

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING AGENDA**

Tuesday, October 18, 2016
(Following the 7:00 pm City Council Meeting)

**City of Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon**

URA BOARD WORK SESSION

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. TOPICS**
 - A. Appraisals of URA Old Town Properties**
(Tom Pessemier, Assistant City Manager)
- 4. ADJOURN**



Urban Renewal Agency Property Appraisals

Work Session, October 18, 2016

Oct 18, 2016
Date

URA Board of Directors
Gov. Body

Work Session
Agenda Item

A
Exhibit #



Background

- Urban Renewal Agency has acquired property over the past 20 years
- March 2016: Urban Renewal Agency work session to discuss properties. At that meeting it was clear that the URA Board was interested in divesting of all of the commercial properties that it could.
- July 2016: URA selected Richard Herman LLC to prepare appraisals for 5 URA properties
- October 2016: Appraisals were finished for 5 properties



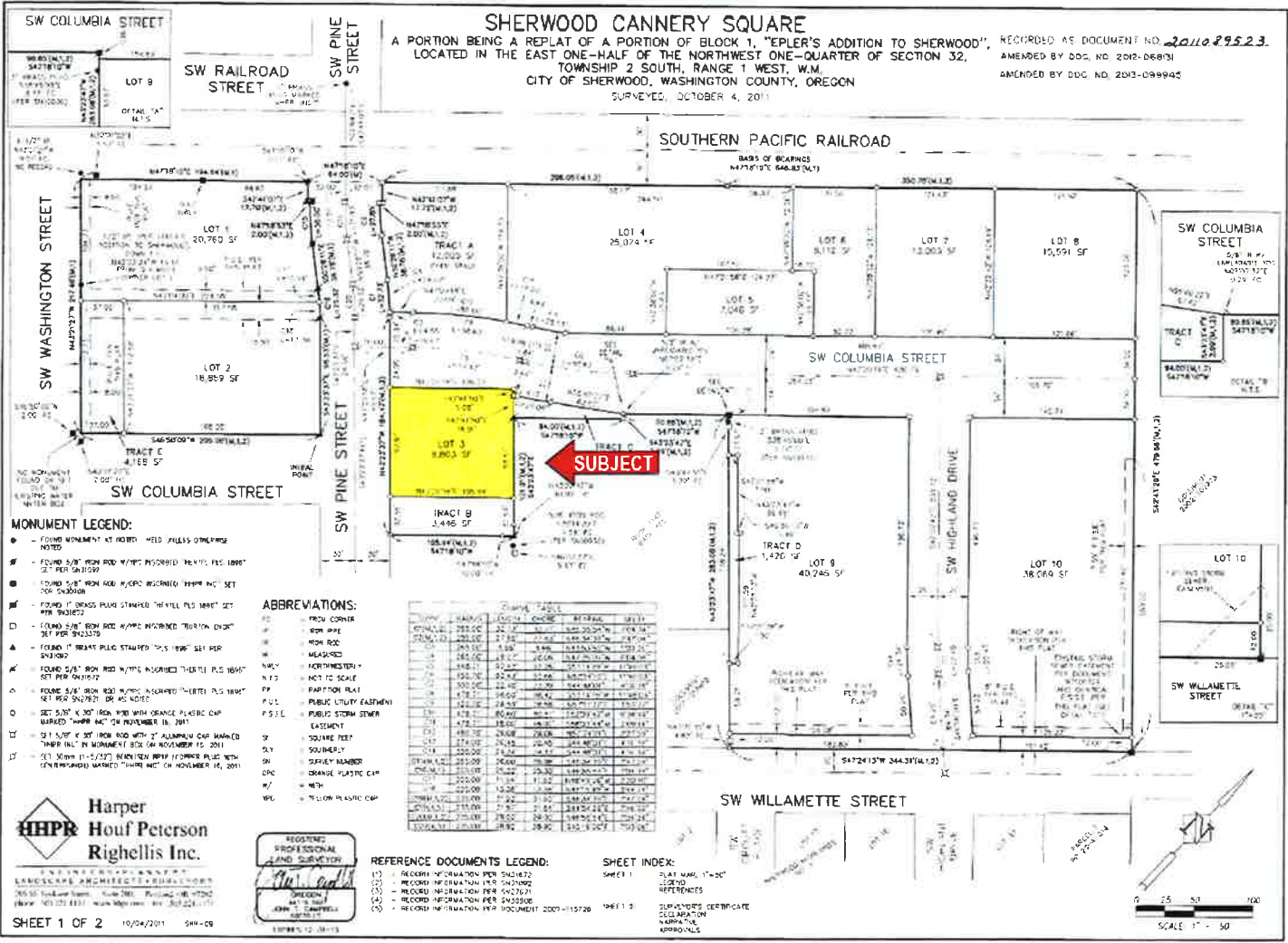
Commercial Properties

Current Appraisals (5)

- ▶ Cannery properties Lot 1, 3 and 4
- ▶ Robinhood Theater property
- ▶ Old School House

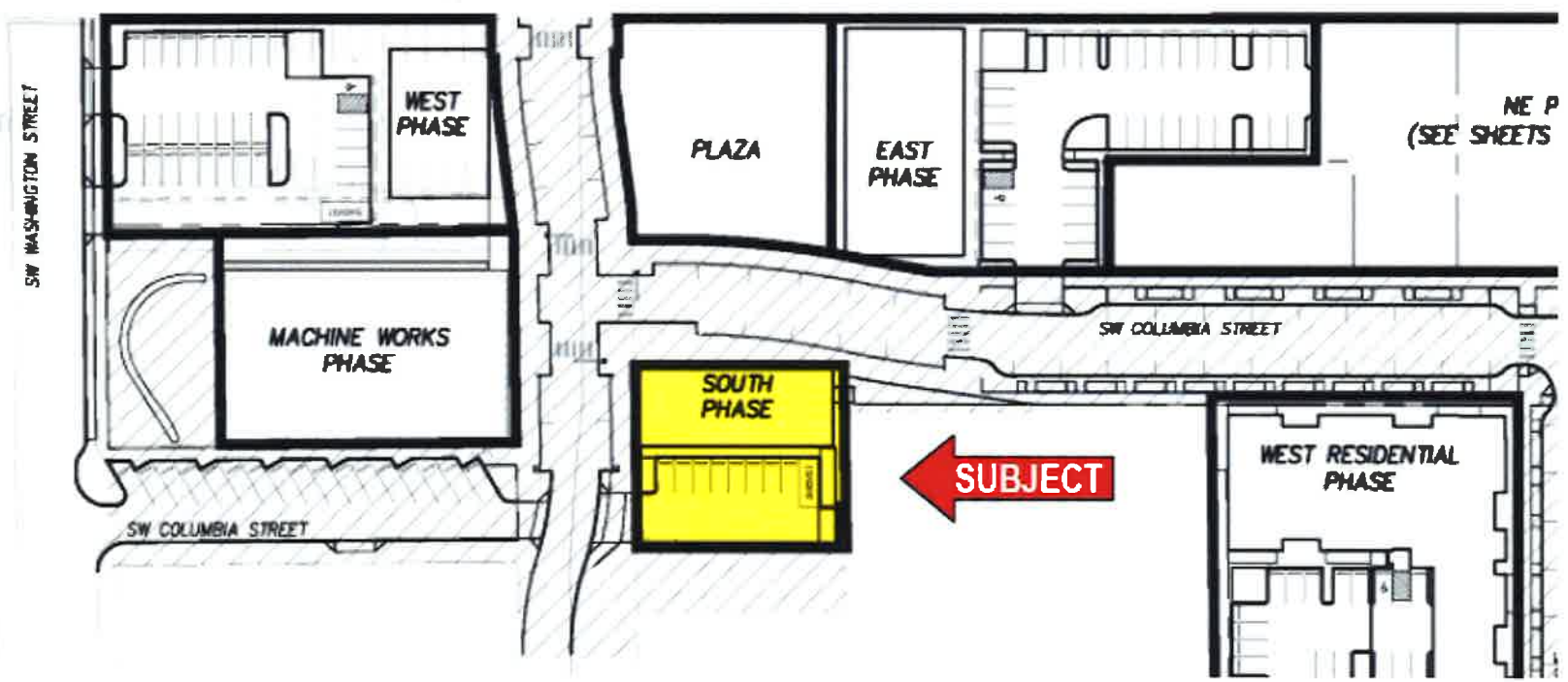
Future Appraisals (4)

