



DAN JOHNSON
DIRECTOR

DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
DEVELOPMENT SERVICES BUILDING
150 BEAVERCREEK ROAD OREGON CITY, OR 97045

MEMORANDUM

TO: Board of County Commissioners
Gary Schmidt, County Administrator

FROM: Dan Johnson, Director
David Queener, Development Agency Program Supervisor

DATE: October 14, 2021

RE: **Request for a Time Extension of Performance Requirements Included in a Post-Closing Escrow and Development Agreement**

The Development Agency sold property to a developer located on the northwest corner of Johnson Creek Boulevard and 92nd Avenue intersection on March 22, 2018. At closing, the developer was required to sign a Post-closing Escrow and Development Agreement. The agreement requires a \$25,000 security deposit to be held in escrow, which will be returned to the developer if the agreed upon improvements are completed within 24 months of closing.

The developer has submitted a letter (attached) requesting an indefinite extension of the time required to complete construction of a new hotel on the property.

If an extension is agreed to, the Post-Closing Escrow and Development Agreement would need to be modified to include new terms identified by the Board. If the request is denied, the \$25,000 security deposit currently held in escrow will be forfeited and disbursed to the Development Agency.

Based on the information provided, staff would recommend the approval of the requested extension.

September 22, 2021

Shanti Investments LLC
Jay Patel
PO Box 1900
Clackamas, Oregon 97015

Clackamas County Development Agency
C/O Development Agency Manager (Dave Queener)
150 Beaver Creek Road
Oregon City, Oregon 97045

RE: Disposition Agreement for Property between Johnson Creek Road and Hinckley Street on SE 92nd Avenue (Lots 19, 20, 21 Barwell Park, in the County of Clackamas, 12E28BD 00200, 00700, 00800)

Dear Commissioners,

As you are aware the hospitality industry has suffered greatly during the COVID pandemic and now the D variant. With our architect and real estate broker, we have pursued other options to construction of a hotel on the site. What we found was: the market use for this area is limited, cost prohibitive, and materials for construction unavailable or having excessive lead times. After much discussion, it was determined that the original concept is the most viable. However, the hospitality market is experiencing a significant loss of occupancy. In a recent Portland Business Journal article, they lamented the crisis in the Portland hospitality market and its spreading to the suburban market.

Based on the above and recommendations of the architect, the real estate broker and the lack of hotel stays, the increase cost of labor and materials in construction, and the lack of construction materials, makes it difficult to pursue construction at this time. Based on these economic and health conditions we request an extension on the DA until there is a substantial change in these conditions.

Thank you for your consideration and appreciate your extension of the Development Agreement.

Sincerely



Jay Patel