



CITY OF ALBANY
Central Albany Revitalization Area
Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, August 15, 2007

MINUTES

Advisory Board Members present: Chris Norman, Dan Bedore, Jeff Christman, Ray Hilts, Bessie Johnson, Gordon Kirbey, Ray Kopczynski, Dick Olsen, Cordell Post, Ralph Reid, Jr., Stella Reimers

Advisory Board Members absent: Doug Killin, Sharon Konopa, Kim Sass

Staff present: City Manager Wes Hare, Economic Development Director Dick Ebbert, Urban Renewal Coordinator Kate Porsche, Planner II Anne Catlin, Administrative Coordinator Teresa Nix

Others present: Approximately three others in the audience

CALL TO ORDER

Chair Chris Norman called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

July 18, 2007

MOTION: Dan Bedore moved to approve the July 18 minutes as presented. Ralph Reid, Jr., seconded the motion, and it **passed** unanimously.

SCHEDULED BUSINESS

Business from the Public

None.

Subcommittee Reports

Finance Subcommittee

Budget Update: Urban Renewal Coordinator Kate Porsche said that she will have updated budget reports at the next meeting.

Borrowing Update: Porsche said that Bank of America brought forward the best proposal and has been selected for the line-of-credit borrowing. After working with the City's Financial Analyst, it appears that CARA will be able to borrow up to a total of \$7 million, including the refinanced Wells Fargo loan. Brief discussion followed.

Small Grant Subcommittee

Porsche said that she plans to present small grant applications to the Board in September or October. In response to inquiries, she said small grant requests will be in amounts of up to \$5,000. Larger requests would come to the Board through the normal process.

Marc Manley - Request for Six-Month Extension

Porsche briefly reviewed the request. She said that Marc Manley has made significant strides on the Flinn and Ames Buildings and has complied with the process each step of the way. She said the reasons for the delay are reasonable and the request for an extension is justified.

MOTION: Gordon Kirbey moved to approve the request. Ray Kopczynski seconded the motion.

Ray Hilts asked Manley to come to the podium to answer a question about progress on the Ames Building.

Marc Manley, 222 First Avenue West, said that he is in the process of remodeling the Ames Building into two units. The toy store that is currently in the Flinn Building will move into the larger unit, and he is looking for a tenant for the other unit.

The motion **passed** unanimously.

Norman asked if other recipients might be coming forward to request extensions. Porsche said some of the work specified in the contract with Oregon Furniture Mart has not been completed and that completion date is coming up in November. In discussion, Porsche said the contract allows CARA to request that funds be returned if work is not completed in the agreed upon time frame and the owner is aware of this stipulation. She agreed to send a reminder to the owner regarding the time frame and contract terms.

Brief discussion followed regarding progress to date on the Oregon Furniture Mart building. Porsche advised that the windows on the Lyons Street side of the building are not what was agreed to by the Landmarks Advisory Commission and the upstairs apartments have not been completed. Planner II Anne Catlin said she has met with the owner regarding the windows, the style of which are not historically appropriate. She will be working with the owner and the Landmarks Advisory Commission on ways to modify the units to look more like what was presented in the application. She said this issue came to her attention when the owner applied to the State Historic Preservation Office (SHPO) for its Special Assessment Program, and she has not yet discussed the issue with the Landmarks Advisory Commission.

Discussion of CARA Funding of Blighted Residential Properties/532 Baker Street SE

Porsche said the staff report addresses two questions: whether CARA should delve into the funding of blighted residential properties and, more specifically, whether CARA should assist in funding the property located at 532 Baker Street SE. She said this property has been served a notice and order to make significant upgrades for safety reasons by August 22, 2007. It is unlikely that the repairs will be made by that date; and, without intervention, it is likely that the structure will be demolished. There has been some interest on the part of nonprofit organizations to upgrade the house, but that is not likely to occur without funding. CARA appears to be one of the last available funding sources.

