



URBAN RENEWAL DISTRICT AGENCY BOARD

November 27, 2012

Council Chambers • 777 SW Deschutes Avenue

BOARD MEMBERS

George Endicott
Chair

Tory Allman
Board Member

Joe Centanni
Board Member

Shirlee Evans
Board Member

Camden King
Board Member

Ed Onimus
Board Member

Jay Patrick
Board Member

NOVEMBER 27, 2012

MEETING AGENDA

**FOLLOWING P.M.
COUNCIL MEETING**

I. CALL TO ORDER / ESTABLISH A QUORUM

II. MINUTES

A. Minutes of October 23, 2012, Special Urban Renewal District Agency Board Meeting

Exhibit 1

III. ACTION ITEMS

A. Industrial Opportunity Fund Loan for Central Oregon Trucking Company

Exhibit 2

IV. BID AWARDS / BID REJECTIONS

A. City Center Housing Strategy

Exhibit 3

V. PRESENTATIONS

A. Redmond Hotel Study
B. Business/Medical District Update

VI. OTHER BUSINESS

VII. ADJOURN

Regular Council meetings are broadcast live on COTV11 – BendBroadband Channel 11 beginning at 7:00 p.m. on the 2nd and 4th Tuesdays of each month. Rebroadcasts are scheduled for the non-meeting Tuesdays at 7:00 p.m., and Sunday at 1:00 p.m.

Anyone needing accommodation to participate in the meeting must notify Mike Viegas, ADA Coordinator, at least 48 hours in advance of the meeting at 541-504-3032, or through the Telecommunications Relay Service (TRS) which enables people who have difficulty hearing or speaking in the telephone to communicate to standard voice telephone users. If anyone needs Telecommunications Device for the Deaf (TDD) or Speech To Speech (STS) assistance, please use one of the following TRS numbers: 1-800-735-2900 (voice or text), 1-877-735-7525 (STS English) or 1-800-735-3896 (STS Spanish). The City does not discriminate on the basis of disability status in the admission or access to, or treatment, or employment in, its programs or activities.

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SPECIAL CITY OF REDMOND URBAN RENEWAL DISTRICT AGENCY BOARD MEETING WAS HELD OCTOBER 23, 2012, IN THE CITY COUNCIL CHAMBERS.

BOARD MEMBERS PRESENT: Tory Allman – Joe Centanni – George Endicott – Camden King – Ed Onimus – Shirlee Evans – Jay Patrick

BOARD MEMBERS EXCUSED:

STAFF PRESENT: Interim City Manager Sharon Harris – Acting City Attorney Christian Ambroson – Assistant to the City Manager Betty Borgen – Police Chief Dave Tarbet – Public Works Director Bill Duerden – Mike Caccavano – City Recorder Kelly Morse – Community Development Director Heather Richards – CIS Network Technician Joe Cron – Finance/Budget Manager Jason Neff

MEDIA PRESENT: Trish Pinkerton, Redmond Spokesman

Chair Endicott called the meeting to order at 7:51 a.m. and established a quorum.

MINUTES

A. Minutes of June 12, 2012, Special Urban Renewal District Agency Board Meeting (Exhibit 1)

King moved, seconded by Evans, to approve the minutes of June 12, 2012, motion passed. (Allman-yes, Centanni-yes, Endicott-yes, Evans-yes, King-yes, Onimus-absent, Patrick-absent)

ACTION ITEMS

A. Intergovernmental Agreement with Redmond Area Park and Recreation District for Operations and Maintenance of the Redmond Ice Skating Rink (Exhibit 2)

Community Development Director Heather Richards presented the Council with a proposed Intergovernmental Agreement with Redmond Area Park and Recreation District for operations and maintenance of the ice skating rink.

Evans moved, seconded by King, to authorize the Interim City Manager to sign an Intergovernmental Agreement with Redmond Area Park and Recreation District for the operation and maintenance of the Redmond Ice Skating Rink for the 2012/13 season as proposed, motion passed. (Allman-yes, Centanni-yes, Endicott-yes, Evans-yes, King-yes, Onimus-absent, Patrick-absent)

OTHER BUSINESS

There being no further business, the meeting was adjourned at 7:57 a.m.

Prepared by Kelly Morse, City Recorder

APPROVED by the Board and SIGNED by the Board Member/Council President this 27th day of November, 2012.

