



## Legislation Text

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**File #:** 15-182, **Version:** 1

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### Disposition and Development Agreement for the Cove Project

#### **RECOMMENDED ACTION (Motion):**

Staff recommends that the Oregon City Urban Renewal Commission (URC) enter into a disposition and development agreement (DDA) with Clackamette Cove, LLC (CCLLC) for The Clackamette Cove project.

#### **BACKGROUND:**

The Clackamette Cove project area consists of approximately 89.59 acres, which includes an approximate 53-acre man-made lake that is connected to the Clackamas River. The URC owns approximately 76.04 acres of that area, CCLLC has the right to acquire 11.05 privately-owned acres within that area and Tri-City County Service District owns approximately 2.5 acres of that area. All of which are collectively the "Project Site."

CCLLC is proposing a multi-phased mixed-use project on the site, as described above, which is located at the northern-most end of Main Street in Oregon City directly behind the Oregon City Shopping Center. The Project Site is substantially undeveloped, produces no employment and produces few taxes. The Project Site has very limited public access and is of poor habitat quality with excessive slopes bordering the lake and with non-native plants. It is subject to flooding, as evidenced by the 1996 flood event that covered most of the Project Site. The area cannot be developed without substantial engineered fill, infrastructure and other site improvements. The URC has determined that the Project Site is blighted based upon the Downtown North End Urban Renewal Plan. The Project Site is within the Downtown North End Urban Renewal District.

The 89.59-acre project area cannot be developed without a substantial public investment. The costs involved in making the Project Site suitable for development are too great to be incurred solely by a privately financed development. The extraordinary costs that require a substantial public investment are based upon the following: the Project Site needs very significant fill in order to bring the site above the 100-year flood level, the slopes adjacent to the lake must be re-graded, prior fills in the Project Site need to be excavated and re-filled with engineered fill, buried construction debris needs to be excavated and re-filled, topsoil needs to be imported, retaining walls need to be built in order to stabilize regraded slopes, power lines and poles need to be relocated to construct Agnes Street and steel piles along the lake's shoreline need to be removed or retrofitted for another use. In addition, the Project Site lacks the infrastructure necessary for a quality mixed-use development.

CCLLC proposes that the project will be constructed in four (4) to five (5) phases, which are briefly described below (Please reference the attached DDA for detailed information on construction phases):

Phase 2 - Approximately 195 waterfront apartment units; construction of office space; construction of potential restaurant space; construction of transportation and parks infrastructure work to include a park and an esplanade pathway

Phase 3 - Construction of a mixed-use building; construction of transportation infrastructure

Phase 4 - Construction of an office building and parking lot

Phase 5 - Construction of parks infrastructure to include a water sports center and marinas

This project will stimulate the local economy by adding a number of immediate construction jobs, enhancing the mix of area uses and adding new residents who are likely to become consumers of goods and services within the immediate area which favors local businesses.

Public investments to mitigate the substantial costs of correcting the Project Site defects will include a financial contribution of \$745,000 for infrastructure work from urban renewal funds (half of the amount will be paid upon commencement of Phase 2 and the remaining half is to be paid upon completion of Phase 2), an opportunity to take advantage of the Vertical Housing Development Zone tax exemption program and concessions on the land transfer once the preconditions of the DDA are met by the developer. The Phase 2 preconditions must be satisfied or waived by July 1, 2015 to avoid termination of the agreement. The Cove Disposition and Development Agreement with exhibits is attached.

The attached DDA incorporates the revisions suggested by the URC from the most recent URC meeting. An additional change was made by staff regarding the timeline in which the fundamental preconditions must be satisfied and has since been incorporated in the DDA. The deadline date of June 1, 2015 was changed to July 1, 2015 as it was the opinion of staff that the original June 1 deadline did not allow enough time for the fundamental preconditions to be met.

**BUDGET IMPACT:**

Amount: \$745,000

FY(s): 2015-2018

Funding Source: Urban Renewal