

**MINUTES**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING**

August 15, 2023

5:30 p.m.

City Hall Council Chambers  
313 Court Street, The Dalles, Oregon 97058  
Via Zoom / Livestream via City Website

**PRESIDING:** Darcy Long, Chair

**BOARD PRESENT:** Scott Baker, Staci Coburn, Walter Denstedt, Scott Hege, Tim McGlothlin, Shanon Saldivar and Ben Wring

**BOARD ABSENT:** Dan Richardson

**STAFF PRESENT:** Director and Urban Renewal Manager Joshua Chandler, City Attorney Jonathan Kara, Economic Development Officer Dan Spatz, Secretary Paula Webb

**CALL TO ORDER**

The meeting was called to order by Chair Long at 5:59 p.m.

**PLEDGE OF ALLEGIANCE**

Chair Long led the Pledge of Allegiance.

**APPROVAL OF AGENDA**

It was moved by Hege and seconded by Saldivar to approve the agenda and supplemental agenda as prepared. The motion carried 8/0; Baker, Coburn, Denstedt, Hege, Long, McGlothlin, Saldivar and Wring voting in favor, none opposed, Richardson absent.

**APPROVAL OF MINUTES**

It was moved by Hege and seconded by McGlothlin to approve the minutes of June 20, 2023 as submitted. The motion carried 8/0; Baker, Coburn, Denstedt, Hege, Long, McGlothlin, Saldivar and Wring voting in favor, none opposed, Richardson absent.

**PUBLIC COMMENT**

None.

**ACTION ITEMS**

**Seventh Addendum for the Disposition and Development Agreement for the Recreation Building, 213-219 East Second Street**

Dan Spatz, Economic Development Officer, provided a brief overview of the project. The development consists of three separate parcels. Title of Parcels 1 and 2 was transferred to the Developers in April 2022. The Sixth Amendment allowed an extension of time for Parcel 3 completion. This extension expires September 1, 2023. Since then, the Developer has made substantial progress. Staff recommends execution of the Seventh Addendum to the Disposition and Development Agreement between the Agency and Developer to extend the closing date to March 1, 2024.

There were no questions for Staff.

It was moved by Hege and seconded by Coburn to authorize the Agency Manager to execute the Seventh Addendum to the Disposition and Development Agreement between Columbia Gateway Urban Renewal Agency and Todd Carpenter and Carla McQuade for the property known as the Recreation Building, located at 213-219 E. 2<sup>nd</sup> Street, with modification to the presented Subparagraph 2.6.1(b)(2) to include a provision approved by the City Attorney as incorporating exterior completion as a condition of Parcel 3's closing. The motion carried 8/0; Baker, Coburn, Denstedt, Hege, Long, McGlothlin, Saldivar and Wring voting in favor, none opposed, Richardson absent.

Basalt Commons – Request for Urban Renewal Incentive Program Assistance for a commercial and residential complex located at 523 East 3rd Street

Dan Spatz, Economic Development Officer, provided a brief overview of the request.

This request is for Urban Renewal Incentive Program assistance for a mixed-use development at 523 E. 3<sup>rd</sup> Street. The Developer proposes to demolish the existing structure and replace it with a five-story commercial and residential structure.

Spatz corrected the staff report regarding the construction period. The Developer projects an 18-month construction period, beginning summer 2024. Anticipated completion is spring 2026.

Funds awarded through the Incentive Program are not given to the grantee directly. Instead, the Agency commits the funds to cover residential system development charges— fees intended to offset a residential development's impact to existing infrastructure – by paying those charges directly to the government entities to whom the fees would be owed.

It was moved by McGlothlin and seconded by Hege to authorize the Agency Manager to execute and implement the Incentive Program Grant Agreement with TD3rd, LLC, in an amount not to exceed \$1,000,000.00, as presented. The motion carried 7/0; Coburn, Denstedt, Hege, Long, McGlothlin, Saldivar and Wring voting in favor, none opposed, Baker abstained, Richardson absent.

