



APPROVED: September 19, 2012

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, August 15, 2012

MINUTES

Advisory Board Members present: Rich Catlin, Jeff Christman, Bill Coburn, Floyd Collins, Kate Foster, Loyd Henion, Bessie Johnson, Gordon Kirbey, Chuck Leland, Sharon Konopa, Ray Kopczynski, and Dick Olsen

Advisory Board Members absent: Russ Allen and Mark Spence (both excused)

CALL TO ORDER

Chair Rich Catlin called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

July 25, 2012

MOTION: Ray Kopczynski moved to approve the July 25 minutes as written. Chuck Leland seconded the motion, and it passed 12 -0.

SCHEDULED BUSINESS

Business from the Public

Mike Quinn referred to previous discussions regarding potentially enlarging the CARA Advisory Board; he suggested that consideration instead be given to having audience participation throughout the meetings. He referred to the Woodland Square project, and he asked why the Mayor drove this project to a Vancouver firm, a group that is known to finance residential areas through state funding and CARA-type organizations instead of using private money. Konopa said that the City tried for many years to get someone to do this project. She said she did not seek out Innovative Housing, Inc., but that firm saw an opportunity at this site and they were the first to be able to make a purchase agreement with the property owner. Quinn said the firm probably won't be able to get the state tax credits next year; he suggested that the agreement be allowed to expire and that the free market be allowed to take over.

Jo Rae Perkins read from a newspaper article regarding the Woodland Square project. She said that the \$1.45 million of CARA money would be in addition to other taxpayer money the developer would get from the state; that is a lot of taxpayer money. She asked, "Why not just let the market do what it is going to do?" She said it is not the City's role to buy and hold property; that is not a wise use of taxpayer money.

Jim Clausen said that Innovative Housing, Inc., gets a lot of taxpayer money to do projects like Woodland Square that could be done for less. He said it is ridiculous to be spending money like this, engineering and pushing enterprise the way we think it out to go. That is not the way the country was founded and grew. He said we should let the free market do what it's going to do. Having an out-of-town company on this project will not help the economy or create jobs here. If a local company were doing this project, it would help the local economy.

Larry Nelson said he lives near the Woodland Square site and he is the Neighborhood Watch Captain. He spoke of current conditions in the neighborhood and said he would like to see the Woodland Square site improved. The plan would provide needed housing and would be a stimulus to other improvements. He said the free market has not done anything for the site; he thinks the project would benefit the whole town.

Woodland Square Loan Scenarios (Innovative Housing)

Urban Renewal Manager Kate Porsche reviewed the request as detailed in the written staff report. She recalled that the Woodland Square project previously received a commitment for a CARA forgivable loan in the amount of \$1.45 million. Innovative Housing, Inc. (IHI) did not receive tax credits for the project in the last round of state funding; however, the firm did receive feedback that the project was very competitive and will be reapplying for tax credits in next year's round. The Main Street neighborhood has been identified as one of the most blighted areas in the CARA urban renewal district, and the neighborhood has identified cleanup of the mobile home park as their highest priority project.

Porsche said that IHI has a purchase agreement for the mobile home park which expires soon. Staff has been working with IHI on a structure to ensure that the property is purchased, that the project moves forward, and that the blighted site is cleaned up and the mobile home park closed. Two options identified by staff are detailed in the staff report. Option 1 would see CARA providing the funds for property acquisition and for park closure, tenant move out, management, taxes, insurance, and demolition of houses and trailers; IHI would own the property and would deed it to CARA if the state doesn't fund the project in the next cycle. Option 2 would involve a state loan program for purchase of the property at 80 percent of value with CARA providing funds for the remaining 20 percent as well as the park closure expenses. The pros and cons of each option are detailed in the staff report. A third option is for CARA to do nothing and let the project go.

City Attorney Jim Delapoer further reviewed the pros and cons of the two options presented in the staff report. If tax credit funding does not come through, the City would own the property under either of the two options. The second option would put the project on the state's radar which may make it more likely to receive state funding; however, CARA would not be in the first position on the property under that scenario and there would potentially be higher costs for CARA if the tax credits are not received.

Kopczynski said this area has been blighted for a long time; he asked what the downside would be to letting it go one more year to see if the tax credit funding comes through. Porsche said that, without CARA money, the purchase agreement would expire and the City would lose the guarantee of having IHI as a partner.

Julie Garver, IHI, came forward. She said that she understands the property owner has another offer on the property which would keep it a mobile home park. If the current purchase agreement expires, there is no guarantee the owner will accept an offer to redevelop the property. IHI would need to control the property in order to apply for tax credit funds next year.