Robert J. Patrick, Board Member/Council President

ATTEST:

Kelly Morse, City Recorder



CITY OF REDMOND
REDMOND URBAN RENEWAL AGENCY
Community Development Department

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Fax: (541) 548-0706
www.ci.redmond.or.us

DATE: November 27, 2012
TO: Urban Renewal Board
THROUGH: Sharon Harris, Interim Redmond City Manager
THROUGH: Heather Richards, Community Development Director
FROM: Jon Williams, Economic Development Project Manager
SUBJECT: Approval of Central Oregon Trucking Company Industrial Opportunity Fund Loan

Addresses Council/Agency Goals:

3. ECONOMIC DEVELOPMENT

Encourage economic development by continuing to utilize business location incentives, ensuring an adequate supply of planned industrial, commercial and residential land, and supporting workforce development programs.

- B. Work to attract larger employers that provide family wage jobs into Redmond.
 - i. Work with REDI and EDCO to facilitate new business relocation to Redmond.

7. URBAN RENEWAL

Invest resources to encourage new business investment in designated blighted areas that will grow the job base and strengthen and diversify the tax base in that area.

Report in Brief:

This is a request to approve the Central Oregon Trucking Company's (COT) application for a forgivable loan of \$112,500 through the Redmond Urban Renewal Agency's Industrial Opportunity Fund, one of the projects in the Downtown Redmond Urban Renewal Plan.

Staff has reviewed COT's application and supporting documents and concludes that the project meets the criteria of the Industrial Opportunity Fund and is in the best interest of the Urban Renewal District and the City.

Background:

The project will bring 49 permanent jobs to Redmond as Central Oregon Trucking Company relocates its headquarters from Prineville. Of these, 25 positions will have combined wages and benefits exceeding 1.35 times the Deschutes County Average wage.

The new COT headquarters will be located on 9.25 acres on 394 NE Hemlock Avenue and involves the construction of a 14,000 square foot administrative office/headquarters as well as 12,000 square feet of space for vehicle maintenance and driver training. The total contracted value of the private improvements including site work but excluding public improvements is \$3,514,000.



The project is currently under construction with completion forecast for mid-December. COT discussed the Industrial Opportunity Fund loan with City and REDI staff during its process of selecting Redmond as the site of their new headquarters. However, to address City concerns regarding construction risk, COT opted to delay seeking funding of an Industrial Opportunity Fund loan until completion of their new facility.

Discussion:

The discussion below further describes the eligibility of the project for Industrial Opportunity Fund as well as potential risks and benefits associated with offering this loan.

Project Eligibility:

The project meets the three primary requirements for consideration which were approved by the Urban Renewal Board on September 12, 2011.

1. Be located within industrially zoned areas of the Redmond Downtown Urban Renewal Area and represent an industrial use.

The project is located within the Downtown Urban Renewal District and is located within an M-2 zone, which is defined as a Heavy Industrial zone under the Redmond Development Code. The City of Redmond's Planning Department's Land Use decision for the project dated March 14, 2012 concluded that the proposed trucking headquarters, maintenance facility, and driver training facility constituted an industrial use.
2. Consist of new construction or expansion of buildings supporting an industrial use as defined by the City of Redmond's Zoning Standards **or** public improvements required by the City as a condition of approval for such new construction.

The project consists of new construction supporting new offices as well as repair and training facilities as indicated by the building permit application submitted to the City on May 2, 2012. As indicated above, the Land Use Decision for the project confirmed that the proposed uses consist of industrial uses under the Redmond Development Code.

3. Result in a net increase in employment within the City of Redmond at compensation levels determined by the Agency to represent 1.35X the Deschutes County Average Wage. The threshold is subject to periodic adjustment by the Agency and, as of October 2011, is set at least **\$47,664** (including benefits).

Per a certified payroll schedule submitted by COT, the project will result in the relocation of 49 permanent jobs from COT's existing headquarters in Prineville to a newly constructed facility in Redmond. Of these positions, 25 will exceed the required wage and benefit values.

Loan Value:

The value of the loan is tied to the number and compensation of the jobs brought to Redmond as a result of the planned expansion. The loan value is capped at the lesser of 20% of eligible project costs or the sum of the per position incentive values associated with the project. In this case, the loan value was constrained by the number of qualifying new positions brought to Redmond.

