

THE LINKING LETTER

by Anne Scheck

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Preface: A work session by the City Council Tuesday featured presentations by executives from Tokola Properties and affiliated consultants on both the development agreement with the city for *Independence Landing* and the architectural plans for it.

Question: What are the terms and who are the developers?

A parcel that fronts the river and includes 60% of the available property for *Independence Landing* is being purchased by an investment group with Tokola properties for a sale price of \$162,000, the City Council decided last Tuesday.

The purchase price reflects the “reduction in value resulting from the cost of the development requirements and restrictions imposed on these four lots,” stated David Clyne, who urged approval of the Disposition and Development Agreement with Tokola.

The Urban Renewal District -- the city agency that covers the area of the development -- will also pay the cost of building and development permit fees, estimated to be about \$2 million, and another \$750,00 in pre-development costs, which are to be rebated at approximately \$100,000 annually. These subsidies do not require further upfront cash outlays, Mr. Clyne said. The hotel is a priority and it will be built first, he added.

The transaction leaves 40% of the property without a buyer and off the tax rolls. However, the Tokola development should increase the value of the remaining unsold property, said Bill Reid, the economist hired by Independence to review the arrangement.

The project, which is scheduled to break ground in 2017, is slated to cost Tokola properties \$42 million. The plan includes a 75-room hotel, 110 apartments, 14 townhomes and a clubhouse, said Dwight Unti, head of Gresham-based Tokola Properties. Asked what individuals or companies are part of the investor group, Mr. Unti declined to identify them, explaining that the names are confidential. However, they include many from a cohort he has worked with over the years, he added.

Most recently, Tokola Properties built the “4th Main” building in Hillsboro, a mixed-use project that includes shops and apartments. A filing on it with the US Securities and Exchange Commission indicates it is proving profitable for investors.

The “4th Main” project was built largely on property owned by the regional transportation agency, *Metro*, which had sought a hub near one of its transit lines, according to *The Oregonian*.

Tokola has a successful track record in the Portland area, though it has not always retained ownership of developments. For example, Tokola recently sold a 164-unit apartment complex near Portland to a California firm, according to HFO, a real-estate brokerage and investment company.

Asked by Councilor Marilyn Morton whether there had ever been any development failures by Tokola properties, which has a long and favorable history, Mr. Unti indicated only one: A project had stalled due to a city-related procedure, specifically alleged problems in public notice, he explained.

However, Mr. Unti was a founder and co-owner of the former “Lillian’s Natural Marketplace” in Gresham in 2010, with an aim to help revitalize that downtown. The marketplace closed its doors in 2013, due to the fact that this particular “niche” business couldn’t be sustained, Mr. Unti told *The Portland Tribune*. More information about *Independence Landing* can be found at:
<http://www.ci.independence.or.us/ed/independence-landing-redevelopment>

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