stated Home First has many partnerships, including the local schools. Justice explained that they have worked with the Reynolds School District on many of their recent projects. Justice stated that they want to tap into what is going on in the current community, and help people who live here have a safe quality place. Justice presented their development partners including architectural services and construction firm.

Gibbins presented the site plan, and stated that they have been working on it for about a year. They have had a lot of input from the City and other partners. Gibbins stated that there will be about 8,400 square feet of retail along Halsey, and about 166 multi-family units that range from a studio to three bedrooms. There are 266 parking spaces which is about 1.5 per unit, and 1 space per 300 square feet of retail. Gibbins stated that is in compliance with the City's current code. The overall investment is about \$29 million, and will bring jobs and value to this region.

Gibbins presented renderings of the elevations. Gibbins stated that there are a lot of wood details in the development, and the retail frontage can be used to kick-off the Halsey plan. Gibbins stated that they are looking to attract a complementary mix of retail tenants such as a credit union, doctor's office, childcare, or a coffee shop. Gibbins stated that the residential

development will include eight buildings. The target rent is 80% of the metro area median income.

Gibbins presented the development schedule, and ideally they will be able to start the design review process in early 2018. Additional work would occur to get construction started in the third quarter of 2018, with completion the second quarter of 2019. Gibbins explained that there are some challenges with this site, so some details may change as the process moves forward.

Dame stated that this project requires a fire access easement through a neighboring property. That owner is willing to extend the easement, but some additional improvements will be needed. Dame stated that they also spent a lot of time with the Army Core of Engineers regarding the wetlands in the northern section of the site. Dame stated that the Oregon Department of State Lands has approved the filling of the site, but we are still waiting to hear back from the Army Core. Dame explained that would change some aspects of the development if the Core does not approve. Peterson explained that this was a man-made wetland that the City constructed as a way to enhance the site. Peterson stated that the wetland never established itself, and we should hear back in November from the Army Core.

Tim Clark opened the floor to public comment.

Janet Van De Reit of 116 Ash stated that she is concerned about affordable housing, and the large percentage of low-income housing that already exists in the City. Van De Reit stated that she would like to see higher-end housing and not something that will attract transient renters. Van De Reit stated that she also has concerns with traffic and parking issues with this site. Van De Reit stated that she would prefer to see industrial or commercial uses on this site. Van De Reit stated that low-income housing brings problems.

Kathy Redfield of 119 Ash stated that she has lived in the City for 52 years, and is worried about the increased traffic from this development. Redfield stated that the traffic on 238th is already congested, and property values will decrease because of this development.

Susan Garman of 107 Birch stated that they have lived in the City for over 20 years, and while the development of this site may bring value, she is concerned about the quality of life. Garman stated that a community center or public pool would be a great fit for this site, but the proposed development will bring more sprawl and congestion. Garman stated that a lot of effort has gone into this project, but it will not enhance the community.

Jessica Maravilla stated that they own 23330 NE Halsey, and want to know how the development of this site will help property values in the City. Maravilla stated that she is not sure housing will bring the best value compared to other uses, and how will the development fulfil the needs of the community.

Peterson stated that the City received written comments from Julie Lofstedt of 24221 NE Halsey, and presented the comments to the Council. Peterson stated that the summary of comments include the desire to preserve the City Hall building, and concerns about traffic and multi-family housing.

Smith stated that her first thought was to preserve the building as well, but that simply cannot occur. Garman stated that it looks like a lot of work was done on this development, and wanted to know why there was not more citizen input.

Howard asked about the 80% of metro median income that was the target for this site, and what that looks like. Gibbins stated that for a family of three that works out to about an income of \$57,300 a year. The units would be considered affordable because it would be less than 30% of the take-home income. Van De Reit asked about the quality of life next to railroad tracks and a freeway. Atkins stated that they have developed successful sites adjacent to railroads and freeways, and there are mitigation efforts that can be done to reduce noise impacts.

Harden stated that the median family income for the City is about \$37,000 a year, so this development would attract people who are more well off than others in the City. Harden stated that should have a positive impact on the type of people who will live in these units. Atkins stated that this area is desirable because of the estimated job growth and need for housing.

Condit stated that the decision tonight is about the selling of this property. The work around the rezone and design review is yet to come. Condit explained that work will include a traffic study, and additional opportunities for public comments and input.

Tim Clark stated that there is a real effort behind the Halsey Corridor work, and this project can set the tone for where the City will be in 20 years. Howard stated that this site has value, and the City is working to secure long-term value and revenue generation.