The value of the loan is constrained by the number of new jobs brought to Redmond that pay qualifying wages. The Agency periodically establishes an Incentive Wage and Benefit Value ("IWBV") based on 1.35X the Deschutes County Average Wage. For each new job brought to Redmond through either expansion or relocation that combined provides wages and benefits exceeding the IWBV, the maximum loan value will be increased based on the schedule below.

Incentive Threshold	Wage and Benefit Level based on 2009 Wage Levels	Maximum Loan Value
100% of Incentive Wage and Benefit Value	\$47,664	\$2,500 per new to Redmond position
125% of Incentive Wage and Benefit Value	\$59,580	\$5,000 per new to Redmond position
150% of Incentive Wage and Benefit Value	\$71,496	\$7,500 per new to Redmond position

The project will bring 49 jobs to Redmond as Central Oregon Trucking relocates its headquarters offices from Prineville. These jobs are all associated with the central headquarters and include positions in administration, training, information technology and management. No driver positions are included.

Of the 49 projected positions, 25 will be at wages qualifying for loans under the Industrial Opportunity Fund program. Specifically, 14 are at wages qualifying for \$2,500 in loans, 2 are at wages qualifying for \$5,000 in loans, and 9 are at wages qualifying for \$7,500 in loans. These employment levels qualify the project for loans of \$112,500.

Loans made under the program may be forgiven over a five-year period. For each year that the company maintains the pledged qualifying positions, 20% of the loan value will be forgiven. For each pledged position that is not filled in a given year, the company must repay 20% of the loan value associated with that position.

Site summary:

The project site consists of 9.25 acres within the Downtown Redmond Urban Renewal District and is located on 394 NE Hemlock Avenue. Prior to the start of construction the site was vacant agricultural land with the exception of a mobile home structure that was removed in early 2012. A Phase I Environmental Site Assessment completed in July 2012 found no significant recognized environmental conditions on the subject property and found no basis for recommending further environmental review of the site. Currently, construction activity is underway on the site and is expected to continue until project completion in mid-December 2012. A certificate of occupancy will be required prior to funding the Industrial Opportunity Fund Loan.

Given the clean environmental report and plans to fund the loan only after project completion, staff concludes that there is minimal construction risk associated with the proposed loan.

Sponsorship:

Central Oregon Trucking Company has operated in Central Oregon since 1992 and has 206 tractors, 220 trailers, trailers and 250 total employees. A staff review of the firm's confidential financial records indicate that the firm has enjoyed steady to increasing profitability and growing net asset value over the past three years. Staff concludes that these positive trends indicate a low risk that Central Oregon Trucking would cease operations during the loan period.

Project financing:

The project construction is being financed through a \$2,870,000 construction-permanent loan through Columbia State Bank with land costs and the balance of the \$3,514,000 construction cost funded directly by COT. The permanent phase of the loan has a 10-year term. Proceeds from the Industrial Opportunity Fund loan will be used to reimburse Central Oregon Trucking Company for a portion of its directly funded construction costs.

Given the outstanding value of the Columbia State Bank loan, that the new headquarters facility is custom built for the needs of Central Oregon Trucking Company, and that there currently wide availability of vacant speculative industrial space, there is a risk that in a foreclosure situation there would be inadequate residual value in the improvements to repay the Industrial Opportunity Fund Loan.

This risk is mitigated by the small size of the Industrial Opportunity Loan relative to Central Oregon Trucking's total investment in the site and Central Oregon Trucking's healthy balance sheet and ongoing profitability. It is further noted that even after funding of the Loan, COT will have committed over \$500,000 in equity to the project.

Satisfaction of Program Requirements:

Staff finds that the Project satisfies the requirements of the program, supports urban renewal goals and is in the best interest of the City.

1. All loans are subject to approval to a recommendation to approve, approve with conditions, or deny by the Downtown Urban Renewal Advisory Committee (DURAC). Loans of \$50,000 or greater are subject to approval by the Redmond Urban Renewal Board. All projects must be found to meet the program criteria and underwriting criteria **and** to be in the best interest of the City and the Urban Renewal Agency.

The existence of this incentive was a consideration in Central Oregon Trucking's decision to locate in Redmond. Staff finds that the proposed loan is in the best interest of the City and the Urban Renewal District based on its role in ensuring the economically productive use of vacant land and the creation of new permanent jobs. The project will bring 49 permanent new jobs to

Redmond including 25 jobs at wages and benefits above the Deschutes County Median. In addition, the project will result in private improvements to the site of \$3,514,000.

