



APPROVED: July 21, 2010

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, June 16, 2010

MINUTES

Advisory Board Members present: Jeff Christman, Bill Coburn, Floyd Collins, Loyd Henion, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Chuck Leland, Dick Olsen, Ralph Reid, Jr., and Mark Spence

Advisory Board Members absent: Rich Catlin, Bessie Johnson and Cordell Post (all excused)

Staff present: City Manager Wes Hare, Urban Renewal Manager Kate Porsche, Public Works Director Diane Taniguchi-Dennis, Transportation Systems Analyst Ron Irish, and Administrative Assistant Teresa Nix

Others present: Approximately nine others in the audience

CALL TO ORDER

Vice Chair Christman called the meeting to order at 5:20 p.m.

APPROVAL OF MINUTES

March 17, 2010

MOTION: Loyd Henion moved to approve the minutes as presented. Ray Kopczynski seconded the motion, and it **passed** unanimously.

SCHEDULED BUSINESS

Business from the Public

None.

Seigner – Forgivable Loan (\$97,047)

Urban Renewal Manager Kate Porsche reviewed the written staff report. Mark and Tina Seigner, owners of the property located at the corner of Second Avenue and Madison, are requesting a forgivable loan to assist with costs associated with an infill project consisting of two duplex units. The site previously had a severely blighted single-family home. Once it was determined that it was not feasible to rehabilitate the home, Porsche began a conversation with the Seigners about ways to make this a pilot infill project that can be pointed to as a great example of how to make new structures fit in with existing historical neighborhoods. The staff report includes plans that the Seigners had drawn up for an economical design, as well as a design created by Rob Dortignacq with a special eye to creating a project that would be compatible in look and scale with the surrounding neighborhood. The original project costs were \$421,574. The expanded project costs would be \$615,668. The Seigners are requesting a forgivable loan for \$97,047, which is 50 percent of the difference between the two project costs.

In response to an inquiry from Dick Olsen, Porsche said that the site is zoned Mixed Use Residential (MUR).

Kopczynski asked if the total project value and ten-year return on investment analysis in the staff report is realistic with the current market conditions. Mark Seigner said that he came up with the project value by adding a cost of \$307,000 for each duplex, lot costs of \$50,000, and partitioning costs. He acknowledged that the current economic environment will drive appraisals. Porsche said that she uses a spreadsheet to calculate the return on investment using 75 percent of the future project value; this is a conservative estimate.

Coburn noted that the staff report indicates that the property taxes will be \$9,700 more than they are currently. Porsche reviewed her spreadsheet calculations which take future value, subtracts off current value, and multiplies that figure by 75 percent to arrive at the first year of tax increment payback. Subsequent years assume a three percent annual increase in assessed value.

Collins said that he would have liked for Bessie Johnson to be here to explain how the assessor arrives at assessed values. He noted that some of the items in the enhanced column are things that would look nice but which may not impact the assessed value or the tax increment payback. The CARA Advisory Board may choose to fund projects which do not provide the desired return on investment, but it should do so by identifying what social values and CARA objectives a project does achieve. This needs to be a policy consideration.

Scott Lepman, an appraiser in the audience, was invited to comment. Mr. Lepman said that if a property changes more than \$5,000 in one year or more than \$20,000 in a five-year period, the assessor can reassess the property. The assessor is alerted to a project by receipt of a copy of a building permit. The assessor then goes to the site and uses a formula to determine the new market value. With residential property, there is abundant market-related data on which to base the market value. The assessor would probably not need to use investment cost to assess residential property like they might for a factory which would likely have limited market data.

Coburn said that he is favor of the project overall. He sees the value in the enhanced design and the applicant is willing to cover 50 percent of the additional cost. He has some concerns about the payback calculations; it would be nice to see more of the background information used to arrive at those figures in the future.

MOTION: Coburn moved to approve the request. Kopczynski seconded the motion.

Porsche said that she will include the spreadsheets in future staff reports. She reviewed the figures from her file on this project. The \$623,737 project value is multiplied by the 75 percent ratio to arrive at an increased value of \$468,000. The tax rate is about \$17 per \$1,000 of assessed value, bringing the first year of return to CARA to just under \$8,000; future years assume a three percent annual increase.

Collins said that he feels that the calculations should take into consideration the original projected investment in order to arrive at a true return on investment. If the return on investment is not as desired, deliberations should be based on what other values might be achieved.

Spence said that the kind of analysis referred to by Collins would need to consider that a social return may also result in an economic return in relation to value of the neighborhood, crime rates, etc.

