



Metro



Gresham Civic Southwest Parcels Disposition and Development Agreements TOD Project Seven Day Notice

At a glance

Location: 909-917 NW 13th Street, Gresham

Funding approval date: October 10, 2023

Development Cost: \$161.9 million

TOD Program funding: Land + \$500,000

Number of units: 438

Number of regulated affordable units: 226

Height: Three to five stories

Parking: 389 underground parking spaces

Increased transit ridership: 103,343 annual trips

Developer: Palindrome Communities

Architect: SERA Architects

Contractor: Pacificap Construction

oregonmetro.gov/TOD

On October 10, 2023, the TOD Steering Committee voted to authorize staff to enter into two Disposition and Development Agreements (“DDAs”) resulting in the transfer of two adjacent parcels of Metro real property to Palindrome Real Properties Group for the construction of two projects: a 226-unit 60% AMI affordable project and a 212-unit market rate project with 11,865 square feet of commercial space. The two projects will share a 389-space underground parking garage with 177 parking spaces dedicated to the affordable project and 212 parking spaces dedicated to the market rate project. The combined 4.23-acre site is located in Gresham Civic neighborhood, immediately adjacent to the Gresham Civic MAX light rail station and has an appraised fair market value of \$4.2 million.

To support these projects, Metro’s TOD program will write down the value of both parcels and transfer the property for a nominal combined price of \$1,000. In addition, Metro will contribute \$500,000 of combined TOD funding to the projects.

Background

The Gresham Civic Southwest Parcels are part of a larger acquisition totaling approximately 13.4 acres, which Metro purchased in the early 2000s to achieve a high density and pedestrian-oriented environment around the Gresham Civic MAX station (“Gresham Civic Station Property”). Other existing or planned projects on the Gresham Civic

Station Property include: a planned 75-unit affordable project to be developed by Home Forward, a 316-unit market rate project, Alta Civic, which opened in 2021, and The Crossings, an 82-unit market rate project which opened in 2006.

Metro issued a developer Request for Qualifications for the Gresham Civic Southwest Parcels in September 2017. In January 2018, a selection Committee consisting of Metro and City of Gresham stakeholders selected Palindrome Communities to develop the site. The size and complexity of the combined projects has resulted in delays in securing financing. At this time, Palindrome has secured the necessary financing commitments needed to commence construction of the affordable project. The developer is still seeking the financial commitments needed to construct the market rate project. The target date for the conveyance of both Gresham Civic southwest parcels is June 2024, with the completion of the affordable project expected to occur in the spring of 2026.

To advance the affordable project and prepare for future development of the market project, the developer will build all 389 below-grade parking spaces concurrently with construction of the affordable project. Because the parking garage will be built across both parcels Metro must transfer both parcels at the time of the start of construction of the affordable project. In the event that four years from the conveyance of the parcels, the developer is unable to start construction on the market rate project, the DDA for the market rate parcel allows Metro to repurchase the market rate parcel for its initial appraised value (\$1.8 million), plus the construction cost of the 212 parking garage spaces allocated to the market rate parcel (estimated at \$18,350,000). Each year beyond the initial four year period, Metro's price to repurchase the market rate parcel and the associated market garage spaces will be reduced by 25% of the cost of the parking garage such that if developer fails to commence construction for a further four years, the DDA allows Metro to repurchase the market rate parcel plus the garage parking spaces for only the initial appraised value of the land.

Conditions of Approval

On October 10, 2023, the TOD Steering Committee authorized staff to enter into two Disposition and Development Agreements governing the transfer of the Gresham Civic Southwest parcel to Palindrome Communities for a combined total of \$1,000 and committed a total of \$500,000 in TOD Program funding with the following conditions:

Affordable Project Disposition and Development Agreement

1. 226 units including 224 units regulated at 60% of Area Median Income ("AMI") and two unregulated manager's units
2. One four-story building and two five-story buildings
3. Approximately 177 of total 389 underground parking spaces dedicated to affordable project
4. \$490,000 Metro TOD contribution
5. Land value write down of 2.43-acre parcel to \$500

Market Rate Project Disposition and Development Agreement

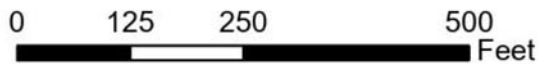
1. 212 market rate units
2. 11,865 square feet of commercial space
3. One three-story building and one five-story building
4. Approximately 212 of 389 total garage parking spaces dedicated to the market rate project
5. \$10,000 Metro TOD contribution
6. Land value write down of 1.80-acre parcel to \$500
7. Remedies for failure to commence construction on the Market Rate Parcel as set forth herein and the DDA



Marissa Madrigal
Chief Operating Officer

3/7/2024
Date

This notice is issued in accordance with the TOD Program Work Plan adopted by Council Resolution 12-4363 which states: "Following project funding approval by the TOD Steering Committee, the Chief Operating Officer shall issue a Seven-Day Notice to provide written notification to the Metro Council of the proposed project. The Councilors have seven (7) days from issuance to request that the COO provide an opportunity to review the decision in executive session. The decision of the TOD Steering Committee becomes final after seven (7) days if no Councilor(s) request it be presented to the full Metro Council for review."



Gresham Civic SW Parcel