DURAC reviewed the application at its November 13 meeting. A quorum was not present, but the four present members voted unanimously to recommend approval of the loan. Three additional members who were not present provided e-mails expressing support for approval of the loan. No objections were expressed.

2. Loans are subject to the availability of funds.

Approximately \$2,000,000 of urban renewal funds has been set allocated to fund the Industrial Opportunity Fund. This will be the first loan made under the program.

3. The City of Redmond will lien the property for the value of the loan. Once the loan is repaid or fully forgiven, the lien will be released.

A lien will be recorded as part of the closing process.

4. The City of Redmond may request a title report on the property, which will be subject to attorney review at the discretion of the City Manager. The Urban Renewal Agency may deny of any loan based on the Title Report or the number of liens upon the property.

An updated Preliminary Title Report will be required as a condition of closing.

5. All projects shall comply with the City of Redmond Development and Building Code.

The Project has received its building permits from the City of Redmond. A Certificate of Occupancy will be required as a condition of closing.

6. Failure to complete the project within 12 months of receipt of loan funds shall be a condition of default and the full amount of the loan will be required to be repaid.

Project and a certificate of occupancy will be required as a condition of closing.

7. Failure to provide annual certified payroll statements as required by the program shall be a condition of default and any amounts not already forgiven will be required to be repaid.

This condition will be included in the loan documents with compliance monitored by the Finance Department and Community Development Department staff.

8. Failure to provide City staff access to requested payroll records needed to verify statement provided to the City shall be a condition of default.

This condition will be included in the loan documents with compliance monitored by the Finance Department and Community Development Department staff.

Process:

Central Oregon Trucking is expecting to complete the project in mid-December. They are seeking to close and fund the loan prior to year's end. If approved by the Urban Renewal Board funding would occur following issuance of a Certificate of Occupancy, recording of the lien, and execution of all loan documents.

Fiscal Impact:

The proposed loan cost is \$112,500. The funds will be disbursed from the Industrial Opportunity Fund line item of the Redmond Urban Renewal budget.

Alternative Courses of Action:

1. Approve the Industrial Opportunity Fund Loan to Central Oregon Trucking Company in the amount of \$112,500 and authorize the Interim Redmond City Manager to sign the loan documents and disburse the funds;
2. Request more information; or
3. Decline at this time to approve the Industrial Opportunity Fund Loan to Central Oregon Trucking Company.

Recommendation/Suggested Motion:

"I move to approve an Industrial Opportunity Fund Loan to Central Oregon Trucking Company in the amount of \$112,500, authorizing the Interim Redmond City Manager to sign the loan documents and disburse the funds."

Jon Williams,
Economic Development Project Manager



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DATE: November 27, 2012
TO: Urban Renewal Board
THROUGH: Sharon Harris, Interim Redmond City Manager
THROUGH: Heather Richards, Community Development Director
FROM: Jon Williams, Economic Development Project Manager
SUBJECT: Contract for City Center Housing Strategy

Addresses Council Goals:

7. URBAN RENEWAL

Invest resources to encourage new business investment in designated blighted areas that will grow the job base and strengthen and diversify the tax base in that area.

B. Create a readily identifiable city center core that is vibrant with a mixture of offices, specialty shops, entertainment, housing and other commercial uses.

Report in Brief:

This report requests Urban Renewal Board approval for a professional services contract with Johnson Reid to complete a City Center Housing Strategy with a not-to-exceed budget of \$100,000, and will be funded through the Housing Development Opportunity Fund in the Redmond Downtown Urban Renewal Plan. The full scope and budget is **attached**.

The Strategy is intended to guide the Agency's housing related investments. The Redmond Downtown Urban Renewal Plan ("The Plan") recognizes housing as "key to downtown revitalization, as residents help support local merchants, bring new investment, and create an 18-24 hour environment." The Plan authorizes \$7,000,000 for a Housing Development Opportunity Fund which is intended to support private housing development in the Urban Renewal Area. The City Center Housing Strategy will provide guidance on how to leverage the \$7,000,000 to achieve the Agency's objectives.

The Request for proposals was issued in June 2012. A review team comprised of Community Development Department staff and DURAC members selected Johnson Reid on September 9, 2012.

