



Board of Education Informational Report

MEMORANDUM

Date: 19 June, 2018

To: Finance, Audit and Operations Committee

From: Stephanie Soden, Chief of Staff
Sara King, Director of Facilities

Subject: Surplus Property - Ivon Street Lot

This Memorandum to the Board regards the PPS-owned vacant lot at SE Ivon between SE 13th and 14th Avenues (Exhibit A), known as the Ivon Lot ("the Lot"). It also serves as a formal notice to the Board that the Superintendent recommends the Board approve the surplus of the Lot in compliance with the District's Policy and Administrative Directive for disposing of surplus real estate (8.70.040-P and 8.70.043-AD).

The Ivon Lot was originally donated to the District by Multnomah County with the restriction that the property revert back to the County if it was no longer used "for public purposes." The County has since removed the deed restriction, but with the condition that the land be dedicated to the Benson Construction Technology Program (The Benson Program) and that any proceeds from the sale of the land go to the Benson Program.

PPS Policy 8.70.042 states that "The district shall dedicate all net revenue from the sale, lease, or other disposition of surplus real properties to a special reserve fund or to the general fund to comply with the requirements of 8.10.025" That special reserve fund is known as the Capital Asset Renewal (CAR) fund (Policy 8.70.044). The County's condition to allocate the proceeds from sale of the Lot conflicts with Policy 8.70.042. However, in lieu of allocating the net revenue from the sale of the Lot to the Board Capital Asset Renewal (CAR) fund as Policy requires, equivalent revenue from the sale of the new home can be allocated to CAR fund, thus meeting the intent of Policy 8.70.042. The value of the building structure/s would be at least equal to or greater than the land value.

Ivon Street Lot

The Ivon property consists of a vacant lot on SE Ivon Street between SE 13th and 14th Avenue. The lot was once used as a school garden by Abernathy Elementary School and is currently vacant. It is small in size (2,000 square feet), is not contiguous to District property, and is surrounded by single residential dwellings on all sides. The value of the lot per Zillow is currently \$230,000.

District staff commissioned a Phase I Environmental Assessment in 2017. Contractor PSI provided a letter to PPS on July 31, 2017 stating it detected no “underground tanks, utilities, or other anomalies on the subject property.”

The Benson Construction Technology Program

The Benson Program offers students at Benson High School a hands-on experience in building a residential home through all phases of home construction. Teachers Rich Weber and Luke Hotchkiss offer classes from Blueprint Reading to Basic Trades Builders Math to Roof Framing.

The program builds the homes with student labor, and donations of material and labor from community partners. The homes typically take three to four years to complete from design through construction. Once complete, the homes are marketed and sold through a commercial real estate broker.

The Benson Program has sold 17 homes since the late 1970's, most recently in June 2017 when the last home built by the Benson Program was sold for \$655,000, with net proceeds of \$626,453.

The Ivon Lot is well suited for the design and construction of the Benson Program's next home. The Benson Program has already begun the design process and presented the preliminary design to the Hosford Abernathy Neighborhood Association earlier this spring.

Surplus property process

Consideration of surplus property should not be taken lightly given the anticipated growth of the District's school population. However, the District has no use for the lot. It is small and not contiguous to District property.

Staff has completed the surplus property process as outlined in Administrative Directive 8.70.043-AD and has allowed a minimum of 60 days for public response or comment.

The Superintendent has determined that the Ivon Lot is not essential to the District's mission now or in the future and recommends that the School Board declare the Lot surplus real property for the construction of an additional Benson Program house.

Attachments: Exhibit A – Location of Ivon Lot
Exhibit B – Draft Resolution

Exhibit B: Draft Resolution

RESOLUTION No.