Olsen initiated discussion about the MUR zone and the effect on the rest of the neighborhood of putting a four-plex on this lot. He questioned whether a four-plex on this site, where there was a single-family home, would enhance the neighborhood or whether it would drive property values down, deflating the overall tax increment. He said that he doesn't know the answer to this question and that it is probably too late to second-guess this project, but he thinks it would be good to have a discussion about zoning at some point. Collins noted that a rezoning would involve a public process that would include the Planning Commission and a change in the Comprehensive Plan and Zoning maps. Konopa agreed that a zoning change would require a public process; however, this body could say that it feels certain types of projects are not in the best interest for CARA to fund. Olsen said that he doesn't want for CARA to fund things that will bring property values down.

Kirbey noted that the staff report says that “the compatible design will ensure it is compatible and adapts to the surrounding neighborhood.” He asked how this comment relates to placing a four-plex in a neighborhood with single-family homes. Porsche said that the staff report is referring to architectural compatibility. She noted that the site is zoned MUR and a four-plex is allowed. The question before the Board is whether it wants to spend CARA money to make the development more compatible for the neighborhood.

Seigner said that he would not categorize the project as something that will drive property values down. The proposal is much improved from the original project and would result in two quality duplexes.

Spence called the question. There was majority agreement to end debate and vote.

The motion **failed** by a vote of 5 to 6:

Yes: Coburn, Henion, Konopa, Kopczynski, Spence
No: Christman, Collins, Kirbey, Leland, Olsen, Reid

Collins clarified that he likes the proposed project; his vote was based on a fundamental policy issue of what factors CARA should use in making funding decisions. It was noted that the Seigners could bring this request back for consideration following CARA’s policy discussions this summer.

Seigner said that if they had gone forward with their original plans, they would be three months into the project. To wait another month or more would be frustrating and expensive; he would probably just go forward with his original plans.

Spence expressed concern that the Board is discussing legislative matters in the midst of considering a specific proposal. Konopa said that bringing policy into this decision is not really fair to the applicant; the subject application was submitted consistent with the existing rules set forth.

Coburn said that he can see the value in the enhanced plans which would clearly result in a more attractive development. Henion agreed that the enhanced design fits in with the neighborhood better than the original design. He asked if there is any precedent for a streamlined process to provide a response to this applicant before next month. Vice Chair Christman said that the Board has voted not to approve this request; another request would typically be handled at the next meeting. Konopa noted that the policy discussion will take more than one meeting. Porsche noted that Crandall will be coming in August to help the CARA Advisory Board with its policy discussions. Brief discussion followed.

MOTION: Collins moved for reconsideration of the motion. Henion seconded the motion, and it **passed** by a vote of 10 to 1, with Christman voting no.

Collins said that he moved to reconsider because he agrees that the enhanced design is better than the original design. He spoke about other multi-family structures with a box-like design; he feels that type of design would not fit well into this neighborhood.

Christman said that he is not a fan of using CARA money to fix residential housing; he does not feel that these are projects that CARA is charged to do. He will vote no on the motion, consistent with how he has voted on other requests for residential housing projects.

The motion **passed** by a vote of 7 to 4:

Yes: Commissioners Coburn, Collins, Henion, Konopa, Kopczynski, Reid, Spence
No: Commissioners Christman, Kirbey, Leland, Olsen

Lepman – Forgivable Loan (\$31,144)

Porsche drew attention to the written staff report. She distributed a revised cost estimate resulting from bids that came in higher than expected. Porsche said that Scott Lepman recently purchased a dilapidated apartment building with seven units, located at 305 Sixth Avenue SE. Staff worked with Lepman to create a project to rehabilitate the older apartment building to make it more compatible with the neighborhood and set a strong example for future rehabilitation of existing structures within Central Albany. The original project costs were \$106,133. The expanded project costs are \$171,459. Lepman is requesting a forgivable loan in the amount of \$34,182, which is 50 percent of the difference between the two project costs.

Spence said that he is having trouble calculating what the neighborhood improvement would be or how gables and windows would increase the property value in a measurable way. He asked what Lepman would do without CARA funding. Mr. Lepman said that, if he had thought he would not qualify for CARA funds, he probably would not have purchased the property. If another investor purchased the property, it would likely remain as it is – a not a very attractive building with not very attractive tenants. He is proposing to significantly change the outside, spending a significant amount of money to create a safer environment for future residents.

Leland asked how the improvements would result in safety being changed. Lepman said that he has other rental properties and that he is sensitive to public safety, especially for women. His proposal is to change the property so that it will attract different occupants – people who take care of the property and who are supportive to the community. If the property is not perceived to be safe, the tenants he is trying to attract will have no desire to live there.

