



**CITY COUNCIL MEETING
STAFF REPORT**

Meeting Date: May 20, 2024		Subject: Resolution No. 3146 Development and Disposition Agreement for the Wilsonville Transit Center Transit-Oriented Development Project	
		Staff Members: Amanda Guile-Hinman, City Attorney and Kimberly Rybold, AICP, Senior Planner	
		Departments: Legal and Community Development	
Action Required		Advisory Board/Commission Recommendation	
<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable Comments: N/A	
Staff Recommendation: Staff recommends Council adopt Resolution No. 3146.			
Recommended Language for Motion: I move to adopt Resolution No. 3146.			
Project / Issue Relates To:			
<input checked="" type="checkbox"/> Council Goals/Priorities: Increase housing opportunities for all and reach functional zero homelessness	<input checked="" type="checkbox"/> Adopted Master Plan(s): Equitable Housing Strategic Plan	<input type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

A resolution to approve a Development and Disposition Agreement (DDA) with Palindrome for the Transit-Oriented Development (TOD) project at the Wilsonville Transit Center.

EXECUTIVE SUMMARY:

The 2020 Equitable Housing Strategic Plan (EHSP) identified exploration of transit-oriented development (TOD) at the Wilsonville Transit Center as a high-priority action the City should explore. As noted in the EHSP, the approximately 1.3-acre City-owned property at the Wilsonville Transit Center presents an opportunity to promote TOD with affordable and/or workforce housing. As a first step in exploring TOD, the EHSP recommended the City complete a Development Opportunity Study to assess the City's goals for the site and better understand the types of development that may be feasible. The City completed this study in early 2022, finding that a four- to five-story affordable housing project with supporting ground floor tenant spaces was likely feasible.

In December 2022, following a two-step Request for Qualifications/Request for Proposals process, City Council selected Palindrome as the preferred development partner for the TOD project. The proposed project includes 121 units of housing affordable to households making between 30% and 80% of Area Median Income, including 20 units of Permanent Supportive Housing, along with ground-floor tenants including a welcome center for SMART, a new home for Wilsonville Community Sharing, and a coffee house/taproom space. To create a lively environment for residents, transit users, and other visitors, the project will include outdoor plazas and a play area centered around three Douglas-fir trees that will be preserved with development. In January 2024, the Development Review Board approved the development plans for the project, and construction permits are currently under review.

A variety of funding sources will finance the construction of the TOD project. In fall 2023, Clackamas County and Metro provided Concept Endorsement for the award of \$8 million in Metro Affordable Housing Bond funds to the TOD project. These funds will be paired with other sources including Low Income Housing Tax Credits, a \$1.9 million legislative grant awarded to the City in 2022, and private debt.

The proposed Development and Disposition Agreement ("Agreement") outlines the key terms of the agreement between the City and Palindrome for the development and construction of the TOD. Some key items of note in the Agreement:

- The City must review and approve final construction drawings for the TOD and has review authority over any changes to the construction drawings during construction
- Palindrome must make all commercially reasonable efforts to meet its anticipated certificate of occupancy date, which is April 1, 2026
- The City will assist Palindrome in obtaining available property tax abatements
- The City will subsidize \$1.42 million of systems development charges (SDCs) for the affordable housing portion of the TOD and defer remaining SDCs applicable to the affordable housing portion until April 1, 2026 or certificate of occupancy (see Resolution No. 3147 regarding the proposed SDC deferral program)
- The City will provide \$1.9 million in State of Oregon grant funds to the project related to construction costs for the regional transit center and Wilsonville Community Sharing tenant spaces

- Palindrome and all contractors/subcontractors must follow applicable prevailing wage laws for work on the TOD
- Palindrome must enter into lease agreements or similar agreements with SMART and Wilsonville Community Sharing for their uses of the ground floor space
 - SMART will not be charged rent for its use
 - Wilsonville Community Sharing is to be charged rent consistent with the City's current rent collected, which is \$1,000/month
- Upon satisfaction of the requirements in the Agreement, the City will sell to Palindrome the real property for \$1.00.

EXPECTED RESULTS:

Construction of the TOD, anticipated to be completed by April 1, 2026.

TIMELINE:

City review of construction permits for the project is ongoing, with construction anticipated to begin in August 2024 and completed by April 1, 2026.

CURRENT YEAR BUDGET IMPACTS:

The amended budget for Fiscal Year 2023-2024 includes \$50,000 for capital improvement project (CIP) #8156, supporting staff time for project management. In the next fiscal year, the City anticipates providing \$1.9 million of State of Oregon grant funds to Palindrome for its construction costs and providing to the City SDCs funds \$1.42 million to subsidize a portion of the SDCs Palindrome is obligated to pay for the affordable housing portion of the TOD.

COMMUNITY INVOLVEMENT PROCESS:

The priorities identified in the Equitable Housing Strategic Plan, including exploration of transit-oriented development at the Wilsonville Transit Center, were generated through a community input process that included focus groups, surveys, and Task Force input. The Wilsonville Transit Center TOD project went through the typical City development review process before the Development Review Board, allowing for public comment from residents, neighbors and property owners. Palindrome is conducting additional community outreach to meet requirements of the Metro Affordable Housing Bond program.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

The Wilsonville Transit Center TOD project will provide needed affordable housing opportunities in close proximity to transit service, along with tenant space for Wilsonville Community Sharing, a coffee shop/taproom, and SMART welcome center. Locating housing in close proximity to transit service can generate additional transit ridership. The Wilsonville Transit Center is one of the City's limited opportunities to provide true transit-oriented development within the community.

ALTERNATIVES:

City Council may choose to revise some of the terms and conditions of the proposed Agreement.

CITY MANAGER COMMENT:

N/A

ATTACHMENT:

1. Resolution No. 3146
 - A. Exhibit A – Development and Disposition Agreement