

Date: January 22, 2014

To: Board of Directors

From: Neil McFarlane

Subject: **RESOLUTION 14-01-03 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH BROOKLYN NOWRUZ DEVELOPMENT LLC FOR THE SALE OF REAL PROPERTY LOCATED AT 4235 SE 17th AVENUE AND 4215 SE 17TH AVENUE IN THE CITY OF PORTLAND**

1. Issue or Purpose of the Item.

The purpose of this item is to request that the TriMet Board of Directors (“Board”) authorize the General Manager to enter into a Disposition and Development Agreement (“Agreement”) with Brooklyn NowRuz Development LLC (“Brooklyn Development”) for the joint development of property located on the west side of SE 17th Avenue between SE Boise Street and SE Mall Street (“Property”).

2. Reason for Board Action.

Federal Transit Administration (“FTA”) guidance requires the Board to determine that the terms and conditions of the proposed joint development are commercially reasonable and fair to TriMet and that any revenue from the development will be used for public transportation.

3. Background.

Introduction

Transit-oriented development (“TOD”) is development that creates vibrant, compact, mixed use, economically successful communities that use public transit. “Joint development” is TOD that occurs on land purchased with FTA funds. FTA defines joint development as “the coordinated development of public transportation facilities with other, non-transit development, including commercial and residential development” and encourages grantee agencies to undertake joint development in order to increase ridership and accompanying fare revenue and other income. Joint development is often created in coordination or partnership with the private sector, and allows the transit agency to play an active role in the development and require a TOD use, rather than simply declaring a property surplus and selling it to the highest bidder. This is permitted even if achieving a TOD use reduces the land value.

Subject Property

The Property is located across from TriMet’s Center Street building, and was acquired in 1972 for TriMet employee parking. It is adjacent to the Portland Milwaukie Light Rail Project which runs along SE 17th Avenue. A portion of the Property was used for the Project, and this use reduced the size of the site from 45,000 square feet to 19,979 square feet, making it inefficient for parking.

The Property is located near the future SE 17th Ave & SE Holgate Blvd Station, as shown on Exhibits A and B to Resolution 14-01-03. Its location near a transit station makes it an excellent place for joint development. However, despite its location, the narrow configuration of the Property makes development challenging.

Selection Process

In February 2013, TriMet issued a Request for Qualifications (“RFQ”) in order to gauge interest in the development of the Property and, if interest was sufficient, to select a developer. In developing the RFQ, TriMet created a public participation process and sought input from representatives from other governmental agencies and neighborhood organizations, including Metro, Brooklyn Action Corp, and the Brooklyn Business Association. Members of Metro and Brooklyn Action Corp, along with TriMet staff, made up the Evaluation Committee (“EC”) that reviewed the four Statements of Qualifications (SOQs”) that were received in response to the RFQ. After review of the initial SOQs, the EC determined that one of the proposers did not meet the threshold requirement of having sufficient financial capacity to complete the project. The EC then conducted interviews with the three remaining proposers, and completed scoring in relation to the evaluation criteria set forth in the RFQ, as follows:

Criteria and Points Available	Brooklyn NowRuz Development LLC	Caterbury Capital + Lindquist Development	East Side Daylight
Development Team Experience and Qualifications (20 pts)	20	16	10
Approach to Development (30 pts)	27	25	20
Community and Urban Design (50 pts)	44	38	40
Total (100 pts)	91	79	70

The EC recommended entering into an Agreement with Brooklyn Development because it had the highest scoring SOQ, and because of the numerous benefits it offered to TriMet, including:

- Increased ridership in perpetuity.
- An excellent urban design that respects the privacy of adjacent neighbors.
- An appropriately scaled project.
- A strong urban street edge.
- Apartments units that provide 24-hour activity and provide safety at the station.
- An excellent approach to public involvement.
- An experienced development team.

- A financially feasible project.
- Activation of the street and station area.

After negotiations, Brooklyn Development has agreed to build a three-story apartment building with a small retail space on the ground floor, as shown in Attachment A to this memorandum. To facilitate the development, TriMet has agreed to provide assistance with permitting fees and other services required to advance the project, including a required Conditional Use permit.

