



# The Law Office of Samantha N. Dang

Attorney at Law

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July 15, 2011

Mayor Sam Adams & City Council Members  
1221 SW 4th Avenue, Room 110  
Portland, OR 97204

**RE: PDC Redevelopment Loan for 6919 SE 82<sup>nd</sup> Avenue, Portland, OR 97266  
(City Council Agenda 7-20-11)**

Dear Mayor Adams and City Council Members Fish, Fritz, Leonard, Saltzman, and Griffin-Valade:

The reason for my request to appear before City Council on July 20, 2011, is to address the PDC's decision on July 11, 2011, to not fund the redevelopment project on the property located at 6919 SE 82<sup>nd</sup> Avenue, Portland, Oregon 97266, and to seek an explanation from the PDC as to what better project the PDC could fund with its money.

My family and I have been working on this project since 2004. We are not big developers and we have put our entire life's savings into developing this project and injecting livelihood into this depressed area where we live and work. We have been in front of City Council to change the zoning on this property, and then recently, to form the LID with the City.

We have all been Oregonians for 30+ years and have lived here, worked here, and have contributed to our community. It was a project that our community (Brentwood Darlington and the Vietnamese community in Oregon) was looking forward to see get finished, and to celebrate its grand opening along with the City of Portland as our partner. It would have given much needed life and hope into this depressed area and created a number of new jobs. We had planned on inviting the local news and newspaper media along with the Mayor and City Council members who have assisted us with this project for the past 5-6 years to announce the grand opening of the Plaza of Roses on 82<sup>nd</sup> Avenue. At this point, we will have to inform our community that the City has changed its mind about funding this project.

We had turned to the PDC to assist us with bridge financing in the amount of roughly \$290,000 in order to finish this project. We had already begun construction and invested roughly \$685,000 into this property of our own money from 2005. We were very happy with the relationships that we have formed with the City and very excited to finally be able to see this development come to fruition with the City as our partner. Further, it was our goal to show our neighborhood and community that the City does work and that it does work for its people. We do not see a better project or a more vibrant development on 82<sup>nd</sup> Avenue for the PDC to fund. We had spent months and months to meet the PDC's loan requirements and

conditions. As a prerequisite, we were required to pay off all existing mortgages on the property in order to secure PDC's position as 1<sup>st</sup> mortgage/lien holder. We had to pull together **\$103,381.90** in cash to pay off all existing encumbrances on our property for the PDC, which we did, and thereby putting nearly \$800,000 of cash into this property as of May 2011.

The potential borrowers to this PDC loan have the following strengths:

1. The entire property is paid off and without liens including all construction done todate.
2. The current **undeveloped** tax appraised value is already at \$554,540.00. The appraised value after development is over \$1.8 million, 2-7 time more than the loan amount borrowed.
3. The borrowers are both long time Professional Bridge Engineers working for ODOT with good credit, stable jobs, and additional collateral.
4. The borrowers agreed to pledge an additional \$100,000 in securities for this loan.
5. The building once developed would be **immediately** occupied upon completion by the following:
  - a. A Dental Office with its owner, a dentist, with over 20 years of experience in private practice;
  - b. A Law Office with its owner, a lawyer, with over 9 years of experience in private practice;
  - c. A small neighborhood bistro with its owner having over 20 years of experience in the restaurant/food handling business.
  - d. All the tenants and the borrowers are related family members who have worked together for years on this project.
6. The amount of rental income from the tenants would be 3-5 times more than the amount of the monthly mortgage payments to the PDC.

Disappointingly, The PDC provided a short letter dated July 11, 2011, stating that it has decided **not** to move forward with the Commercial Property Redevelopment Loan because the "lease rates and building square footages were inconsistent with those provided during the underwriting process." After working with the PDC for over 6 years, and closely in the recent months, the PDC provided no further explanation and no prior telephone call to discuss this rejection.

The PDC's decision to deny this loan based on its legal department's recommendation at this late juncture makes little common sense. First, the lease rates itself and what the borrowers decide to charge for the rental space was never a condition of the loan approval or requirement. If this was a condition, the borrowers could have easily adjusted the lease rate or renegotiated the rate with the tenants. The tenants that will be occupying the building are all family members and this is a joint effort from all the families involved (a dental office, a law office, and a bistro), so committing to the lease rate/terms is not a problem since it will all be recycled back to the same family members in one way or another. Although, the

borrowers understood that approval of the lease itself was a condition, the borrowers had already inform the PDC that the tenants to the property are all family members and that they would be willing to sign any reasonable lease language that the PDC proposed or suggested since none of the tenants would be in default and therefore they were not afraid of any language that would protect the PDC in such a case.