Basalt Commons – Development and Funding Agreement for a commercial and residential complex located at 523 East 3rd Street

Dan Spatz, Economic Development Officer, provided a brief overview of the project. The \$26M-29M project will construct 108 residential dwelling units comprising 40 studio units, 48 one-bedroom units, and 20 two-bedroom units. The project is designed to accommodate 9,350 SF of ground-floor commercial space and 32 on-site parking spaces.

Mary Hanlon of Hanlon Development, Chris Hodney of Hacker Architects, and John Southgate, Southgate Consulting, attended to provide information.

Mary Hanlon, Hanlon Development

Ms. Hanlon thanked the board for their consideration of this proposal. She stated her preference for a private project over a public subsidy, but noted that when developing housing outside a hot market, it is very difficult to balance escalating construction costs and high interest rates while still maintaining affordable rents.

The project is a mix of studios, one-bedrooms and two-bedrooms. Ms. Hanlon described the project as a culmination of a long career in housing, community and economic development, where the basic, essential availability of housing also spurs economic growth. The downtown location is a perfect place for this to occur, she said, since infrastructure and services already exist. Ms. Hanlon said it will help to activate a historic downtown.

She described Hacker Architects as an exceptional firm that will design a project the community will be proud of, bringing jobs and 24-hour activity, estimating a downtown spending increase of \$1,500,000 annually from new residents.

Hanlon Development has focused on rejuvenation of historic downtowns. All the projects have brought together housing, revitalization, and community impact, Ms. Hanlon told the Board, noting that the whole purpose of her company is to integrate community design, and have a positive impact on communities.

Chris Hodney, Design Principal, Hacker Architects

Mr. Hodney said Hacker Architects is built on a foundation of civic work, consisting of many iconic buildings such as the Columbia Gorge Discovery Center here in The Dalles. He said the firm is inspired to create authentic spaces or buildings that shape and engage the community. In 2007, Hacker's portfolio expanded to urban, mixed-use development, and housing as an important part of evolving neighborhoods in Oregon. Since then, Hacker has completed just over 70 housing projects including single-family, townhomes, mid-rise apartments, garden apartments and high-rise apartments.

John Southgate, Consultant, Southgate Consulting

Mr. Southgate's background is a mixture of primarily public sector work with several jurisdictions in the Portland area. Since 2012, he has consulted with a number of communities around Oregon, mainly in downtown revitalization and public/private partnerships to help cities find developers to take on projects in partnership with the city.

Board Member McGlothlin stated the project was impressive and adds to the downtown.

Board Member Wring asked how this project fits into the traffic study. Director Chandler replied parking and traffic are completed or under way, and will be addressed during the land use process. A preliminary review of parking indicates substantial available parking.

Chair Long read Board Member Richardson's email regarding Basalt Commons, Attachment 2. Board Member Richardson is in favor of both the incentive funds and direct development funds.

Board Member Hege stated this is an exciting project for the downtown. He asked about any plans to share after-hours parking with businesses. Director Chandler replied parking will be reviewed during the land use process, including guidance from a Parking Management Plan. Suggestions include shared parking agreements with area lots, and timed parking. The Plan identifies 20-25 available lots.

Board Member Denstedt mentioned parking issues with the Commodore II. He suggested determining why the Commodore was not successful, in order to avoid similar pitfalls. Ms.

Hanlon replied she has studied the Commodore II, and noted the difference between new construction and property rehabilitation.

Board Member Baker left the meeting at 7:01 p.m.

Board Member Coburn noted the work put into the project, and stated it is very exciting for The Dalles. Parking remains a large concern. Coburn asked what “standard market rates” look like and how they work. She also asked how 108 units equate to the number of additional residents downtown.

Ms. Hanlon replied standard market rates provide a benchmark for The Dalles. Ms. Hanlon felt Canby, where Ms. Hanlon recently completed a similar project, is similar to The Dalles in both income, the size of the community, and permit structure, helping to validate standard market rates for The Dalles. These will be affordable rates, not luxury housing. Ms. Hanlon noted that downtown housing provides 24-hour activity, with people coming and going from work at all hours, walking dogs, shopping or visiting friends, activating the street in a meaningful way.

Board Member Wring asked what process allows the Agency to recoup funds up for approval. Ms. Hanlon replied the funds are not committed until construction starts.