- ▶ Cannery properties 5,6,7,8



Harper Houf Peterson Righellis Inc.
 ENGINEERS
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 SHEET 1 OF 2 10/26/2011 549-08

REGISTERED PROFESSIONAL LAND SURVEYOR
Harper Houf Peterson Righellis Inc.
 10/26/2011





Site Review Items

- Surrounding Land Use
- Infrastructure
- Access and Connectivity
- Zoning
- Land Use Entitlements (PUD for Cannery saves time)
- Marketing History
- Property Taxes
- Topography
- Wetlands/Flood Plain
- Easement

Market Analysis

- Expansion Areas
- Surplus of retail and office analysis

City of Sherwood 2016 Retail Marketplace Profile

Industry Summary	Total Businesses	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/ Surplus Factor
Total Retail/Food & Drink	131	\$350,711,770	\$236,384,711	\$114,327,059	19.5
Total Retail Trade	78	\$317,790,324	\$201,382,895	\$116,407,429	22.4
Total Food & Drink	53	\$32,921,446	\$35,001,816	-\$2,080,370	-3.1

Source ESRI

Market Analysis

Demographics and Income Profile

2016 Demographic and Income Profile						
	Sherwood City			Washington County		
	2010	2016	2021	2010	2016	2021
Population	18,194	19,201	20,316	529,710	569,215	609,175
Households	6,316	6,585	6,930	200,934	214,088	228,248
Average HH	2.88	2.91	2.93	2.60	2.63	2.64
Median HH	----	\$84,113	\$92,634	----	\$67,221	\$76,003
Average HH	----	\$103,066	\$112,374	----	\$87,768	\$96,052
Per Capita	----	\$35,591	\$38,588	----	\$33,313	\$36,272

Market Analysis

Market and Lease Rates

CoStar Market Summary - City of Sherwood

Year	Inventory (Bldgs)	Inventory SF	Vacancy	12-month Net Absorption (SF)	Under Construction (SF)	NNN Rent Overall
City of Sherwood Retail	92	1,238,508	3.40%	34,611	10,000	\$17.54
City of Sherwood Office	35	266,586	13.20%	(3,327)	0	\$22.46
5-Year Average						
City of Sherwood Retail	88	1,122,947	6.20%	46,266	62,610	\$15.85
City of Sherwood Office	35	264,608	14.60%	1,140	1,978	\$22.43



Market Analysis

Marketing Time Estimate

- ▶ Marketing time is an opinion of the length of time necessary to sell real property at market value immediately after the effective valuation date of the appraisal. It is not intended to be a prediction of a date of sale but is an integral part of the appraisal assignment. It is the opinion of the appraiser that market conditions will likely remain relatively stable over the near term thus marketing time has been estimated to be up to **24 months**.



Highest and Best Use

Highest and Best Use

- Highest and Best Use represents an analytical process wherein the physical, legal, social and economic constraints placed upon the property are examined for the purpose of defining that use which is possible and, concurrently, most financially productive. Inasmuch as potential development activity generally falls within a relatively broad range of legal alternatives, the conclusion of highest and best use is largely influenced by the availability of data, depth of research and the analytical skill of the appraiser. It is essentially a refinement process wherein the broadest range of possible uses are identified and then examined for legal appropriateness, as well as complementation to the neighborhood and the wealth maximization of the property owner.