In order to promote joint development and the transit benefits it brings, such as increased ridership, FTA allows transit agencies to discount the sales price of property in order to promote such development. In this case, the net present value of 30 years of increased transit fares generated by the development is estimated to be \$648,732. The appraised value of the Property is \$570,000. Therefore, TriMet proposes to transfer the Property to Brooklyn Development at no cost. Doing so will help close the funding gap caused by challenges presented by the narrow site configuration, and still provide a long-term net benefit to TriMet. Site challenges have increased the cost of this development beyond that normally expected of a project this size, and have caused a funding gap of more than \$500,000 between the costs of development and the expected income from the finished product. Without a discount of the sales price, this development would not be feasible.

The Agreement will require Brooklyn Development to construct and operate the Project as follows:

- Provide a minimum of 30 residential units with a mix of live/work units, studios, one-bedroom units and two bedroom units.
- Provide approximately 2,000 square feet of commercial space.
- Provide a minimum of 20 secure bicycle parking spaces.
- Provide a maximum of 14 car parking spaces.
- Provide maximum height building of approximately 37 feet.
- Provide approximately \$1.7 million in equity.
- Provide approximately \$4.7 million in financing and/or other sources.
- Maintain the project in Joint Development for 30 years.
- Meet regularly with the Brooklyn Neighborhood Action Corp.

The Property will not be transferred from TriMet to Brooklyn Development until it has obtained land use approvals, building permits, submitted plans consistent with the project scope, and has provided TriMet with evidence that it has secured commitments of sufficient financing for the project.

4. Options.

TriMet could hold the Property for a different development, or TriMet could develop the Property as a 23-space parking lot at a cost of approximately \$350,000. The first option is not recommended because staff believes the proposed development is an excellent use of the Property, advances transit-oriented development goals supported by TriMet, Metro, the City of Portland and FTA, and brings many benefits to TriMet and the neighborhood. The second option is not recommended because staff believes a parking lot adjacent to the future SE 17th Ave & SE Holgate Blvd Station does not create a safe and lively station area.

5. Recommendation.

The General Manager recommends approval of this Resolution.