Van De Reit asked if residential use is the best for the site, and if it would be better to use the site for manufacturing. Harden stated that there has been a lot of recent economic work done for various projects, and there is no demand in this area for manufacturing or large-scale retail. While that is what some may want to see, it is not viable for this location.

Real Estate Consultant Denis O'Neil stated that this site was listed on the open market for over a year, and it is clear that there is no interest for office or manufacturing at this site. The only strong interest has been in housing, and this area will not command high-end units or rates. O'Neil presented the development constraints, and stated that WDA has worked with the City to come up with a vision that includes retail and housing. O'Neil stated that the affordable housing units in the City are affordable because of neglect, not because of design. This will bring in quality housing to the City.

Tim Clark closed the floor to public comments.

Peterson presented the financial statements of the sale, and stated that we could replace the City Hall with the sale proceeds. Peterson explained that the Urban Renewal District could also get involved, and create another catalyst project for the City, which would include a section for City Hall. Peterson stated that the City will net about \$3.2 million from the sale, but that does not include renting a temporary site for City Hall until a new location is built.

Condit presented the details of the development agreement. Condit stated that this is not a purchase agreement, and there are a lot of contingencies on both sides that will need to be resolved before the sale will close. Condit explained that for the City some of the more in-depth issues include the rezoning process, acquiring a parcel from the adjacent property, constructing the fire access, and getting a determination on the wetlands. Condit stated that another aspect is a determination from BOLI that the prescribed development incentives will not mandate that the entire project be subject to prevailing wage regulations. Condit explained that the DDA protects both the City and developer, and the City does not have to sell the land if the developer does not follow through on the items.

Condit explained that even before this project was considered, the Urban Renewal Agency had a policy of allowing the use of up to 25% of the agency's return on a project, be used to enhance the project. Condit stated that was the standard used for this project. Condit explained that the DDA outlines the development incentives including utility relocation, the fire access improvements, and paying for the SDC's and building permits.

Condit stated that those are the main items of the agreement, and the total incentive package is at \$966,773, which is 25% of the projected Urban Renewal return. Peterson stated that these incentives will not be granted in advance, and the developer will have already spent a lot of money to get the project started before the agency will pay the incentives. Condit stated that no urban renewal money will be spent until the project is approved. Peterson stated that some of the items will have to be constructed before the site could sell to anyone. That includes the small piece of land that is needed to square off the site.

Harden asked about section 1.2 regarding water rights, and what that means for the well site. Peterson stated that is regarding surface water, and not protected ground water rights. Condit stated that we are retaining the well and easements for access. Harden asked about the 180 day closing period and the two 60 day extensions. Dame stated that sometimes projects work out really well, and other times certain items drag out. There are a number of things that could hold up the final sale, and some things may need a little more time than anticipated. Peterson stated that from a staff perspective we did not think the extensions were needed, but the developer wanted them.

Harden asked about the relocation of utilities, and if there would still be access to City Hall during some of the early construction work. Peterson stated that there will be no issues with accessing City Hall while the utilities are relocated. Harden asked about the long-term maintenance of the improvements made for the fire access. Condit stated that some of those

issues are still being worked out in more detail, but would preferably remain a public fire access easement.

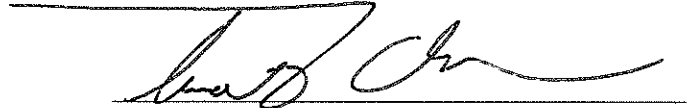
Tim Clark asked about the City Hal building, and how long it could be used. Peterson stated that there is the possibility of renting back the building for some time period, but an alternative location is needed. Peterson stated that he did not want to do much work on that aspect until this agreement was approved. Atkins stated that they plan to get working on the site after closing, so City Hall would not be available for a long period of time. Morasch stated that he has had preliminary discussions with Peterson about the use of some unused office space that he has potentially available. Peterson stated that there are a number of alternatives available, and if the agreement is approved we can work on those next steps.

Upon motion by Harden, seconded by Nissen and passing 5-0, Resolution 31-2017 authorizing the City Manager to enter into an agreement with Williams/Dame and Associates, Inc., for the sale of City Property located at 2055 NE 238th Drive was approved.

Upon motion by Howard, seconded by Morasch and passing 8-0, the Urban Renewal Board approved the resolution authorizing the City Manager to enter into an agreement with Williams/Dame and Associates, Inc., for the sale of City Property located at 2055 NE 238th Drive.

ADJOURN

With no further business coming before the Council, the Council and Urban Renewal Board adjourned at 7:50pm.



Timothy Clark
Mayor

10-11-17
Date

ATTEST:


Greg Dirks: City Recorder