Porsche reviewed the location and showed photographs of the house, an Italianate style constructed in 1890. She reviewed the history and significant architectural features of the house and showed photos of the few other Italianate style houses in the community. She distributed and reviewed a rehabilitation budget, noting that total repairs are estimated to be about \$232,000, the asking purchase price is \$80,000, and the estimated sales price is \$250,000. This results in an estimated loss of about \$62,000. She said the loss would be mitigated somewhat by increased value to the surrounding area, elimination of blight, some tax increment income, and the fact that this is a high visibility project. If CARA decides to move ahead on this project, she suggested that it provide a no-interest loan to a trusted nonprofit of roughly \$320,000 to be taken in draws over a two-year time frame. Any profit from the sale could come back to CARA; any loss could be written off as a grant.

Kirbey asked how an uninhabitable structure can have value. Porsche said the tax assessor considers there to be some value in the house. If it were to change ownership, the nonprofit organization would likely appeal the tax assessor to have the value lowered.

Stella Reimers said that she is astounded that CARA would even consider this project when there is a 90 percent chance that it would lose money.

Kopczynski asked if the City would extend its order if CARA agreed to become involved with the project. City Manager Wes Hare said that the City would not require that all improvements be completed by August 22, as long as progress is being made and there is a plan in place where the City can be assured that the goal will be reached within a reasonable time frame.

In response to an inquiry, Porsche said that she has not spoken to the owners of the property. It has been advertised on Craig's List with an asking price of \$80,000. Bedore noted that the asking price appears to have been attractive to no one else.

Cordell Post said that he is not in favor of taking on this project. He said that he thinks the cost estimates are low and this would be closer to a \$300,000 project. He said the value of the property should be calculated by taking the value of the lot, less the cost of demolition.

Jeff Christman asked who would have ownership of the property. Porsche said it is staff's suggestion that ownership be transferred to a trusted nonprofit. If CARA were to retain ownership, it would be required to pay prevailing wages for all work done; a nonprofit would have the option of using volunteer labor for some of the work. Christman said he would agree that the project estimates are low, and he does not think the City should count on any appreciation in value over the two-year time frame since housing prices are stabilizing and may even go down.

Bedore said that he is in favor of historic preservation, but it appears that this would be a total rebuild. Kirbey said that he is not in favor of CARA funding the project.

Dick Olsen said that it is one of CARA's objectives to cure blight in the downtown area. He said he can think of several projects where CARA does not expect to get its money back, such as the streetscape improvements and some grants. He said other houses in the area are selling for good sums, and he thinks this seed money would be well spent to help bring the area back to respectability. He said he thinks the repair estimates are on the high side and would be further reduced by volunteer labor. He said the present owners have been bullied by the City. First, by telling them they could not work on the house because it is too dangerous; and then by giving them an impossible time frame, the City has essentially condemned the property.

Bessie Johnson said that she agrees with comments from Reimers and Post. She said that rehabilitation costs would likely be higher than estimated and the housing market is flattening. She said questions about ownership further complicate this issue, and she cannot support funding the project.

Rich Catlin, 637 Fifth Avenue SE, said that he and his wife own a house in the neighborhood of the subject property. They are also in the final stages of restoring a second house on Montgomery, which was itself a blight on the neighborhood. He said he thinks some of the estimated costs are accurate, but it is unknown what it would take to stabilize the structure. He said his fear is that this will become and remain a vacant lot. He said he realizes there are a lot of costs associated with this project, but he thinks there would be a future return in added value to the neighborhood. He said he has been associated with Friends of Historic Albany, and he would be interested in helping with this project. In response to inquiries, he stated that he has been inside the house, that he understands the basement is still in good shape, that there is fire damage on the main floor but it is largely intact, and that he believes most of the fire damage was to the top floor.

MOTION: Hilts moved to decline to fund the home at 532 Baker Street SE. Reimers seconded the motion. Christman said CARA needs to determine its general policy on funding of blighted single-family residences in order to respond to additional requests that might come forward. Bedore agreed but said he thinks it would be appropriate to act on this motion since this request was brought forward by staff and not by the property owner. Porsche added that if CARA were to fund this project, the resolution could clearly stipulate the specific reasons.