Highest and Best Use

Common Name	Building Size (SF)	Typical Time to Sale	Zoning	Overlay	Highest and Best Use
Cannery Lot 1 (Pad)	3,750	24 months	PUD	Old Town/ Old Cannery	mixed-use retail/office development
Cannery Lot 3	4,000	24 months	PUD	Old Town/ Old Cannery	mixed-use retail/office development
Cannery Lot 4	13,800	24 months	PUD	Old Town/ Old Cannery	mixed-use retail/office development
Robinhood Theater	9,000	24 months	RC	Old Town/ Smockville	retail building
Old Schoolhouse	14,000	24 months	RC	Old Town/ Smockville	commercial and/or mixed use development (including residential)



Valuation (Comparables)

10 comparable properties

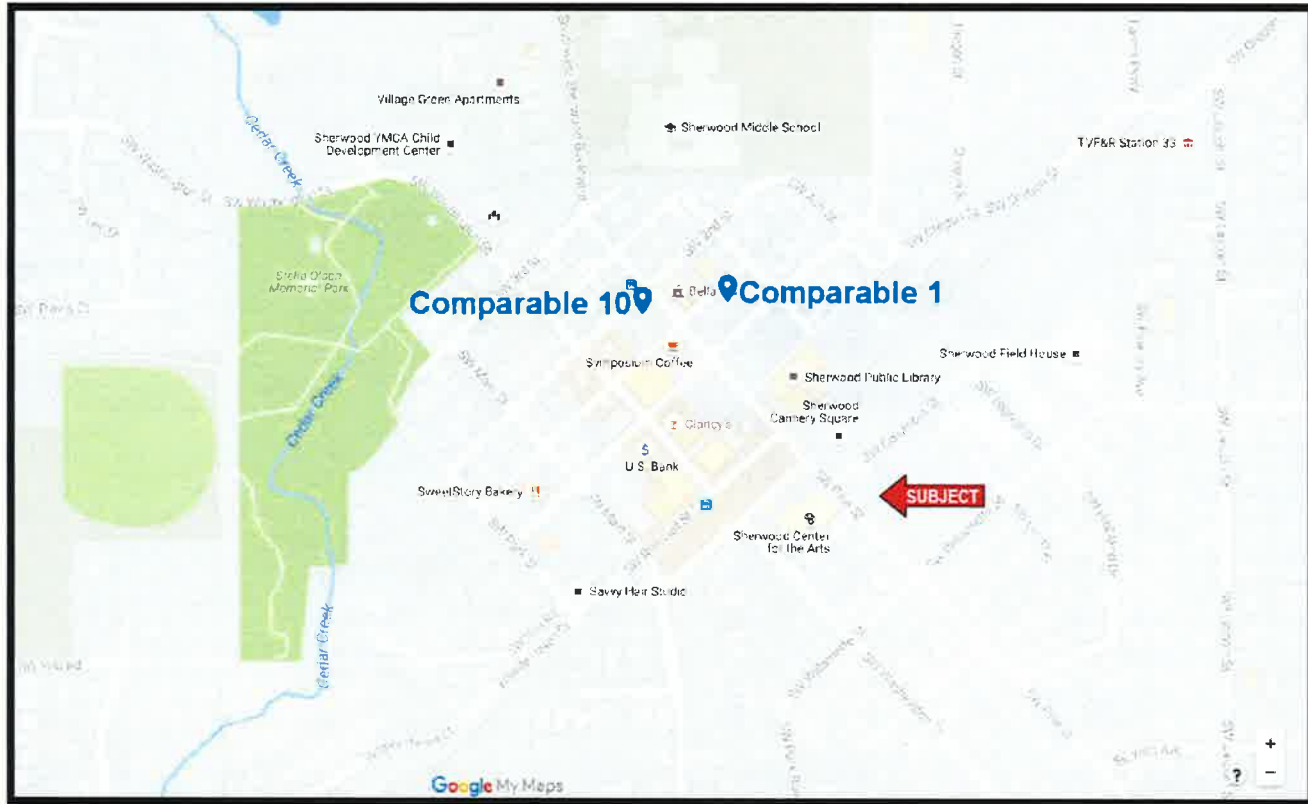
- (2) Sherwood
- (1) Troutdale
- (1) Gladstone
- (6) Gresham