Second, the borrowers had submitted their detailed building plan along with the square footage at the inception of their loan application and the building plan was approved and the building permit re-issued. The building plan and its square footage has not changed in any way that would effect this development. Once the borrowers received PDC's commitment letter dated May 17, 2011, they again began construction of the building. Their projected grand opening date was to be the 1<sup>st</sup> or 2<sup>nd</sup> week in September, 2011. They have since then spent an additional \$130,000 of cash in the building waiting for the PDC's redevelopment loan to close, fund, and reimburse them.

Last, this loan is not a high risk loan. Given the financial ability of the borrowers, the value of the property itself, the fact that it will be immediately occupied with stable businesses, and the completion of the project will improve the entire area and open other opportunities for development, and the fact that there is only \$290,000 left to complete this project, the PDC's investment in this project is secure and they would assume little risk. We are baffled as to what better project with better borrowers could the PDC find to use its money to fund.

We are more than disappointed at the PDC's position and the handling of this matter. Much time and resources, both on our side, and on the City's side, have been wasted on this matter to no avail. Being able to work with the City on this project was a delight for the borrowers and something that they wanted to show to their community as a positive example of government working with its constituents. This funding would have moved the entire development forward and assist in freeing up capital so that other future developments, including money need for the LID that was formed with the City, including the LID, could happen. At this point, all development has stopped until further funding could be secured. Had the borrowers have known that the City would not fund the project, they would not have needlessly paid over \$100,000 to the mortgage holder on the property. This money could have been used to put into trying to finish the development of the building instead. Now, the borrowers are stuck with coming up with all the additional financing on their own, and without the over \$100,000 they had to pay to free the property of encumbrances as required by the PDC.

We respectfully submit this before Mayor Adams and members of City Council.

Very truly,

*/s/ Samantha Dang*

Samantha N. Dang

cc: Lily Nguyen & Nam Bui  
Amy Miller Dowell & Bernie Kerosky, PDC



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Attorney at Law

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July 15, 2011

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1221 SW 4th Avenue, Room 110  
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(City Council Agenda 7-20-11)**

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My family and I have been working on this project since 2004. We are not big developers and we have put our entire life's savings into developing this project and injecting livelihood into this depressed area where we live and work. We have been in front of City Council to change the zoning on this property, and then recently, to form the LID with the City.

We have all been Oregonians for 30+ years and have lived here, worked here, and have contributed to our community. It was a project that our community (Brentwood Darlington and the Vietnamese community in Oregon) was looking forward to see get finished, and to celebrate its grand opening along with the City of Portland as our partner. It would have given much needed life and hope into this depressed area and created a number of new jobs. We had planned on inviting the local news and newspaper media along with the Mayor and City Council members who have assisted us with this project for the past 5-6 years to announce the grand opening of the Plaza of Roses on 82<sup>nd</sup> Avenue. At this point, we will have to inform our community that the City has changed its mind about funding this project.

We had turned to the PDC to assist us with bridge financing in the amount of roughly \$290,000 in order to finish this project. We had already begun construction and invested roughly \$685,000 into this property of our own money from 2005. We were very happy with the relationships that we have formed with the City and very excited to finally be able to see this development come to fruition with the City as our partner. Further, it was our goal to show our neighborhood and community that the City does work and that it does work for its people. We do not see a better project or a more vibrant development on 82<sup>nd</sup> Avenue for the PDC to fund. We had spent months and months to meet the PDC's loan requirements and

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The potential borrowers to this PDC loan have the following strengths:

1. The entire property is paid off and without liens including all construction done to date.
2. The current **undeveloped** tax appraised value is already at \$554,540.00. The appraised value after development is over \$1.8 million, 2-7 time more than the loan amount borrowed.
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  - d. All the tenants and the borrowers are related family members who have worked together for years on this project.
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Disappointingly, The PDC provided a short letter dated July 11, 2011, stating that it has decided **not** to move forward with the Commercial Property Redevelopment Loan because the "lease rates and building square footages were inconsistent with those provided during the underwriting process." After working with the PDC for over 6 years, and closely in the recent months, the PDC provided no further explanation and no prior telephone call to discuss this rejection.

