



APPROVED: July 9, 2013

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, June 19, 2013

MINUTES

Advisory Board Members present: Russ Allen, Rich Catlin, Bill Coburn, Floyd Collins, Loyd Henion, Rich Kellum, Sharon Konopa, Ray Kopczynski, Danon Kroessin, Gordon Kirbey, Dick Olsen, Mark Spence, and Maura Wilson

Advisory Board Members absent: Bessie Johnson (excused)

CALL TO ORDER

Chair Rich Catlin called the meeting to order at 5:21 p.m.

APPROVAL OF MINUTES

May 7, 2013

MOTION: Floyd Collins moved to approve the May 7 minutes as presented. Ray Kopczynski seconded the motion, and it passed 11-0, with Russ Allen and Mark Spence abstaining.

SCHEDULED BUSINESS

Business from the Public

There was no business from the public.

Policy Framework

Urban Renewal Manager Kate Porsche drew attention to the written staff report and CARA Proposed Programs grid. She said that the information presented takes into consideration a year of policy discussion by this group, research from other urban renewal districts throughout the state, and feedback from the public. It is intended as a starting point for discussion and decision-making related to the restructuring of CARA programs. She distributed two matrices with information from other communities with urban renewal districts and a map of the CARA District with Zoning (see agenda file).

Porsche said that the ARA Budget Committee decided to pay off the higher interest 2007 Series B loan as recommended by this Board. With that, there is approximately \$3 million that can be borrowed for public infrastructure projects and about \$1 million cash on hand that could be used for public/private partnerships.

She said that the proposed programs take into consideration the goals and objectives of the CARA Urban Renewal Plan, the goals she has heard from this Board (focus on specific areas to drive visible change; continue support for historic buildings, the downtown core, east waterfront, and East Salem Avenue neighborhood; more loans and fewer grants; focus on return on investment via increased assessed value), and other goals of staff (increased focus on job creation and support of businesses, new and better ways to partner with organizations, and increased visibility of the business district). She emphasized that the information presented is intended as a starting point for discussions.

Porsche reviewed the proposed public projects (public infrastructure and downtown design), the proposed public/private partnership grant programs (architectural assistance and storefront revitalization), and the proposed public/private partnership loan programs (focus area, economic development, and historic home first time buyer) as detailed in the grid, and answered clarifying questions from the Board.

Kopczynski asked if the City would be in the first position on loans. Porsche said that urban renewal loans are usually in second position behind a first mortgage or construction loan. Rich Kellum commented that five years of no payments on loans may be too long given the failure rate of small businesses. Porsche noted that she was thinking the focus area loans would be more likely granted to property owners and developers.

Porsche said that she is suggesting the three loan programs be only for properties that generate tax increment. If adopted, this would mean that many nonprofits, buildings on the historic preservation tax freeze, and properties in an enterprise zone would not be eligible. This recommendation highlights the feedback she has heard regarding a desire to focus on return on investment.

Collins said that he would like the loan programs to be set up in such a way that if a project comes in under budget, CARA's contribution decreases accordingly.

Mark Spence referred to the proposed economic development project loans and asked about the possibility of requiring a minimum level of job creation. Porsche said that the COG has a very specific and stringent process that is vetted at the time of application and going forward to prove a continued employment benefit for the community. This is an example of how CARA funds might be used to work with partners for the benefit of all.

Sharon Konopa referred to the proposed historic home first time buyer loans and said the proposal doesn't identify what kind of rehabilitation CARA would cover; she would want to avoid funding regular maintenance such as painting. Porsche agreed; she emphasized that she has put forth general ideas to see if there is any interest by the Board and that the programs agreed upon would need to be further defined.

Danon Kroessin said that first-time home buyers tend to have the least experience in home rehabilitation. Porsche said she included that because it is one of the components in the plan, but the Board could decide to open up the program to others.

Spence expressed concern about the possibility of double- or triple-dipping by someone who is buying a house from the federal government and already getting credit as a first-time home buyer. Porsche said the Landmarks Advisory Commission is eager to find a way that CARA funds can be used to partner to do something with the historic housing stock east of Lyons. She has tentatively proposed this program, but her question is whether the Board has an interest in funding housing of any sort. Collins said that one way to address Spence's concern would be to give higher priority to someone who didn't qualify for one of the other credits. Kopczynski expressed concern about the potential of folks using all of the programs available to flip a house for profit. Porsche noted that if a property was flipped, the loan would have to be paid back on closing. Catlin said that converting a rental to an owner-occupied house could also improve the stock. Porsche said the program could be weighted to those types of projects.

Porsche said the public/private programs as proposed would total \$750,000 out of the \$1 million cash on hand. She feels that it would be fiscally responsible to set aside some money in case a big project comes forward and she has suggested \$250,000 for that reserve. She summarized that the recommendation put forth focuses on a modest amount of grants in the form of architectural assistance or storefront revitalization. It does not include businesses outside of the focus areas unless there is a job creating project. With the exception of the two small grant programs, it is not proposed to fund nonprofit or tax exempt properties.

Maura Wilson asked what happens to money set aside for a specific program if those funds are not utilized. Porsche said that any funds not fully utilized would go back to the CARA Reserve line item and be available for projects next year. The policymakers could decide to adjust the amounts set aside for each program based on the requests that are made.