City Attorney Kara added the funds would be deposited into an escrow account upon adoption of the agreement. In the State of Oregon, both parties to an escrow account must approve before any funds are withdrawn. This provides assurance of fund integrity.

Attorney Kara stated Incentive Program funds are secured differently; funds will not go to the Developer directly, but will be paid by the Agency to the City and NWC Parks & Recreation.

If the Development and Funding Agreement is authorized, funds will be deposited at AmeriTitle within one week after two conditions:

1. The Developer obtains a construction loan to develop this project.
2. The Owner secures and provides a Wasco County building permit.

Board Member Wring asked how long the funds would stay in escrow. Attorney Kara quoted the Escrow Instructions: “However, if said instructions are not received by the date that is 18 months after the date that Funds are deposited, all remaining Funds shall be promptly returned to Agency.”

Board Member Hege asked if something similar was set for the Incentive Program funds. Attorney Kara replied the Agency’s payment of residential SDCs are conditioned upon the Community Development Department’s approval of the building permit.

It was moved by Hege and seconded by McGlothlin to authorize the Agency Manager to execute Development and Funding Agreement with TD3rd, LLC, in an amount not to exceed \$730,000.00, as presented. The motion carried 6/0; Coburn, Denstedt, Hege, Long, McGlothlin and Wring voting in favor, none opposed, Baker, Richardson and Saldivar absent.

### **EXECUTIVE SESSION**

Pursuant to Item 10 of the Urban Renewal Agency Board Agenda dated August 15, 2023, which cites ORS 192.660(2)(e), the Board adjourned to Executive Session at 7:51 p.m.

### **RECONVENE TO OPEN SESSION**

Chair Long reconvened the Open Session at 7:56 p.m.

**DECISION FOLLOWING EXECUTIVE SESSION**

There was no decision following Executive Session.

**STAFF COMMENTS / PROJECT UPDATES**

Tony's Building – Director Chandler said the fencing is installed and abatement is almost finalized. The preliminary archeological survey should take about two weeks. The contract is effective until October 31, 2023.

EDO Spatz said he has been visiting downtown business owners, encouraging them to participate in the Incentive Program.

**BOARD MEMBER COMMENTS / QUESTIONS**

None.

**ADJOURNMENT**

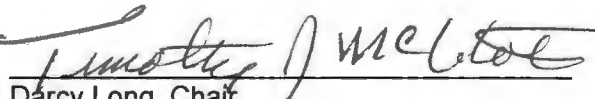
Being no further business, the meeting adjourned at 8:01 p.m.

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*Meeting conducted in a room in compliance with ADA standards.*

Submitted by/  
Paula Webb, Secretary  
Community Development Department

SIGNED: \_\_\_\_\_

  
Darcy Long, Chair

by Timothy McGlothlin, Vice Chair

ATTEST: \_\_\_\_\_



Paula Webb, Secretary

Community Development Department

# Basalt Commons

City of The Dalles  
Urban Renewal  
Agency

August 15, 2023



HANLON DEVELOPMENT

URBAN RENEWAL AGENCY PRESENTATION • 8/15/2023

## PROJECT OVERVIEW

- Five-Story Building
- 9,350 sq ft of ground floor commercial
- 108 market rate apartment units on Floors 2-5
- Residential Unit Mix:
  - 40 studios; 48 one BR units; 20 two BR units
- 56 parking spaces (32 on-site; 24 on adjoining streets)
- Additional parking available: lease or purchase of nearby properties

### Project Drivers:

- Demand for quality professional housing choices downtown The Dalles
- Proximity to downtown jobs, goods and services, and public transportation
- High quality design: Hacker is a premier Pacific NW architectural firm
- Compatibility with nearby historic architecture
- Redevelopment of a site that has been largely vacant for years
- Instill community pride with beautiful materials and spaces; supports local businesses by generating about \$1,500,000 in annual spending power; and utilizes local contractors and suppliers where possible for project construction