In response to an inquiry from Kopczynski, Lepman said that only two of the seven units are occupied. The tenants have been counseled as to what is expected. He is not sure of their intentions but, if they follow the rules, they will be able to stay.

MOTION: Kirbey moved to approve the request as revised. Kopczynski seconded the motion, and it **passed** by a vote of 10 to 1, with Christman voting no.

Poris – Forgivable Loan (\$36,440)

Porsche referred to the written staff report. Linda Poris, owner of the property at the corner of First and Broadalbin, is requesting a forgivable loan in the amount of \$36,440 to assist with enhancements to the storefront of her historic building.

Kopczynski noted that this building is on the same block as the old JC Penney Building, which is currently being renovated.

In response to an inquiry from Coburn, Porsche reviewed the historic tax freeze and affirmed that there would be no tax increment on this property. Coburn expressed concern that the money for this project would have to come out of the tax increment from other projects; he noted that CARA has a loan which it must pay back using tax increment.

Spence said this strikes him as the ideal CARA project. He supports removing the mural but, since others have expressed that they like the mural, he does not know that CARA should be on record as funding its removal.

In response to an inquiry from Olsen, architect Heidi Overman circulated undated photos of the historical building.

In response to an inquiry from Kirbey, Linda Poris said that the decision to have the mural painted was made by her late husband.

MOTION: Kopczynski moved to approve the request. Spence seconded the motion, and it **passed** unanimously.

Transportation Enhancement Program Grant

Transportation Systems Analyst Ron Irish provided information on the Oregon Department of Transportation (ODOT) Transportation Enhancement Program Grant, which provides federal highway funds for projects that strengthen the cultural, aesthetic, or environmental value of the transportation system. A project that staff considered as being appropriate to this grant is the improvements at Water and Broadalbin. A City match is required; CARA was identified as a potential source for that match. The grant process has an extra step in that the City must submit a Notice of Intent; the deadline for this submittal is the end of June. The Notice of Intent does not commit the City to turn in a formal application. It would initiate a process in which City staff would have a discussion with state staff regarding the potential application; staff would then report back to the CARA Advisory Board. The City Council must authorize all grant applications. Irish said that he understands that CARA will be making some policy decisions this summer; the question is whether it makes sense to submit a Notice of Intent knowing that it will be possible to back out after the policy discussions if desired. Brief discussion followed.

In response to inquiries, Irish said that the grant maxes out at \$1.5 million. If a grant request is submitted and is successful, construction money would begin to flow in 2012. The formal application is due the end of September, giving a three-month window to decide whether to file a grant application.

MOTION: Reid moved to authorize staff to file a Notice of Intent to submit a Transportation Enhancement Program Grant application. Kopczynski seconded the motion.

In discussion and in response to inquiries, Irish explained the matching requirements. The bigger the match, the more appealing the application will be in terms of grant approval. He intends to be as vague as possible in the Notice of Intent in order to leave options open; he will indicate a desire to phase the project. He will be coming back after discussions with the state with a proposal on what staff believes to be the best scenario.

The motion **passed** unanimously.

Staff Updates and Issues

Porsche said that the discussion this evening underscores the need for better criteria to help the Board make good quality decisions. A meeting with George Crandall is tentatively set for August 10 to talk about how he can help create a road map to success that could be followed by implementation of policy and possibly better Code. The Board will be considering Small Grant requests next month; Porsche suggested that any further requests be held for consideration following the policy discussions this summer. There was general agreement.

BUSINESS FROM THE BOARD

Coburn recalled a previous suggestion by Collins that there be a minimum value for the Small Grants; he would suggest a \$500 or \$1,000 minimum. Porsche said that she will make this suggestion informally to applicants for the current allocation process; she will put the issue on a future agenda for discussion and decision.

Coburn said he would like to schedule a discussion to consider using CARA funds for the Lowe's project. This is an issue Collins raised at the Council level. If CARA should choose to fund \$279,000 for this project, it would see a very fast payback as property values go up.

Coburn said that he has concerns about the Broadalbin Promenade costs; he would like some analysis on the payback to CARA. Konopa noted that part of the intent of CARA was to fund some projects that provide tax increment in order to be able to fund other projects, such as public projects like the Promenade. Collins said that this goes to the upcoming discussion with Crandall, i.e., how does a community strategically decide which public improvements will generate private investment. Brief discussion followed.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, July 21, 2010, at 5:15 p.m. in the Council Chambers.

ADJOURNMENT

Hearing no further business, Vice Chair Christman adjourned the meeting at 7:15 p.m.

Submitted by,



Teresa Nix
Administrative Assistant

Reviewed by,



Kate Porsche
Urban Renewal Manager