



## Legislation Text

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File #: 18-564, 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 The Cove, LLC 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. Approximately 11.05 acres of the development area are being developed by The Grand Cove LLC, a Colorado limited liability company, as a mixed use development with multi-family housing and office space. The remainder of the development area is owned by the Urban Renewal Commission and is referred to as the "Development Site."

The Cove, LLC (developer) is proposing a multi-phased mixed-use project on the Development 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 Development Site is substantially undeveloped, produces no employment and produces few taxes. The Development 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 Development Site. The area cannot be developed without substantial engineered fill, infrastructure and other site improvements. The URC has determined that the Development Site is blighted based upon the Downtown North End Urban Renewal Plan. The Development 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 Development 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 Development 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 Development 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, 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 Development Site lacks the infrastructure necessary for a quality mixed-use development.

The Project, depicted in Exhibit A of the DDA, is described as Phase 2A and Phase 2B. Along with necessary infrastructure improvements, Phase 2A consists of five buildings at the southwest portion of the Development Site and Phase 2B consists of three buildings at the northwest portion of the Development Site. The buildings will be constructed as an eight building, multi-family mixed use project with other related improvements and amenities (Reference attached DDA for detailed

information). The developer will be constructing a new Agnes Avenue and all necessary utilities, an esplanade along the waterfront, trail head parking and significant shoreline habitat improvements.

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.

The proposed DDA identifies the scope of the project, pre-conditions that must be met prior to construction, developer loan commitment requirements, property acquisition timelines and necessary reversionary clauses to the benefit of the URC. Public investments to mitigate the substantial costs of correcting the Development Site defects will include a financial contribution of \$695,000 for work products that consist of the reimbursement for the Phase II Environmental Assessment, design and engineering costs for the Infrastructure, and City land use application fees. Such contribution shall not occur unless reimbursable items are completed within 350 days of the Effective Date of this Agreement. The developer also intends to take advantage of the Vertical Housing Development Zone tax exemption program pending separate application approval. The Cove Disposition and Development Agreement with exhibits is attached.

**BUDGET IMPACT:**

Amount: \$695,000

FY(s): 2018/19

Funding Source: Urban Renewal