Comparables



Comparable Sale Location Map

Comparables



Sherwood Comparable Sale Location Map

Comparables



Gresham Comparable Sale Location Map

Valuation

Sherwood Urban Renewal Agency (URA) Property Appraisals

Common Name	Area SF	Value (\$)	Price per SF (\$)	Valuation Method	Highest and Best Use
Cannery Lot 1 (Pad)	4,250	\$ 200,000	\$ 47.06	Sales Comparison + MVS	mixed-use retail/office development
Cannery Lot 3	9,803	\$ 195,000	\$ 19.89	Sales Comparison	mixed-use retail/office development
Cannery Lot 4	25,074	\$ 450,000	\$ 17.95	Sales Comparison	mixed-use retail/office development
Robinhood Theater	10,000	\$ 205,000	\$ 20.50	Sales Comparison	retail building
Old Schoolhouse	29,185	\$ 590,000	\$ 20.22	Sales Comparison	commercial and/or mixed use development (including residential)
Total		\$ 1,640,000			

MVS = Marshall Valuation Service Cost Guide



Next Steps

- Which properties should the URA market?
- What conditions would the URA Board like to set on property sales?
- Resolutions for Authorizing URA Manager to market and sell including any conditions

Approved Minutes

SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES
Tuesday, October 18, 2016
22560 SW Pine Street, Sherwood, Oregon 97140

WORK SESSION

1. **CALL TO ORDER:** Chair Clark called the work session to order at 8:05 pm.
2. **BOARD PRESENT:** Chair Krisanna Clark, Jennifer Kuiper, Jennifer Harris, Renee Brouse and Dan King. Sally Robinson and Linda Henderson were absent.
3. **STAFF PRESENT:** City Manager Joseph Gall, Assistant City Manager Tom Pessemier, Finance Director Katie Henry, and Agency Recorder Sylvia Murphy.

4. **TOPIC:**

A. Appraisals of URA Old Town Properties

Assistant City Manager Tom Pessemier provided a handout (see record, Exhibit A). Prior to briefing the Board he said staff is looking for answers from the Board as to which properties we want to move forward with and prepare to sell, and are there any conditions on the sale of the properties.

Tom provided the Board with background information and said the URA has acquired property over the last 20 years with the cannery site properties being the largest. He said the URA Board held a work session in March of 2016 to talk about the properties and although decisions were not made the Board indicated they were interested in these 5 properties (see exhibit). He said an appraiser was selected through a competitive process to appraise the properties and those appraisals were recently completed. He said the properties that were appraised were 3 properties at the cannery site, the Robin Hood Theater property and the Old School House property. He said there are four other properties at the cannery site and those were not appraised.

Tom referred to the presentation and discussion occurred regarding the various properties. He identified properties at the cannery site, Lot #1, Lot #2 and Lot #3. He said with Lot #1 in order for it to sell there would need to be some sort of partitioning of the property and said the partitioning was not previously done as it was unsure with our then partner Capstone Partners, how much of the property they wanted.

Tom referred to Lot #2 and said this is at the Center for the Arts and Lot #3 is the property across from the plaza. He said the original plan for the buildings on Lots #1 and #3 were going to be 1-story buildings. He said this was Capstone's vision and believes this makes a lot of sense. He referred to Lot #4 and said this was envisioned to be a 2-story building and this makes sense to him as well. Tom referred to the map in the presentation and explained the vision for the lots.

Tom said the appraisers looked at all of the area and information to ensure they understood that there were not any extraordinary conditions that they needed to be concerned about and to make sure they accounted for things such as infrastructure. Tom recapped the site review list and explained the Land Use entitlements (PUD) for properties at the cannery site.

Tom recapped the Market Analysis, discussion followed. Tom reviewed highest and best use and discussion followed regarding zoning. Tom addressed the comparables and reviewed the maps in the exhibit.

Tom addressed the value of the properties. He said all properties combined if sold would equal \$1.64 million of revenue that could come back into the URA to either feed existing debt or to do additional projects. He said this money does not count against our maximum indebtedness. Tom addressed cannery Lot #1 and the higher price per square foot being significantly higher and said this is because of the contribution of the parking lot and utilities at the site. Tom said he believes this price is a bit high and explained. He said he thinks it would be difficult to get the appraised value of \$200,000.

Tom stated there was interest in cannery lot #1, interest in the Old School House property and the Robin Hood Theater property. Tom asked the Board which properties of the 5 listed they would like to market. He reminded decisions are not made in work session, but asked for a general idea. Discussion followed regarding Lot #1 and the Old School House.