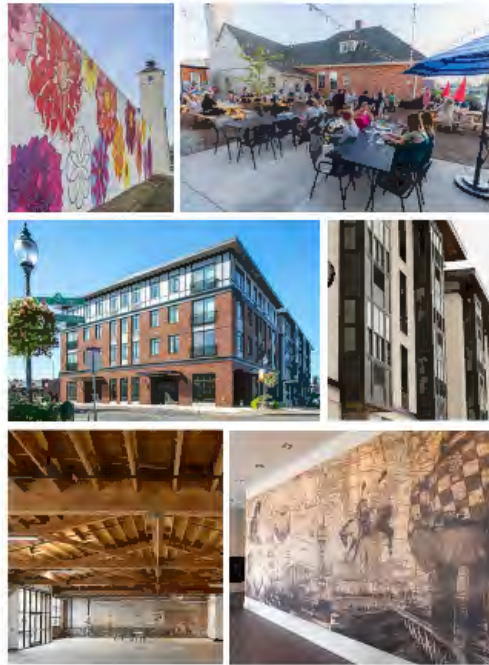
BASALT COMMONS | HANLON DEVELOPMENT



URBAN RENEWAL AGENCY PRESENTATION • 8/15/2023

## HANLON DEVELOPMENT EXPERIENCE

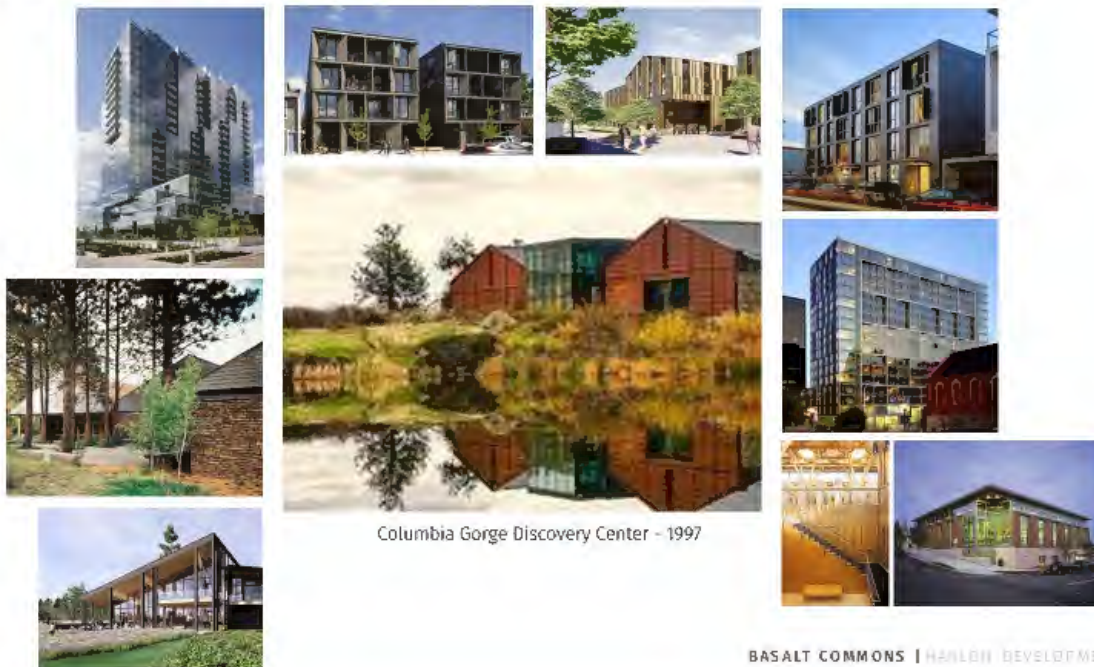
- Mary Hanlon, Sole Member, Hanlon Development LLC; Managing Member, TD3rd LLC
- Native Oregonian; resident of The Dalles since 2016
- 20 years real estate development experience; 35 years in housing, economic development policy at federal and local levels; non-profit private lending entities
- Commitment to local communities, creating wealth for local economies, and assuring compatibility of projects with local context and responsiveness to local needs and aspirations. *It's all about community benefit & community pride.*
- High standards in design, construction and financial integrity – long term relationships with lenders and equity investors. *Long term ownership*