Konopa said she would not want to eliminate the possibility of funding the Carousel if assistance is needed to get that building finished. Porsche said that she would like the Board to give direction and set policy that would allow her to respond to requests as they come in. Of course, anyone could appeal and go directly to the Advisory Board with their request. She noted that the Carousel is in the retail refinement plan as the west anchor for downtown and, as such, could be considered for the public infrastructure program. Collins said

that he thinks the door is left open for applicants to come forward with a specific argument about how a project would meet objectives within the CARA Plan.

Kellum said that if a project doesn't create tax increment, he thinks it should receive a loan rather than a grant. Porsche said that an idea she had but did not include in the grid was the possibility of a higher interest rate loan program for projects that are not tax increment generating.

Wilson said that past complaints about CARA included the lack of definition regarding what projects met the criteria. She thinks it would be wise to consider funding the Carousel because it is an anchor in the retail refinement plan and to include that in the verbiage from the beginning. Porsche noted that her proposal is that the public infrastructure program focus on and prioritize items in the retail refinement plan.

Spence noted that the recommended amount to be set aside for a larger project would accrue to \$750,000 over three years. He asked if staff would recommend funding of that amount for a project. Porsche said that if the right project came forward – the St. Francis Hotel, for example – she would absolutely recommend funding at that amount with very stringent rules and oversight. Collins added that if the right project did not come forward, the Board would have the policy choice of using that money in other categories.

Russ Allen said that he appreciates the information presented. He supports the emphasis on return on investment but he would be concerned if the focus is only on tax increment from the property itself. If a nonprofit wants to do something that will bring people to the downtown area, it could generate economic development or other benefits. Porsche noted that the Board has at times had a hard time saying no to projects; however, if the Board wants to have that flexibility, she respects that.

Kopczynski suggested a potential restructuring of the recommended amounts that would fund the loan program for focus area at \$300,000 and the historic home loan program at \$70,000, leaving \$50,000 for a new pot for economic development projects inside the downtown area or requests from nonprofits. Konopa noted that the City has a separate pot of funds available for economic development projects.

In response to inquiries from Kellum, Porsche said the Finance Department collects loans as part of its accounts receivable processes and that the majority of staff work is in the initial paperwork. Kellum suggested that the loan program for the focus area could have a lower minimum with a fee for the initial paperwork.

Catlin said he supports the last two suggestions by Kopczynski and Kellum. He thinks that all of the economic development loan funds could be combined into one pot. He is soft on requiring these projects to provide tax increment since they are loans that will be paid back.

Catlin initiated discussion about the proposed historic home first-time buyer loan program. Kellum said that he likes the idea of helping people to get into a historic home if they then start giving back through tax increment. He suggested the possibility of basing eligibility on how much the buyer had to pay to address double dipping scenarios. Kopczynski said that since properties would not be allowed to be on the historic tax freeze, the assessments should go up and create tax increment. Porsche noted that reassessment is triggered when the owner pulls \$10,000 or more in permits.

Konopa asked if the historic home loans should be available for everyone and not just first-time buyers. Spence said he likes that idea, but we might want to prioritize first-time buyers. Porsche said the first-time buyer requirement could be removed, creating a broader net to see how many applications come in. In discussion, she clarified that CARA money would go toward rehabilitation costs only and not toward the purchase.

Dick Olsen asked if a historic house that is not blighted but is proposed to be brought back to the original design would qualify. Spence said the notion of bringing multifamily units back to owner-occupancy speaks to a significant number of those properties.

Wilson suggested that the parameters of blight for a historic home need to be better defined. Porsche agreed; she said that the City's Planning Division has a point scale which she will bring back as information. She

noted that the City is working on a plan for Community Development Block Grant funds and that leveraging those funds with CARA funds could make a real impact.

Catlin said he is hearing general support for all three loan programs with homework for staff. He initiated discussion about the two proposed grant programs.

Olsen asked if the architectural assistance program needs to be limited to commercial buildings. Porsche said the Board has generally not supported funding architectural assistance for residential. Bill Coburn said that he does not think other communities direct their architectural assistance loans toward residential. Catlin said that he would support extending that program to include residential. He said that he is hearing support for the program framework.

Catlin initiated discussion about the storefront revitalization grant program. Kopczynski said that previous efforts focused on First Avenue and that other downtown businesses have felt left out. Konopa agreed, noting that people on Second and Third Avenues are waiting to have their sidewalks improved and their streetscape done. She expressed concern that businesses may decide to move if improvements are not done. Porsche said that the Board could choose to indicate a focus or preference area for this program. Spence noted that some of these concerns could be addressed with the \$3 million public infrastructure pot.

Coburn referred to the proposed downtown design program under public projects. He has concerns about spending money for things like hanging baskets and flowers and he is not convinced that is the role of CARA.

Porsche will refine the programs based on the Board's input and provide additional information for discussion at the next meeting.

Staff Updates and Issues

Porsche said that she attended an auction for the historic post office at Second and Broadalbin. No bids were received, and she believes it is the bank's intention to put the building back on the market. Konopa noted that the City Council had considered whether the City would bid on the building to ensure that it is rehabilitated but decided to wait and see what happened when it went to auction.

BUSINESS FROM THE BOARD

There was no additional business from the Board.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Tuesday, July 9, 2013, 5:15 p.m., in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Catlin adjourned the meeting at 7:26 p.m.

Submitted by,

Reviewed by,

Signature on File

Signature on File

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Manager