Chuck Leland requested additional information about the tax credit program. Garver said the program requires a nonprofit organization and a tax credit investor to partner for 15 years after which IHI would become the full owner of the property. The tax credit is a federal tax program started in 1984 to allow the public to participate in affordable housing; the state is the gatekeeper of the money. In the last round of funding, IHI was one of 50 applications; 10 were selected for funding. The major reason the project was not funded is that one of its funding sources unexpectedly ran out of funds. There were also questions around CARA funding due to pending ballot measures. Garver said that she thinks there is a very good chance the project would receive tax credit funding next year if CARA decides to move forward. The mobile home park would be decommissioned, the site would be cleared, and the project is very well aligned with the goals of the new state housing staff.

Bessie Johnson said she has concerns. She thinks this is a similar situation to the Thornton Lake project which didn't work out well for the City. She asked why we would spend money when we don't know if the tax credit money will be available. If the tax credits are not available, the City would end up with the property and she is not sure that is a good investment of the taxpayers' money.

Konopa said this would be a more attractive project for the state if the site is cleared and the tenants are relocated; that work would also help people who live there get into better housing elsewhere in town. Garver briefly reviewed the preliminary work that has been done toward relocating tenants; several local agencies are helping, and there are some good options available.

Floyd Collins asked if IHI could request that the property owner give an extension on the purchase agreement. Garver said that she thinks that there is a 50-50 chance the property owner would extend the agreement for an additional year, but there would be a cost to do so.

Dick Olsen asked if the proposed ballot measures were an impediment to the project. Delapoer said one of the proposed measures would have reset the CARA debt limit and that would have impaired the agency's ability to do projects like this; that measure was stricken by the court. He does not believe the remaining ballot measures would be an impediment to this project. Garver added that the debt limit issue was still very much up in the air at the time IHI had to submit its application to the state.

Greg Goracke, Greenberry Construction, said that he lives in North Albany and his company is based in Corvallis. He reviewed preliminary work done at the site and the process going forward as residents are relocated and the mobile home park decommissioned. He said that his goal as a local contractor is to solicit as much work as possible from local subcontractors.

Bill Ryals said he grew up near the site of the mobile home park and his mom still lives there. The people in the neighborhood want this project. The site is a cash cow for the owner, but he does care about the community and would like to see something good happen there. He said this is a very difficult site. If the market had done its job, the site wouldn't be sitting like it has for 40 years.

Kate Foster asked if there is any talk of preserving the historic structures on the site. Garver said that the vacant house on Pine is in very rough shape; it has been adapted over the years and would probably not qualify for the National Register at this time. The house on Second Avenue has had even more adaptation. If the houses were retained, IHI could not get the number of units needed for the project. The houses are not original to the site, and the developer has not been approached by anyone interested in moving them to another location.

Christman requested a more detailed accounting of the expenses outlined in the staff report. Garver distributed and reviewed "Woodland Square Year Long Interim Holding Budget and Mobile Home Park Closure".

Bill Coburn said he sees value in trying to improve the chances of the project being approved for tax credits. He asked for additional information about why this project may not have been chosen. Garver said that the project was competing against several new construction projects which ranged from 45 to 65 units. The projects that were funded were geographically diverse and Albany is right in the middle of jurisdictions that have guaranteed money. She thinks that the project was not chosen for reasons which include geography, uncertainty around the potential ballot measure, and the funding source that unexpectedly ran out early.

Johnson asked if the required paperwork with the assessor's office was done prior to demolishing mobile homes. Goracke said he has not yet demolished any mobile homes but he is aware of the requirement.

Johnson asked how IHI tests for renters' income. Garver said that renters have to income-qualify utilizing paystubs and tax returns. The IRS monitors for that compliance piece. Renters only have to income-qualify one time, and they can continue to live in the units if their income rises.

Kopczynski asked what happens if a renter loses their job. Garver said IHI has an eviction prevention program to help renters weather a period of lost income; this has resulted in fewer turnovers at other developments.

Olsen said the owner is willing to part with the property. He would hate to see the "cash cow" passed to someone who would continue the current use. He said that we can see what free enterprise has done with the property. It is profitable to minimize maintenance and maximize income, but that is not very attractive for the rest of the neighborhood. He would like to continue with the present partners who have an attractive plan for the property and would provide needed housing.

