

**DRAFT MINUTES**  
**(Submitted for Approval at December 13, 2006 Meeting)**

**PORTLAND DEVELOPMENT COMMISSION**  
**November 20, 2006**

**1. CALL TO ORDER and ROLL CALL**

*Chair Rosenbaum* called the meeting to order at approximately 9:00 a.m.

*Juanita Swartwood*, acting as recording secretary for the Board meeting, called the roll of the Commission:

Mark Rosenbaum, Chair	PRESENT
Bertha Ferrán	PRESENT
Sal Kadri, Commissioner, Secretary	PRESENT (By conference call)
Charles A. Wilhoite, Commissioner	PRESENT (By conference call)

*Chair Rosenbaum* declared a quorum was present.

*Chair Rosenbaum* requested commentary from the public regarding issues not on the agenda and determined that no one was present to make public comment.

**2. ACTION ITEM: ADOPT FINDINGS REGARDING PROPOSED CHANGE IN USE OF REAL PROPERTY BOUNDED BY NW NAITO, 1<sup>ST</sup> AVENUE, COUCH AND DAVIS (BLOCK 8) IN THE DOWNTOWN WATERFRONT URBAN RENEWAL AREA (Report 06-123; Resolution 1)**

***Peter Englander, Senior Development Manager***

***David Elott, Associate General Counsel***

*Mr. Englander* explained that the Portland Development Commission (PDC) originally acquired Block 8 through settlement of a condemnation action and is now proposing a use for Block 8 different from that contemplated at the time of the condemnation action and by the settlement agreement.

*Mr. Elott* explained that existing condemnation law requires PDC to notify the prior owner of Block 8 of the proposed change of use and if the prior owner objects to the new use, permits PDC to seek court authorization to proceed with the new use.

*Mr. Englander* confirmed he discussed the proposed change with the prior owner and reported they agreed with proposed agreement. In the event PDC and the prior owner did not agree on the proposed change in use, PDC could then petition the Circuit Court for authorization to change the use. The Circuit Court could authorize the change in use if it finds that the proposed change in use is “reasonable and necessary in the public interest.” Furthermore, existing condemnation law provides that the resolution of the condemner (in this case, the PDC Board of Commissioners) is presumptive evidence that a change in use proposed by the condemner is “reasonable and necessary in the public interest.”

The presenters further explained that In order to permit the proposed change in use, it is necessary for the PDC Board of Commissioners (Board) to adopt findings that this proposed change in use is “reasonable and necessary in the public interest” and

authorize the Executive Director to take all action necessary to permit PDC to change the use of Block 8, including but not limited to, notifying the prior owner of the proposed change in use and petitioning the Circuit Court for approval of the proposed change in use.

PDC staff affirmed the proposed change in use of Block 8 is reasonable and necessary in the public interest because redevelopment as a fire station is no longer financially feasible. Block 8 has been underutilized and the proposed change in use will complement other development in close proximity to Block 8, including the redevelopment of historic buildings and relocation and expansion of the University of Oregon's Portland campus to the White Stag Block, immediately to the south of Block 8. The proposed change in use of Block 8 is also expected to catalyze further development west of Block 8 on Block 13 and thereby eliminate blight in the area.

*Mr. Elott* explained that this action was being requested now because of a recent change in condemnation law that will take effect on December 7, 2006. On November 7, 2006, the people of the State of Oregon enacted ballot measure 39 restricting a public body's use of condemnation powers. Among other things, this new law prohibits a public body from condemning private real property if it intends to convey the property to other private parties. While ballot measure 39 does not directly address the existing condemnation law relating to a change in use, its effect on such law is uncertain. Therefore, in order to increase the likelihood that the Circuit Court will apply existing condemnation law to PDC's proposed change in use of Block 8, and thereby increase the likelihood that the Court would approve such change, PDC staff is requesting action now to allow time for staff to send the change in use notice to the Prior Owner and, if necessary, petition the Circuit Court prior to the date that ballot measure 39 takes effect.

After additional discussion between the Board members to move swiftly and alleviate court proceedings, PDC staff and legal counsel recommended that the proposed action to redevelop Block 8 was in the best interest of the public.

There being no further discussion, *Chair Rosenbaum* requested a motion to adopt Resolution Number 1.

*Commissioner Ferrán* moved to adopt Resolution Number 1 and *Commissioner Kadri* seconded the motion.

AYES: Chair Rosenbaum, Commissioner Ferrán, Commissioner Wilhoite, Commissioner Kadri

NAYS: None

**Resolution No. 1 was therefore adopted and assigned permanent number 6413.**

**3. ACTION ITEM: AMENDMENT #4 TO THE AMENDED AND RESTATED AGREEMENT FOR DISPOSITION AND DEVELOPMENT WITH FREMONT PARTNERS LLC (Report 06-124; Resolution 2)**

***Steven Shain, Development Manager***

***Estee Segal, Senior Development Project Coordinator***

*Mr. Shain* and *Ms. Segal* presented the report and requested action to authorize the Executive Director to execute Amendment #4 to the Amended and Restated Agreement for Disposition and Development for property at 3510 NE Martin Luther King Jr.

Boulevard dated August 17, 2005 (as amended through August 29, 2006) (DDA) between PDC and Fremont Partners, LLC (Developer). The amendment will allow PDC to provide a loan of up to \$250,000 to the Developer with final terms approved by the Executive Director and extend the Final Termination Date of the Residential Project from November 30, 2006 to February 28, 2007.

A PDC Loan is necessary to provide additional funds for a gap between what Albina Community Bank, the main project lender, will loan and what the Developer needs to close the project. Additional time is necessary for the Developer to complete final underwriting and approval with their main project lender as well as for review and approval of the loan.

The funding (\$250,000) is available in the OCC URA budget.

Board members asked additional questions for staff, including:

- PDC contribution versus developer investment - Albina Bank is funding the construction financing; a previous predevelopment loan included some funds for the residential project design. The loan started at \$35,000 and increased to \$95,000 and included a developer match. The predevelopment loan was paid in full when the commercial construction project began.
- Any City Council conflicts – none were identified;
- Fair market value of the units – the Albina Bank appraisal set the sale price of the units at approximately \$265,000; the project broker, Billy Grippo, believes the market sale price will be between \$290,000 - \$310,000 per unit.
- Discussion was on how to keep at least one unit for affordable homeownership and maintaining that unit on a long-term basis
- There is a potential developer issue to negotiate with Bureau of Labor and Industries (BOLI) to determine if the project will now be a prevailing wage project. The developers need to understand that no additional funding from PDC is available toward this issue or negotiations.

There being no further discussion, *Chair Rosenbaum* requested a motion to adopt Resolution Number 2.

*Commissioner Kadri* moved to adopt Resolution Number 2 and *Commissioner Wilhoite* seconded the motion.

AYES: Chair Rosenbaum, Commissioner Ferrán, Commissioner Wilhoite, Commissioner Kadri

NAYS: None

**Resolution No. 2 was therefore adopted and assigned permanent number 6414.**

#### **4. ADDITIONAL BUSINESS**

In closing Chair Rosenbaum inquired with fellow Commissioners to host a social event for the PDC Executive Team during the holiday season for December 8, or December 15. The consensus of the group was to secure Friday, December 15 for the event.

#### **5. ADJOURNMENT**

There being no further business to come before the Commission, *Chair Rosenbaum* declared the meeting adjourned at 9:35 a.m.