Designation of Real Property as Surplus at Ivon Lot (SE Ivon between SE 13th and 14th Avenues)

RECITALS

- A. The Board of Education ("Board") seeks to ensure that the physical assets of Portland Public Schools ("District") are supporting in the most productive way possible our core mission of educating Portland students.
- B. The District owns a 2,000 square foot vacant property described as the vacant lot on Ivon Street between SE 13th and SE 14th Avenues (TIBBETTS ADD, BLOCK 2, E 40' OF LOT 1) and known as the Ivon Lot.
- C. The Ivon Lot ("the Lot") was originally donated to the District by Multnomah County with the restriction that the property revert back to the County if it was no longer used "for public purposes." The County has since removed the deed restriction, but with the condition that the land be dedicated to the Benson Construction Technology Program ("The Benson Program") and that any proceeds from the sale of the land go to the Benson Program and not the District General Fund.
- D. The County's requirement conflicts with District Policy 8.70.042. However, in lieu of allocating the net revenue from the land sale to the Board Capital Asset Renewal (CAR) fund as policy requires, equivalent revenue from the sale of the new home can be allocated to CAR fund, thus meeting the intent of Policy 8.70.042.
- E. The Benson Program offers training to Benson students in residential home construction, including the design and entitlement process and hands-on construction of a home, over a three to four year period.
- F. The Superintendent recommends to the Board that the Lot be declared surplus real property for the construction of an additional Benson Program house, and the house be subsequently and expeditiously sold on the residential housing market subject to the Board's final approval of the final sale price.
- G. The Superintendent makes the following report pursuant to Board Policy 8.70.040-P in support of his recommendation that the Board declare the Lot surplus real property:
 - 1. Notice: The Board; the City of Portland, Oregon; Multnomah County, Oregon; and the Hosford-Abernathy Neighborhood District Association were notified on or before April 6, 2018 of the Superintendent's intent to recommend that the Lot be declared surplus real property by the Board for use in the Benson Program. On April 10, 2018 public notice was published in the Portland Tribune.
 - 2. Public Input Opportunity: District staff attended the April 17, 2018 Hosford-Abernathy Neighborhood District Association meeting and presented the Superintendent's recommendation that the Lot be declared surplus and used for the Benson Program.

3. Summary of Factors Considered:

a. Program/Enrollment Factors: The Lot is a 2,000 square foot undeveloped vacant parcel. It is not adjacent to a District school. Because of its small size and geographic location, it is not needed for District school use.

b. Financial Factors: The estimated current value of the Lot is \$200,000 to \$250,000. The surplus of the Lot for the Benson Program will save the District an equivalent or higher cash outlay for the purchase a lot for the Benson Program.

c. Public Input Analysis: District staff attended the April 17, 2018, Hosford-Abernathy Neighborhood District Association meeting and presented the Superintendent's proposal to recommend that the Lot be declared surplus and used in the Benson Program.

The Neighborhood Association was supportive of the development of the Lot and expressed no concerns.

4. Governmental Agency Option To Purchase: The City of Portland and Multnomah County were notified on April 6, 2018, of the District's intent to declare the Lot surplus and of their opportunity to declare an intent to purchase the Lot within 60 days from date of notice; neither government has responded that they have an interest in the purchase of the Lot.

H. The Finance, Audit, and Operations Committee has reviewed this recommendation and recommends Board approval.

RESOLUTION

1. The Board finds the Ivon Lot (TIBBETTS ADD, BLOCK 2, E 40' OF LOT 1) is no longer needed by the District for school purposes and that the lot is declared a surplus real property qualified for disposal under Board Policy 8.70.040-P.
2. The Board authorizes the Superintendent or his designee to make the Ivon Lot available to the Benson Construction Technology Program and offer the completed home built on the Ivon Lot for sale on the Portland residential housing market through the services of a licensed real estate broker. The Board further authorizes the Deputy Clerk to enter into and execute such agreements in a form approved by General Counsel. The sale of the home shall be subject to the Board's approval of the final sale price.
3. The Board directs that, in consideration of District Policy 8.70.042 and the covenant placed on the sale of the land by Multnomah County, the net proceeds from the sale of the home on the Ivon Lot be dispersed as follows: 1) the value of the land to the Benson Construction Technology Program, 2) an amount equal to the value of the land to the Capital Asset Renewal (CAR) Fund, and 3) the remaining net proceeds to the Benson Construction Technology Program.

Stephanie Soden / Sara King