**BOARD MEMORANDUM FOR RESOLUTION 14-01-03
ATTACHMENT A
CONCEPTUAL PROJECT DRAWINGS**

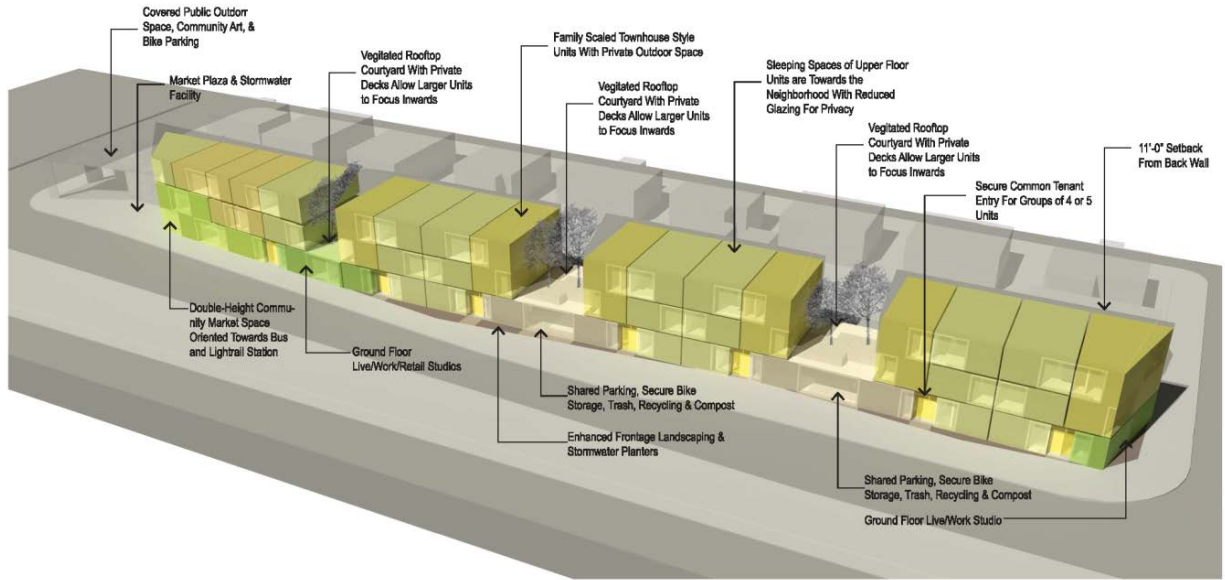


Figure 1: Development Massing and Amenities



Figure 2: Perspective view from SE 17th Ave & SE Holgate Blvd Station

RESOLUTION 14-01-03

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH BROOKLYN NOWRUZ DEVELOPMENT LLC FOR THE SALE OF REAL PROPERTY LOCATED AT 4235 SE 17TH AVENUE AND 4215 SE 17TH AVENUE IN THE CITY OF PORTLAND

WHEREAS, TriMet has authority under ORS 267.200 to enter into a Disposition and Development Agreement (“Agreement”) for the sale of real property located at 4235 SE 17th Avenue and 4215 SE 17th Avenue in the City of Portland (the “Property”); and

WHEREAS, under Federal Transit Administration (“FTA”) policy, the TriMet Board (“Board”) is required to determine that the terms and conditions of the proposed transit-oriented joint development are commercially reasonable and fair to TriMet prior to TriMet seeking FTA concurrence for joint development;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board has determined, following reasonable investigation, that the terms and conditions of the proposed transit-oriented joint development are commercially reasonable and fair to TriMet.
2. That the Agreement for the transfer of the Property shown in the attached and incorporated Exhibits A and B shall be in conformance with applicable laws.
3. That the revenue from the transit-oriented joint development shall be used for public transportation purposes.
4. That the General Manager or his designee is authorized to execute the Agreement and any other necessary documents.

Dated: January 22, 2014

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Legal Department

**RESOLUTION 14-01-03
EXHIBIT A
PROPERTY LOCATION**



Figure 1: Property Location

**RESOLUTION 14-01-03
EXHIBIT B
LEGAL DESCRIPTION**

File 2702
Boise/Mall TOD

Portions of 1S 1E 11DC
8600, 8700, 8800

Portland-Milwaukie LRT Project
Jack Carlson, Otak, Inc., 6/2/2013
Amended:

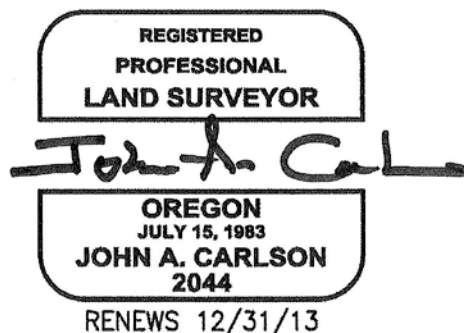
A tract of land in the southeast one-quarter of Section 11, Township 1 South, Range 1 East, Willamette Meridian, Multnomah County, Oregon, to wit:

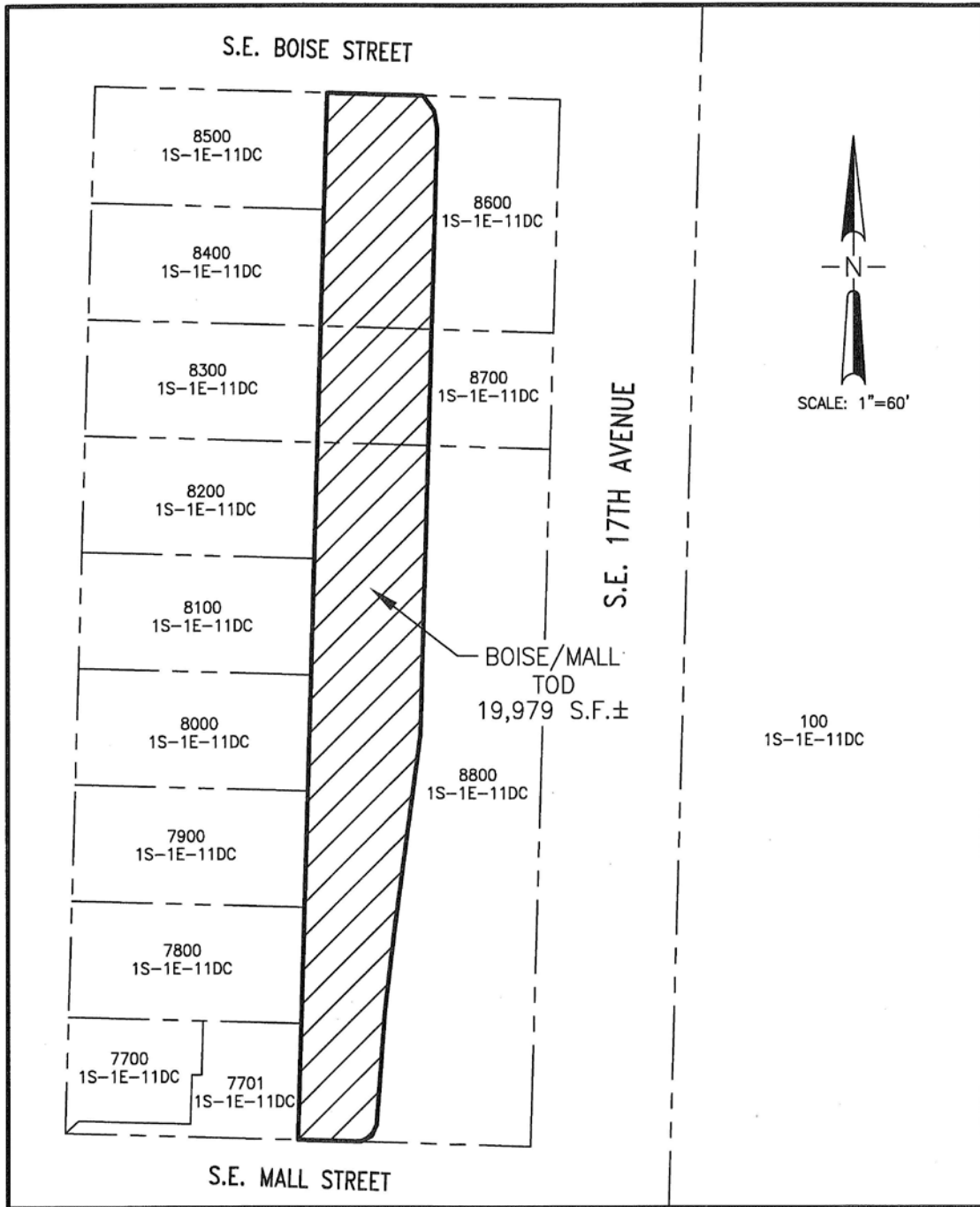
That portion of Lots 19 through 36, Block 8, BOISE'S ADDITION TO PORTLAND, OREGON, described as follows:

Beginning at the southwest corner of said Lot 19; thence S.88°19'09"E. along the south line of said Lot 19, a distance of 27.05 feet; thence N.62°46'17"E., a distance of 5.28 feet; thence N.23°44'34"E., a distance of 5.28 feet; thence N.04°13'43"E., a distance of 48.58 feet; thence N.06°51'43"E., a distance of 38.11 feet; thence N.07°35'22"E., a distance of 82.13 feet; thence N.01°39'36"E., a distance of 260.51 feet; thence N.10°35'27"W., a distance of 7.94 feet; thence N.36°14'08"W., a distance of 7.94 feet to the north line of said Lot 36; thence N.88°19'09"W. along said north line, a distance of 41.17 feet to the northwest corner of said Lot 36; thence S.01°39'54"W. along the west lines of said Lots 19 through 36, a distance of 450.17 feet to the Point of Beginning.

The tract of land to which this description applies contains 19,979 square feet, more or less.

Bearings are based on the Oregon Coordinate System of 1983, north zone.





<p>TRIMET CAPITAL PROJECTS AND FACILITIES DIVISION 1800 SW 1ST AVENUE, SUITE 300 PORTLAND, OREGON 97232</p>	<p>BOISE/MALL TOD SITE PORTLAND TO MILWAUKIE LRT FILE NO. 2702</p>		<p>otak 808 SW THIRD AVENUE, SUITE 300 PORTLAND, OREGON 97204 (503)287-6825 FAX (503)415-2304</p>
	<p>DATE 6/2/2013</p>	<p>REVISION NO. 000</p>	