BASALT COMMONS | HANLON DEVELOPMENT

URBAN RENEWAL AGENCY PRESENTATION • 8/15/2023

## HACKER - CIVIC AND CULTURAL WORK



Columbia Gorge Discovery Center - 1997

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URBAN RENEWAL AGENCY PRESENTATION • 8/15/2023

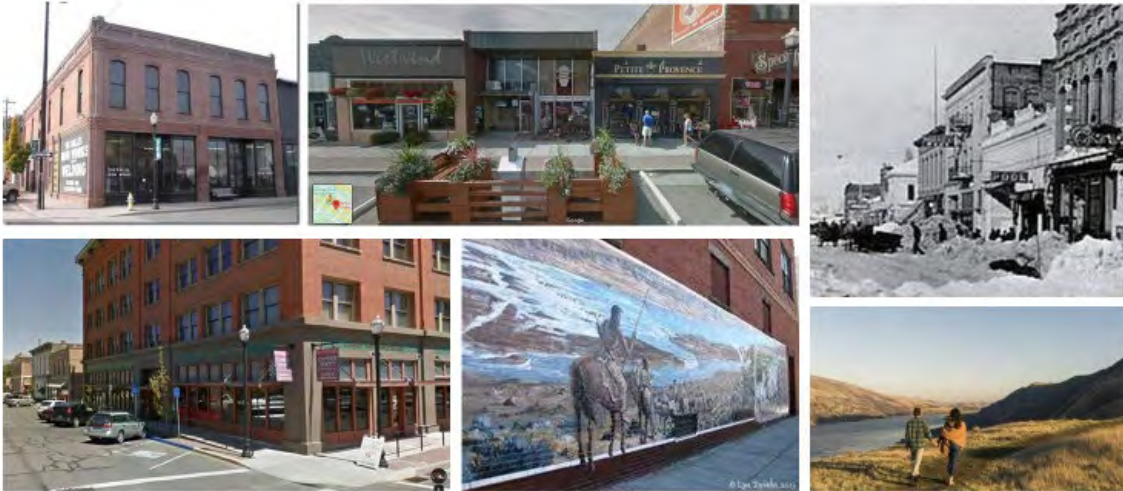
### VICINITY MAP



BASALT COMMONS | HARBEN DEVELOPMENT

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### BASALT COMMONS INSPIRATION



BASALT COMMONS | HARBEN DEVELOPMENT



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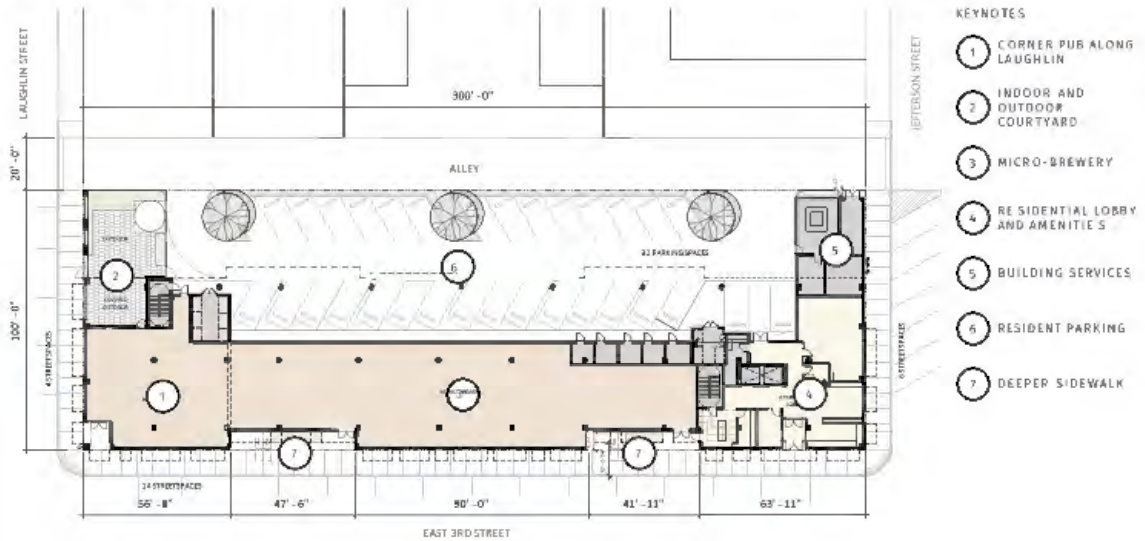
### VIEW FROM NORTHWEST ALONG 3RD ST.