Foster asked what research was done to show this type of working class housing is needed. Garver said that her firm did a survey of the job market using Craig's List, which found that there are a lot of available family-wage jobs. They also did a market study and found that Albany has a low vacancy rate for apartments. In order to reapply to the state, the firm would have to recommission the market study.

Collins asked for additional information regarding the relocation assistance. Garver said that it can take six months to two years to qualify for Section 8 voucher; the sooner they can start the process, the better. Renters must be provided with 365 days' notice and receive payment of at least \$5,000 for relocation expenses. IHI has identified other mobile home parks and local agencies are willing to help with referrals and private housing. Some renters may be able to move back once the project is completed.

Collins said he supports doing what the neighborhood wants to do in this location, but he wants to do it in a smart way. He asked what it would cost to extend the purchase agreement for one year.

Coburn said he is a fan of the project and he thinks this is what urban renewal should look like. He is curious what could be worked out with the owner as far as extending the purchase agreement. He sees value in the City maintaining some control of the property at the lowest possible price.

Porsche noted that, under the option of extending the purchase agreement, the existing mobile home park would not be decommissioned. Garver added that decommissioning the mobile home park over the coming year would play a part in the tax credit decision next year and that the state considers whether there is community support when considering projects.

Konopa expressed concern about the potential cost of trying to negotiate an extension to the purchase agreement. She said that having the property cleaned up would be a huge benefit for Albany. If IHI is not able to put the project through, she would like for the City to have control of a clean site that could eventually be developed with the type of housing that is needed.

Kirbey said one of CARA's missions is to remove blight; the Advisory Board and Agency were created to make decisions based on factors other than strictly financial.

Johnson asked for the assessor's real market value of the property. Porsche will e-mail that information.

Foster said that it sounds like the state will be more likely to fund projects with community support; CARA's support may push this project ahead and give it a better chance of receiving approval.

MOTION: Foster moved to recommend Option 1 in the staff report which would see CARA expending a total of \$817,660, approximately \$600,000 for the property acquisition and the remainder for mobile home park closure, tenant move out, management, taxes, insurance, and demolition of houses and trailers. IHI would own the property and would deed it to CARA if the state doesn't fund the project in the next cycle. Kirbey seconded the motion.

Coburn asked if there is a value in Option 2 in terms of improving the chances of IHI securing tax credits. Garver said that both options are compelling to the state for different reasons. Option 2 clearly shows that the City supports the project.

Christman said that this project makes no sense from a financial standpoint. He said that a decision was made several months ago to put CARA on hold to refocus on policy decisions including whether CARA would be a property owner; the Board hasn't yet had that policy discussion. Part of the discussion will also be if this is the highest priority property that CARA wants to purchase.

Kirbey said the Advisory Board has been in existence for ten years; it is unfair to this applicant to have to wait for the discussion about policy. He thinks we can move forward on this and have the policy discussion after.

Johnson asked for further explanation on Option 1. Porsche said that IHI would own the property and be responsible for the relocation and decommission work. The City would not want to own the property and be responsible for that work; it is a better deal for the City to be the lender and have first position on the property. CARA previously committed \$1.45 million to this project in the form of a forgivable loan. The question is whether the Board is willing to let \$800,000 of that go out now property acquisition.

Catlin asked why Christman thinks the project makes no sense financially. Christman said the purchase price is probably higher than the property value; there is high risk in purchasing the property at a high value.

Konopa said that CARA was formed in part to assist in projects that don't pencil out but which remove blight and bring up value in the district.

Foster noted that this commitment was made before CARA was put on hold for the policy discussion. In discussion, Porsche noted that the original commitment did specify a portion of funds would be used for property purchase.

Collins said that, projecting ten years out, he is convinced the City would be better off if the IHI project happens, or even if the site is cleaned up. The blight is doing a disservice to the historic neighborhood. He will support the motion.

Johnson said that she has been listening tonight. Because of the neighbors and because we do need to get rid of this blight, she thinks this is probably the best thing we can do. She will support the motion.

The motion **passed** 9 to 3:

Yes: Catlin, Coburn, Collins, Foster, Henion, Johnson, Kirbey, Konopa, Olsen
No: Christman, Kopczynski, Leland

Continued Review of CARA Policy Items

Following brief discussion, it was agreed to hold an extra meeting on August 29, the focus of which will be the continued review of CARA policy items.

Staff Updates and Issues

None.

BUSINESS FROM THE BOARD

None.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, August 29, 2012, 5:15 p.m., in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Catlin adjourned the meeting at 7:54 p.m.

Submitted by,

Reviewed by,

Signature on File

Signature on File

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Manager