Background:

The City Center Housing Strategy is intended to provide a strategy for fostering infill and higher density housing that supports the long term economic vitality of downtown Redmond and the City as a whole, and to provide guidance to the Redmond Urban Renewal Agency on how to disburse the \$7,000,000 set aside in the Redmond Downtown Urban Renewal Plan for the most leverage on achieving the Agency's goals and objectives for the downtown.

By promoting housing in the downtown, the Agency intends to support the following objectives:

- 1) Eliminate blighted conditions including vacant and underutilized parcels, buildings experiencing disinvestment, and deteriorated neighborhoods.
- 2) Provide residents increased options to live in walkable neighborhoods where they can conveniently access services.

- 3) Provide housing products that meet the needs of well represented as well as underrepresented members of the community including single workers, families, and retirees.
- 4) Provide the area's pedestrian oriented retail areas, particularly the historic core, an enhanced customer base—thereby supporting a more vital and diverse retail core which can better serve and attract residents, employees, and visitors.
- 5) Foster higher density housing in areas of the community where it can be most efficiently served with utilities and infrastructure as well as by existing and future transit service.

Discussion:

The City Center Housing Strategy is intended to evaluate the volume and types of housing units that will be accepted by the market, the neighborhoods where new projects will succeed and generate the greatest positive economic development impact, the policy changes and investments that will be most effective in encouraging development, the likely return on investment for any investments in housing. The report will also provide guidance on the type and timing of investments to ensure they generate the greatest economic development impact.

The deliverables included as part of the study are as follows:

- 1) Physical review of residential properties within the urban renewal district.
- 2) Analysis of the market potential and goals for residential development in the urban renewal district over a 20-year planning horizon.
- 3) Financial forecast of the feasibility of alternative residential development forms over time.
- 4) Recommendations regarding the areas within the district to prioritize for new residential development.
- 5) Inventory of physical, policy, and market obstacles.
- 6) Strategy addressing the following elements:
 1. Targets for short (1-4 year), medium (5-10 year), and long term (11-20 year) housing production to meet market opportunity and support economic development
 2. Prioritization of neighborhoods and blocks most suitable for housing investment.
 3. Recommendations for site specific interventions
 - a. *Identification of specific parcels and tax lots on which to encourage investment*
 - b. *Identification of housing product types most likely to attract buyers and renters*
 - c. *Guidance with regards to value and type of actions the Urban Renewal Agency can take to encourage success.*
 - d. *Guidance with regard to portion of available funds to dedicated toward site specific intervention as opposed to efforts to promote housing within the downtown area as a whole.*
 - e. *Guidance with regard to timing of Agency actions so that result in the best long economic development benefit.*
 4. District wide strategy
 - a. *Guidance with regard to recommendations for long term policy interventions to address barriers. Including consideration of:*
 - i. Housing revolving loan fund or other financing tools
 - ii. Zoning policy recommendations
 - iii. Marketing recommendations
 - iv. Complementary redevelopment efforts
 - b. *Guidance with regard to portion of available funds to target towards long term incentives*
 - c. *Guidance with regard to timing of interventions*

- 7) 20-year forecast of residential development activity in the district, under a "no action" scenario assuming the implementation of the Downtown Redmond Urban Renewal Plan but no implementation of housing specific initiatives as well as assuming implementation of recommended actions.
- 8) Economic impact analysis of proposed policies and actions.
- 9) Final report.

The negotiated scope of work and schedule is attached.

Fiscal Impact:

Approval of this contract would allow disbursement of not more than \$100,000 from the Housing Development Opportunity Fund line item of the Redmond Urban Renewal Budget.

Alternative Courses of Action:

1. Authorize the Interim City Manager to sign the professional services contract to Johnson-Reid for the preparation of a Center City Housing Strategy for an amount not to exceed \$100,000.
2. Request more information; or
3. Decline at this time to award a contract for the Center City Housing Strategy.

Recommendation/Suggested Motion:

"I move to authorize the Interim Redmond City Manager to sign the professional services contract to Johnson-Reid for the preparation of a Center City Housing Strategy for an amount not to exceed \$100,000."

Jon Williams,
Economic Development Project Manager

PROJECT SCOPE

The RFP includes a requested list of deliverable, and the following approach is organized consistent with your request. We would suggest an initial meeting to refine the scope of work, as well as the sequence of tasks.

1. PROPERTY RECONNAISSANCE

Objective: Physically review residential properties within the urban renewal district.