Kopczynski says CARA is mandated to be proactive in areas that it perceives to be blighted. Whether this is the right project to fund, he does not know. He agreed that it is important to get a process in place for consideration of these types of properties. He feels this could be argued both ways.

Hare said that staff has had a lot of debate internally about this issue, and he wants to present a balanced perspective to the Board. He told of the example of Charleston, South Carolina, which was a seedy, rundown

historic city in the 1970s. The Mayor elected in 1974, who is still serving today, had a rigorous notion of historic preservation and determined that the City would not tear down any historic structure. Today, Charleston is a very prosperous city which draws tourists with its diverse, rich, and preserved history. He said it takes courage to make a decision to use public funds and take short-term losses for long-term gain. He said there are not many places in Albany that were built in 1890, and the decision to let one die is worthy of consideration. He said that this is a difficult decision; and the City feels that something does need to be done for public safety, but he wants to also get the issue of preservation on the table.

Norman asked if there are any other funding options for this house. Hare said he thinks not. The other funding source that has been mentioned originated from the federal government for low-income housing. It would not be appropriate for this house, which will be a rather high-end single-family dwelling upon completion. Nobody has stepped forward from the private sector with a reasonable plan, and this problem has gone on now for more than 11 years.

Reid said historic preservation is a luxury and people who buy these types of structures should anticipate that it will take money to maintain and fix them up. He said others who have purchased and fixed up historic homes have seen what can happen as they grow in value. Others get into the historic district with the concept that someone will bail them out. He cannot support this proposal.

Norman asked for additional information about ownership. Hare said the City has heard from both parties who claim an ownership interest in the house. If CARA were to purchase the property, the money would likely be put into an account until ownership is straightened out.

Sam Gutierrez, 1705 NW Woodland Drive, Corvallis, said that he and his wife own the property, and he would hate to see the house demolished. He said that the Tillits have a promissary note and have lived in a portion of the house while making some repairs. He said that the City has been dealing with the Tillits and not with him and his wife, and he feels that is how the situation got out of control.

Johnson asked when Gutierrez purchased the home, and he said that he thinks it was in 1996. He said there was a small fire in the apartment upstairs, and he did not have insurance. He said Maxine Maitland took over ownership, and there was another fire. He resumed ownership, and the Tillits then took over the residence on a promissary note. The Tillits also have no insurance.

Johnson said that the fact that the owner had no insurance and did not require it on the promissary note seals her vote against funding this project.

Hilts said that the owner may still have the opportunity to restore the home. Gutierrez said that he is not interested in doing so. He said that the City has been working with the Tillits, and he is staying out of it.

Kirbey said that these conflicting encumbrances are all the more illuminating as to why CARA should not get involved. Porsche clarified that staff is not proposing to give funding to either of the parties claiming ownership but to get the property in the hands of a nonprofit who would manage restoration.

Olsen told of buying his house in the historic district at which time it was considered a crummy neighborhood. After working on his house for ten years and after others improved houses in the area, the Monteith Historic District is now considered a nice place to live. He said that historic preservation was a positive force in bringing the neighborhood around, and he is really disappointed that CARA is voting thumbs down on historic preservation. He asked members to vote no on the motion.

The motion **passed** by a vote of 9 to 2 with Kopczynski and Olsen voting no.

Christman suggested that the Board ask staff to develop draft criteria for use in considering future funding requests for residential properties. There was general agreement.

Recommendation of Line-of-Credit Funding Resolution

Porsche referred to the staff report and resolution, distributed in packets, and brief discussion followed.

MOTION: Post moved to recommend that the Agency approve the Line-of-Credit Resolution. Johnson seconded the motion, and it **passed** unanimously.

BUSINESS FROM THE BOARD

Hilts said he will not be able to attend the September meeting.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, September 19, 2007, at 5:15 p.m. in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Norman adjourned the meeting at 6:49 p.m.

Submitted by,

Reviewed by,

Signature on File

Signature on File

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Coordinator