Brief Board discussion followed regarding development standards. Tom asked the Board what conditions they wanted to set on property sales and said he believes they are covered on cannery properties with the PUD that is in place.

Ms. Kuiper asked if the URA could enter into some kind of an agreement with people that want to purchase the very visible properties. Tom referred to the Robin Hood property and said he thinks it would be good to set some conditions. He said before any properties are sold, staff will need to come back to the URA board with a resolution authorizing the sale of properties and believes legislation establishing boundaries would be a good idea. He provided examples. He said he believes if the URA can't get something fairly significant at this location, we should not consider selling it. He said there are deed restrictions that can be put into place.

Ms. Kuiper said this doesn't sound like a partnership. Discussion followed. She asked what is the highest percentage of certainty that we would get through a development of both properties without doing a partnership, and doing something a bit more creative. She asked if we could do an RFP asking for design, something that would provide a greater guarantee that we get what we envision. Tom said this has been done in the past with the cannery, where we put out an RFP and entered into a development agreement. He said this is a failed example. He said this was also done on the Old School House property in 2007 and we received a few proposals which were awful, not meeting the requirements of the RFP. Discussion followed. Tom commented regarding setting conditions in advance and said they can be generic and this would then be followed by putting out an RFP setting out the requirements and asking what they would envision.

City Manager Gall spoke of the three cannery lots and marketing them and said this would be less risky and said he wanted to take advantage of the interest we have received for Lot #1. He said the Robin Hood Theater and the Old School house are key parcels and believes we need time to research.

Ms. Kuiper suggested lots #1, #3 and #4 being offered for sale.

Ms. Harris commented regarding the lack of residential housing in the downtown area and asked why aren't we considering residential. Tom replied they tax down and the PUD took all the housing that was available for all of those properties and moved them into the apartments. He said there isn't housing,

residential options available. He said the City Council could change that but it would be quite a process and we would probably have to rezone a portion of that as something different, probably high density residential in order to get the density. He said the PUD would have to be changed.

Tom referred to lot #4 and lot #5 and discussion followed regarding options for residential. He said if housing was something the Board wanted to do it would be a significant process.

City Manager Gall informed the Board the City recently received an application for the Jim Fisher property for a townhouse development, he said it's a work/live type of development. Discussion followed.

Tom said if the Board was serious about putting residential on lot #4, then we can't market it. Discussion occurred regarding residential/commercial on the Robin Hood Theater property similar to the McCormick building. Examples of McMinnville and Lake Oswego were referenced as cities with residential living and comments were received that they are booming and attract more business. He said the Robin Hood lot under our existing code can have residential as long as the residential is secondary to the commercial use.

City Manager Gall confirmed the Board was looking at marketing lots #1 and #3. Tom said they are different enough that they would probably not compete with each other. Discussion followed and Orenco Station was mentioned as an example of what the development could look like.

Tom commented regarding the need to make a decision on the Robin Hood Theater property because we are building the other parking lot and he has told people that the Robin Hood Theater parking lot will be closing. He said the current parking lot is not compliant to the City's code and has not been for a while. He said this will cause a lot of heartburn in the community.

City Manager Gall asked staff if they had what they needed as far as next steps and Tom replied he believes so and said staff needed to come back with ideas on what we want to do with the Old School House property and the Robin Hood Theater lot, and review that with professionals and bring something back to the Board for consideration. He said he believes this would be a separate piece of legislation.

Ms. Kuiper commented regarding the design standards and asked if they were only for the PUD? Tom replied yes. She asked if they comply with the overall design standards. Tom replied yes and said it's more restrictive. She asked if we could have design standards for a particular lot. Tom said you could and said it would be challenging. He said we could put that in the regular code versus Chapter 16 which is the development code. He said we would have to go through a process with notification to DLCD.

Tom confirmed staff would look at marketing lots #1 and #3, no objections from the Board were received.

5. ADJOURN:

Chair Clark adjourned at 8:53 pm.

Submitted by:


Sylvia Murphy, MMC, Agency Recorder


Krisanna Clark, Chair