Approach: The proposed method for developing this inventory would be build upon existing inventories prepared for the recent substantial amendment to the Downtown Urban Renewal Plan by conducting a physical review of properties and vacant parcels within the district. This work would result in an updated and refined data set. A data collection sheet would be agreed upon with the client prior to completing the survey, and populated with available data prior to the physical inspections.

The Urban Renewal District has completed a blight analysis, which uses land to improvement ratios to assess property underutilization. This information would be used as the primary metric for identifying likely redevelopment sites. This information would be supplemented with maps indicating real market value per square foot. During this time, we would also refine the inventory of undeveloped and underdeveloped sites within the district. The inspection would include all properties with entitlements that allow for residential development, as redevelopment of parcels may include a residential component even if the current use is not residential.

Deliverable: Detailed assessment of all properties within the urban renewal district, tabulated in a format that allows for GIS manipulation on a number of new variables, including physical condition and occupancy status of residential properties.

2. MARKET ANALYSIS

Objective: Project the market potential and provide goals for residential development in the urban renewal district over a 20-year planning horizon.

Approach: Our initial approach would be to start with a demographically-driven residential demand model at the City of Redmond level. We have developed proprietary models that convert housing composition by age and income cohort into residential demand by product type, household composition (age, income, size), ability and willingness to pay, psychographic profile. The City Center study area competes for residential demand with suburban alternatives within the City of Redmond and nearby unincorporated areas such as Eagle Crest. As a result, residential models should include allocation functions that reflect the supply function as well as underlying demand trends. Our models allow for iterative loops to test alternative market trends and policy interventions and their impact on realized demand.

The analysis would also be supplemented by a series of focus groups and a statistically significant local telephone survey to establish market preferences for key rental demographics in the City and nearby unincorporated areas, including desired urban amenities. Two focus groups with between eight and ten participants would be held with prospective targeted tenant groups, with participant recruitment coordinated between the consultant team and the City staff.

The following are specific steps that would be required as part of the telephone survey:

1. Develop a draft survey questionnaire of approximately 25 questions. Review the draft survey instrument, and make any modifications necessary to the survey instrument based upon input and discussions with the client, and prepare a final survey questionnaire.
3. Pre-test the survey instrument by conducting several surveys on a trial-run basis. If necessary, refine the survey instrument following pre-testing. This pre-test will also give us the likely response rate so we will be able to determine how many phone calls will need to be made to obtain the desired number of completed responses.
4. Complete the full survey to obtain the desired number of completed responses (250 responses). Code the survey results and prepare frequency distributions.
5. Provide a copy of frequency distributions for client review, and conduct a second telephone conference with the client to discuss results and possible cross-tabulations. Design and calculate cross-tabs.
6. Analyze the survey results and incorporate results into the analysis.

Deliverable: A dynamic Excel model that provides for baseline projections of residential demand by product type, price, tenure, household income, and household composition. **In addition, the model would allow for scenario testing based on shifting assumptions over time.** Primary survey research to better characterize key prospective market segments. The Excel model will be provided in live form to the City.

3. FINANCIAL ANALYSIS

Objective: Characterize the financial performance of a series of alternative residential development forms

Approach: We would develop assumptions with respect to baseline achievable pricing for new construction in the area based on the market analysis, as well as the output of the demand analysis. The approach we would use would entail development of a series of pro formas for a range of development forms and construction types, which would be run concurrently on individual properties to establish the highest and best residential use of the property.

The model can establish local development characteristics under current conditions, as well as be used to project the nature and character of residential development under an alternative range of assumptions. This allows for the modeling of scenarios in which the rate of rent appreciation is shifted as a result of prospective actions such as those envisioned in the Urban Renewal district. In addition to the highest and best use determination, a key output of the analysis is the supportable residual property value, which is critical to developing a reliable estimate of redevelopment potential.

Deliverable: Dynamic pro forma modeling alternative residential development forms within the urban renewal district, providing for projections of the magnitude and character of development and/or redevelopment over time in the district under a range of assumptions. This analysis will be used to identify thresholds for City investments based on the magnitude and character of development that can be achieved given an identified rent and subsidy level. The City would be

provided with both static proformas of selected scenarios as well as live Excel-based pro forma and redevelopment models.

4. SITE PRIORITIZATION

Objective: Prioritize geographic areas within the urban renewal district for residential development

Approach: Submarkets within the district are likely to vary with respect to their likelihood of developing, access to amenities, accessibility, visibility, general marketability, existing physical characteristics and other factors impacting residential development potential. In this section, we would also address geographically specific issues such as zoning, open space, noise, and retail services.