The PDC's decision to deny this loan based on its legal department's recommendation at this late juncture makes little common sense. First, the lease rates itself and what the borrowers decide to charge for the rental space was never a condition of the loan approval or requirement. If this was a condition, the borrowers could have easily adjusted the lease rate or renegotiated the rate with the tenants. The tenants that will be occupying the building are all family members and this is a joint effort from all the families involved (a dental office, a law office, and a bistro), so committing to the lease rate/terms is not a problem since it will all be recycled back to the same family members in one way or another. Although, the

borrowers understood that approval of the lease itself was a condition, the borrowers had already inform the PDC that the tenants to the property are all family members and that they would be willing to sign any reasonable lease language that the PDC proposed or suggested since none of the tenants would be in default and therefore they were not afraid of any language that would protect the PDC in such a case.

Second, the borrowers had submitted their detailed building plan along with the square footage at the inception of their loan application and the building plan was approved and the building permit re-issued. The building plan and its square footage has not changed in any way that would effect this development. Once the borrowers received PDC's commitment letter dated May 17, 2011, they again began construction of the building. Their projected grand opening date was to be the 1<sup>st</sup> or 2<sup>nd</sup> week in September, 2011. They have since then spent an additional \$130,000 of cash in the building waiting for the PDC's redevelopment loan to close, fund, and reimburse them.

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We are more than disappointed at the PDC's position and the handling of this matter. Much time and resources, both on our side, and on the City's side, have been wasted on this matter to no avail. Being able to work with the City on this project was a delight for the borrowers and something that they wanted to show to their community as a positive example of government working with its constituents. This funding would have moved the entire development forward and assist in freeing up capital so that other future developments, including money need for the LID that was formed with the City, including the LID, could happen. At this point, all development has stopped until further funding could be secured. Had the borrowers have known that the City would not fund the project, they would not have needlessly paid over \$100,000 to the mortgage holder on the property. This money could have been used to put into trying to finish the development of the building instead. Now, the borrowers are stuck with coming up with all the additional financing on their own, and without the over \$100,000 they had to pay to free the property of encumbrances as required by the PDC.

We respectfully submit this before Mayor Adams and members of City Counsel.

Very truly,

*/s/ Samantha Dang*

Samantha N. Dang

cc: Lily Nguyen & Nam Bui  
Amy Miller Dowell & Bernie Kerosky, PDC

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**Moore-Love, Karla**

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**From:** Griffin-Valade, LaVonne on behalf of City Auditor Griffin-Valade  
**Sent:** Thursday, July 14, 2011 9:33 AM  
**To:** 'Samantha Dang'; City Auditor Griffin-Valade; superiorteam2001@yahoo.com; Kerosky, Bernie  
**Cc:** Gramp, Lisa; Miller Dowell, Amy; tiger6200@comcast.net; NGUYEN Lily; Moore-Love, Karla  
**Subject:** RE: Request to be put on City Counsel Agenda 7-20-11

Ms. Dang,

I am forwarding your request to Council Clerk Karla Moore-Love. She will respond regarding the process for placing an item on the Council agenda. I have cc-d Ms. Moore-Love on my response to you.

Regards,

LaVonne Griffin-Valade, City Auditor

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**From:** Samantha Dang [mailto:nsdang@yahoo.com]  
**Sent:** Thursday, July 14, 2011 7:13 AM  
**To:** City Auditor Griffin-Valade; superiorteam2001@yahoo.com; Kerosky, Bernie  
**Cc:** Gramp, Lisa; Miller Dowell, Amy; tiger6200@comcast.net; NGUYEN Lily  
**Subject:** Request to be put on City Counsel Agenda 7-20-11



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The Law Office of Samantha N. Dang

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Attorney at Law

July 14, 2011

VIA EMAIL [LAVONNE@PORTLANDOREGON.GOV](mailto:LAVONNE@PORTLANDOREGON.GOV)

LaVonne Griffin-Valade

City Auditor

7/14/2011

1221 SW 4<sup>th</sup> Avenue

Portland, OR 97204

**RE: Request to be put on City Counsel Agenda 7-20-11**

**Redevelopment Loan for 6919 SE 82<sup>nd</sup> Avenue, Portland, OR 97266**

Dear City Auditor Griffin-Valade:

This is a request to be put on the City Counsel's Agenda for Wednesday, July 20, 2011.  
My contact information is as follows:

Samantha N. Dang

6735 SE 82<sup>nd</sup> Avenue

Portland, OR 97266

(Phone) 503-777-2520

The reason for my request is that my family and I have been working on a development project on the property located at 6919 SE 82<sup>nd</sup> Avenue, Portland, Oregon 97266 since 2005-2006. This property has come before City Counsel on the zone change and recently on the formation of an LID with the City. We have invested a substantial amount of time and effort into finishing the development of this project. We had turned to the PDC to assist us with bridge financing in the amount of roughly \$290,000 in order to finish our project.

We had spent months and months to meet your loan requirements and conditions and had already begun construction of the project in reliance on your loan commitment letter to us dated May 17, 2011. The July 11, 2011 letter stated that the PDC has decided not to move forward with the Commercial Property Redevelopment Loan because the "lease rates and building square footages were inconsistent with those provided during the underwriting process." This explanation does not make sense in light of the fact that we had submitted our detailed building plan along with the square footage at the inception, and the building plan was approved. The building plan and its square footage has not changed. In addition, the lease rates were never a condition of the loan approval or requirement. There was no set lease rate that we had to charge the tenants in order to get this loan approved. If this was a condition, we could have easily adjusted the lease rate or renegotiated the rate with our tenants. The tenants that will be occupying the building are all family members and this is a joint effort from all the families involved (a dental office, a law office, and a bistro).

7/14/2011



We are more than disappointed at the PDC's position and the handling of this matter. It was a project that our community (Brentwood Darlington and the Vietnamese community in Oregon) was looking forward to finishing and celebrating along with the City as our partner. It would have given much needed life into this area and created a number of jobs. We had planned on inviting the local news and newspaper media along with the Mayor and City Counsel members who have assisted us with this project for the past 5-6 years to announce the grand opening of the Plaza of Roses on 82<sup>nd</sup> Avenue. At this point, we will have to inform our community that the City has now pulled the plug on our project and that our project is now again stalled until we can secure funding elsewhere.

The entire property is paid off and without liens including all construction done to date, and is tax appraised at \$554,540.00. The borrowers are both long time Professional Engineers for ODOT with good credit. The building will be immediately occupied upon completion and the amount of rental income from the tenants will be 3 times more than the amount of the monthly mortgage payment to the PDC. For all these reasons, we are baffled at the PDC's decision not to fund this project, especially at this late date.

We have all been Oregonians for 30+ years and have lived here, worked here, and have contribute to our community. Being able to work with the City on this project was a delight for us. This funding would have moved our entire development forward. At this point, we have stopped all development and would like to bring this matter before the City Counsel to voice our concerns over the PDC's handling of this matter.

Please confirm with me if I may be put on the City Counsel's agenda for Wednesday, July 20, 2011. Thank you.

Very truly yours,

/s/ Samantha Dang

Samantha N. Dang

Cc: Lily Nguyen & Nam Bui

Amy Miller Dowell, Lisa Gramp & Bernie Kerosky, PDC

The Law Office of Samantha N. Dang

7/14/2011

6735 SE 82nd Avenue| Portland , OR 97266  
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Phone: 503-777-2520 Fax: 503-772-2204  
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**IRS** regulations require us to advise you that, unless otherwise specifically noted, any federal tax advice in this communication (including any attachments, enclosures, or other accompanying materials) was not intended or written to be used, and it cannot be used, by any taxpayer for the purpose of avoiding penalties; furthermore, this communication was not intended or written to support the promotion or marketing of any of the transactions or matters it addresses.

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7/14/2011

Request of Samantha N. Dang to address Council regarding Portland Development Commission and the development project at 6919 SE 82<sup>nd</sup> Ave (Communication)

JUL 20 2011

PLACED ON FILE

Filed JUL 15 2011

**LaVonne Griffin-Valade**  
Auditor of the City of Portland

By 

COMMISSIONERS VOTED AS FOLLOWS:		
	YEAS	NAYS
1. Fritz		
2. Fish		
3. Saltzman		
4. Leonard		
Adams		