BASALT COMMONS | HAROLD DEVELOPMENT

URBAN RENEWAL AGENCY PRESENTATION • 8/15/2023

### SITE PLAN



BASALT COMMONS | HAROLD DEVELOPMENT

URR - AN RENEWAL AGENCY PRESENTATION - 8/15/2023

## PROJECT FINANCING

### Sources:

- Private Equity: \$7,325,000
- URA Funds: \$1,585,000 (includes \$855,000 in SDC incentive/offset, plus \$730,000 in URA equity contribution; URA combined funds represent 5.3% of total estimated sources)
- Total Equity (Private + URA): \$8,910,000
- Private Bank Loan: \$20,860,000
- Total Sources: \$29,770,000

### Uses:

- Land: \$1,200,000
- Construction: \$25,230,000
- Soft Costs: \$3,340,000
- Total Uses: \$29,770,000



Total estimated cost \$26,500,000 - \$29,770,000 depending on interest rates and construction cost escalation (40% in the past five years).

BASALT COMMONS | VERTICAL HOUSING DEVELOPMENT

URR - AN RENEWAL AGENCY PRESENTATION - 8/15/2023

## PROJECT FINANCING (Continued)

- Cost Estimates based on General Contractor's estimates and developer's experience with similar Oregon projects
- Vertical Housing Development Zone - ten year *partial* property tax abatement
- Total URA investment represents about 5.3% of total sources; 94.7% is private debt + private equity
- URA Subsidy recapture: about ten years for \$730,000 equity contribution, and another 3.5 years for UR Incentive contribution of \$855,000
- Proposed URA equity contribution is necessary in light of very low ROI for private equity investors, given current interest rates trends and construction costs, coupled with risk of development of a new real estate product type in an untested market.



BASALT COMMONS | VERTICAL HOUSING DEVELOPMENT

URR AN RENEWAL AGENCY PRESENTATION • 8/15/2023

## THE PATH FORWARD

18 month construction period; start will be predicated on critical milestones:

- URA Board Authorization of Incentive Package
- Bank financing secured at reasonable interest rate
- Authorization of Vertical Housing Development Zone
- Timely City approval of Entitlements (Land Use, Historic Review, Building Permits)
- Leasing of Ground Floor commercial space/s



BASALT COMMONS | HANEDN DEVELOPMENT

Thank you





**Paula Webb**

**From:** Dan Richardson  
**Sent:** Thursday, August 10, 2023 12:50 PM  
**To:** Darcy Long  
**Cc:** cdd; Dan Spatz; Jonathan Kara  
**Subject:** URA meeting - absence and proxy vote for Basalt Commons

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Good afternoon URAB Chairwoman Long and staff,

I will be out of town with family Tuesday, Aug. 15, and though I will endeavor to be back in cell service by the time of the URAB meeting that evening, it is at best a 50% likelihood. I appreciate the diligent staff work that went into meeting's action items and the importance of those items, specifically, Action Items 7b and 7c, regarding the Basalt Commons project.

If it is allowed, please record me as a positive vote for both of those items, requesting URA incentive funding and direct development funds. Alternatively, I give my proxy vote for those two items to Chairwoman Long.

Supporting the Basalt Commons project is clearly aligned with URA's stated goals. The project will provide critical housing for our community in a compact fashion, bring significant economic benefit and liveliness downtown, support existing small businesses, and has an expected return on investment through local property taxes of less than 15 years. This is a worthy endeavor and can be expected to pay benefits to our local taxing districts and our community at large.

Dan votes "aye" to both proposed action items.

I will call in if/when I get into cell range during the meeting.

Regards, Dan

Dan Richardson  
The Dalles City Council, Position 4  
Phone: 541-238-2883