Our approach to prioritization would be to break the district into submarkets for more specific characterization. In addition, development and redevelopment opportunities would be segmented based on the nature of the opportunity in general, as well as the submarket-specific opportunities. In identifying parcels for early intervention, the goal is to have a successful project or cluster of projects that can demonstrate and establish a market for quality housing in downtown Redmond, and serve as a model for future development.

Deliverable: Guidance with respect to geographic areas that should be prioritized based on market, physical and policy considerations. Identification and prioritization of both neighborhoods and then parcels/tax lots and clusters of parcels that should be prioritized for redevelopment based on market, physical, and policy considerations. Site prioritization recommendations will be provided in both a tabular and map format indicating recommendations at the tax lot level. Parcel specific recommendations will be provided as a separate confidential technical memorandum.

5. BARRIER IDENTIFICATION

Objective: Identify obstacles to targeted housing development

Approach: This task will largely be a summation of the findings of previous tasks, with a focus on summarizing the current and anticipated obstacles to realizing desired development patterns in the district. During this phase of the assignment, we would also hold a focus group of developers to review market conditions and assist in the identification of barriers. The focus group would include a mix of local and regional developers, providing for an understanding of the local development environment, as well as a familiarity with development forms that may not have been tried locally.

Deliverable: Developer focus group
A matrix summarizing significant barriers, broken down by geographic subarea.

6. HOUSING DEVELOPMENT STRATEGY

Objective: Develop a strategy to achieve housing goals for the district

Approach: The preceding tasks outlined current conditions, market and financial parameters, opportunities and barriers to residential development within the district. The consultant team would collaboratively with Agency/city staff to develop a strategy to encourage housing development consistent with public policy objectives.

The Strategy will address the type of housing that will attract market support and support the long term economic development of the Center City. The Strategy will include guidance on the timing of interventions relative to benchmarks in achievable rents, developed urban amenities, and supply/demand balance in Redmond's residential housing market. The purpose of including these guidelines will be to ensure that interventions support the development of a successful and sustainable downtown housing market that supports the long term economic development of the center city. It is the City's desire to make interventions when they will attract quality development that supports the long term economic development of the Center City and to avoid making premature investments that result in low quality projects or projects that do not attract sufficient market demand to demonstrate success and thereby weaken perceptions of the district.

Strategic approaches may include active project intervention (public/private partnerships), focused infrastructure investments, urban amenity development, entitlements, developer and/or property owner technical support, matchmaking and developer recruitment. The actual strategy will reflect the findings of our analysis and the district's specific characteristics and needs. The final product will reflect our findings and the situation in Redmond, and will not be merely boilerplate. Development of the strategy will require close coordination with Agency/City staff.

- Deliverable: A strategic approach in support of meeting housing goals for the district. This would include a series of specific recommendations, as well as preliminary budgets for recommended actions. Specific components of the strategy would include:
1. Targets for short (1-4), Medium (5-10), and long (11-20) housing production to meet market opportunity and support economic development
 2. Prioritization of neighborhoods most suitable for redevelopment.
 3. Site specific interventions
 - a. *Identification of specific parcels and tax lots to target for initial redevelopment interventions.*
 - b. *Identification of product type most likely to be successful*
 - c. *Guidance with regards to value and type of interventions to assure success (land acquisition/buy downs, neighborhood infrastructure investments, etc.)*
 - d. *Guidance with regard to portion of available funds to target towards site specific intervention*
 - e. *Guidance with regard to timing of interventions*
 4. District wide strategy
 - a. *Guidance with regard to recommendations for long term policy interventions to address barriers. Including consideration of:*
 - i. Housing revolving loan fund or other financing tools
 - ii. Zoning policy recommendations
 - iii. Marketing recommendations
 - iv. Complementary redevelopment efforts
 - b. *Guidance with regard to portion of available funds to target towards long term incentives*
 - c. *Guidance with regard to timing of interventions*

7. HOUSING DEVELOPMENT FORECAST

- Objective: Develop a 20-year forecast of residential development activity in the district, under a "no action" scenario assuming the implementation of the Downtown Redmond Urban Renewal Plan but no

implementation of housing specific initiatives as well as assuming implementation of recommended actions.

