



Approval of Property Acquisition: 18428 – 18432 E Burnside

July 18, 2023

Presented by:

Brian Monberg, Urban Renewal Director

Eric Schmidt, Assistant City Manager

Requested Action

**MOVE TO APPROVE THE
PURCHASE OF 18428-
18432 E BURNSIDE FOR
\$2,000,000.**



- Overview of the property
- Due Diligence
- Development Opportunities
- Next Steps



91.50



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CLASSIC HEAT SOURCE

Credit 1st Auto



Potential Property Acquisition

OPPORTUNITY



- Supports Urban Renewal Plan Goals & City Council
- Specifically, Goal 2 related to Rockwood Town Center
 - *Improve Rockwood Town Center: Improve Rockwood Town Center so it provides a mix of high-quality housing, jobs, shopping and services for the community. It will also serve as an attractive “front door” to Gresham, and as a focal point for Rockwood. Rockwood Town Center is the heart of Rockwood-West Gresham and the City’s “front door.”*
- Strategic Opportunity
 - Adjacencies to Downtown Rockwood and MAX
 - Property allows for sizable redevelopment
 - Explore potential joint Tri-Met/GRDC development
 - Current tenants – Income stream for near term

Due Diligence

FINDINGS

A Purchase and Sale Agreement (PSA) was executed on May 5, 2023 that allows for 75-day due diligence period.



- **Title Review** : GRDC staff and outside legal counsel reviewed the Title Report and determined that there are no significant issues related to the Title.
- **Tenant Leases**: Review of current leases showed that they are thorough and complete. Classic Heat source lease renewal is due after purchase.
- **Environmental**: No significant issues were identified.
- **Property/Building Conditions**: Terracon Consultants, Inc. did a physical inspection of the building structure, roof, foundation, building envelope, and mechanical, electrical, and plumbing systems, and found no significant issues with the building systems other than minor repairs.
- **Appraisal**: Zell & Associates completed an appraisal of the market value of the property, which concluded the value to be \$1,820,000, which is within 10% of agreed purchase price. This property is **not** currently on the market, and owner has indicated holding long-term but for the current offer.



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Food, Beer, Wine, Lottery



CLASSIC HEAT SOURCE

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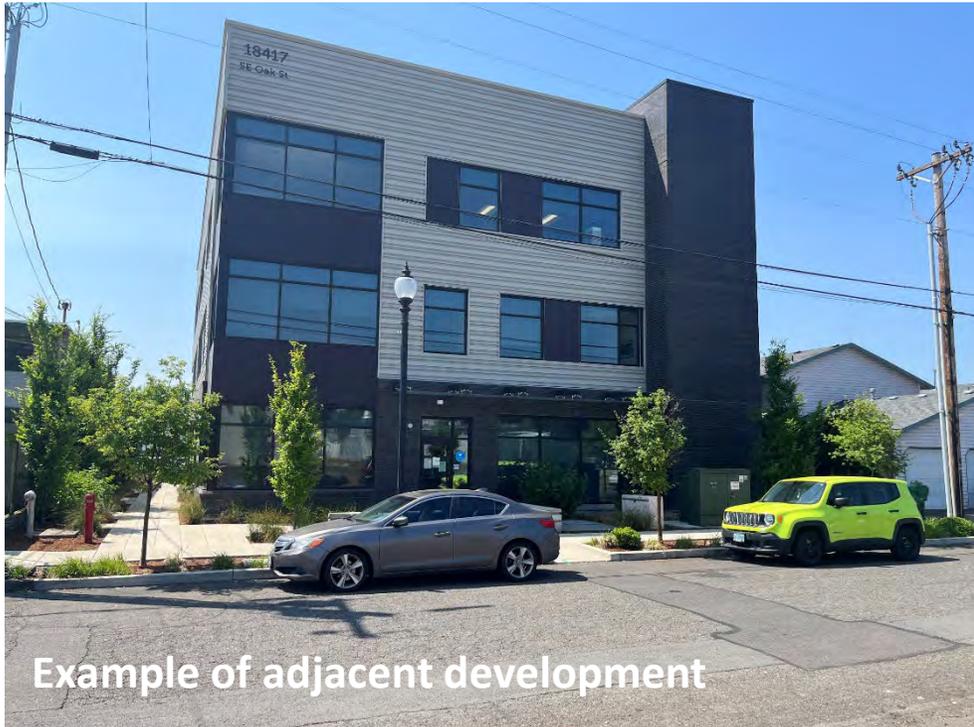


Short-term opportunities (1-5 year)



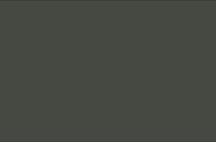
- Site Control and leases: support tenants and manage leases to the benefit of commission goals and outcomes for Rockwood.
- Positive Cash flow: Stable tenants provide steady and predictable income stream.

Development Opportunities (5+ year)



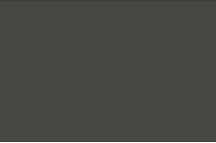
- Redevelop
 - Can develop 4-6 story building
 - Adjacent Lifeworks NW development across the street is 3 story building
- Land Assembly
 - Potential to coordinate with 4-acre land development with TriMet 2-acre park and ride

Staff recommends redeveloping when the value of land exceeds current cash flow.



Requested Action

MOVE TO APPROVE THE PURCHASE OF 18428-18432 E BURNSIDE FOR \$2,000,000.



Next Steps

Staff will work closely with the City Attorney's Office, Dunn Carney LLP, and the Budget and Finance Department to complete the purchase of the property.

Closing will be scheduled according to the terms of the Purchase and Sale Agreement.

Thank you!

DISCUSSION/QUESTIONS