Approach: Johnson Reid has developed a development/redevelopment methodology for residential development, which we would propose to utilize for this assignment. The approach includes a production model as well as a demographically driven demand model, and iterates for a solution that converts the "demand" for housing into "realized demand" based on a pro forma driven highest and best use determination within the study area. This allows for testing of the marginal impact of a range of interventions and assumptions on the magnitude and character of development, as well as the pace of redevelopment.

A primary advantage of this approach is the ability to match individual interventions with predicted outcomes, providing valuable policy input. The model output would include housing units, product mix, development form, improvement value and real estate tax revenues.

Deliverable: Forecast of housing development potential for the district under multiple scenarios, including a baseline no-action scenario.

8. ECONOMIC IMPACT ANALYSIS

Objective: Evaluate the fiscal and economic impact of changes in policy and recommended investments

Approach: The model utilized in task 7 will produce estimates of the marginal shift in direct development and investment associated with recommended policies and actions. This information can be matched against estimated costs to provide measures of return on investment and public leverage of private investment activity. Housing policies have the potential to have substantive indirect and induced impacts as well, which would be quantified and/or identified in this task. We would propose to use input-output modeling to generate estimates of direct, indirect and induced economic impacts associated with construction.

Deliverable: Economic and fiscal impact analysis of recommended policy and investment actions.

9. FINAL REPORT

The final report would summarize the previously outlined work in a written document. The report would include conceptual illustrations, including the following:

- A single or series of plan map/diagram(s) showing the location of proposed physical improvements and capital investments, the location of priority/opportunity areas for housing development as well as other information mutually determined by the City and consultant team to be valuable to illustrate in plan view
- A street view or elevation view illustration conceptually illustrating the redevelopment of a sample site.
- Existing/available photographic images to illustrate concepts and recommendations, and to ensure a visually attractive and accessible final document.

If possible, we would like the report to be a living document at completion, which can be periodically updated and amended as goals are reached, market conditions change or policy objectives are modified. Our models are designed to offer a theoretical construct within which well informed policy decisions can be made, and are dynamic by nature.

The final report would be provided in both PDF and Word format, with models available in live Excel format.

PROJECT BUDGET

The figure below represents a revised budget by task and individual broken out using the Task breakdown included in the original scope of work.

BUDGET ESTIMATE								
	JOHNSON REID			2C WORKS	DOA Architects		TOTALS	
	Johnson \$185	Buckley \$110	Blakney \$110	Foote \$150	Le \$125	Horsley \$125	Hours	Cost
Project Preparation and Management								
Kick-Off Meeting/Scope Refinement	8			4			12	\$2,080
Additional meetings with city staff	26			8		8	42	\$7,010
Project Management	24						24	\$4,440
Task 1: Property Reconnaissance								
GIS Work		20					20	\$2,200
Physical Inspection	8	8		8			24	\$3,560
Database Development		8					8	\$880
Task 2: Market Analysis								
Demographic Demand Models			40				40	\$4,400
Focus Groups	10			10				
Telephone Survey			8				8	\$880
Task 3: Financial Analysis								
Develop Localized Pro Formas	42		8				50	\$8,650
Task 4: Site Prioritization								
Geographic Analysis	2	46		2	8		58	\$6,730
Prioritization	8	12	8	4			32	\$4,280
Task 5: Barrier Identification								
Developer Focus Group	14			12			26	\$4,390
Barrier Identification	6	36	8	4			54	\$6,550
Task 6: Housing Development Strategy								
Develop Strategy	20	6	6	8			40	\$6,220
Refine with Staff/Agencies	10			4			14	\$2,450
Task 7: Housing Development Forecast								
Develop Predictive Models	8		40				48	\$5,880
Scenario Development	8		8				16	\$2,360
Task 8: Economic Impact Analysis								
Economic Impact Analysis	8		47				55	\$6,650
Task 9: Final Report								
Draft Documents	10	6	6		16	10	48	\$6,420
Final Documents	6						6	\$1,110
Total Hours	218	142	179	64	24	18	645	
Total Labor Costs	\$40,330	\$15,620	\$19,690	\$9,600	\$3,000	\$2,250		\$90,490
Direct Expenses (travel, materials, fax, phone)			1540			250		\$1,910
Telephone Survey								\$7,600
TOTAL PROJECT COST			\$75,640	\$9,600		\$5,500		\$100,000

The following schedule outlines the anticipated timing of tasks and meetings for the project:

PROJECT SCHEDULE - REDMOND HOUSING STRATEGY

