

NOTICE OF PUBLIC MEETING

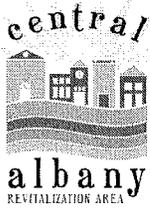
CENTRAL ALBANY REVITALIZATION AREA ADVISORY BOARD
City Hall Municipal Court Room
Wednesday, August 15, 2012
5:15 p.m.

AGENDA

1. CALL TO ORDER (Chair Rich Catlin)
2. ROLL CALL
3. APPROVAL OF MINUTES
 - July 25, 2012. [Pages 1-5]
 - Action: _____
4. SCHEDULED BUSINESS
 - a. Business from the Public
 - b. Woodland Square Loan scenarios (Innovative Housing). [Pages 6-8] (Porsche/Applicant)
Action: _____
 - c. Continued review of CARA policy items—Project Types/Decision Making. [Verbal] (Porsche)
Action: _____
 - d. Staff updates and issues. [Verbal] (Porsche)
Action: _____
5. BUSINESS FROM THE BOARD
6. NEXT MEETING DATE: *Next regular meeting Wednesday, September 19, 2012*
7. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation, advance notice is requested by notifying the City Manager's Office at 541-917-7508, 541-704-2307, or 541-917-7519.



CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, July 25, 2012

MINUTES

Advisory Board Members present: Jeff Christman, Bill Coburn, Floyd Collins, Kate Foster, Loyd Henion, Gordon Kirbey, Chuck Leland, Sharon Konopa, Ray Kopczynski, Dick Olsen, Mark Spence

Advisory Board Members absent: Russ Allen, Rich Catlin, Bessie Johnson (all excused)

Staff present: City Manager Wes Hare, City Attorney Jim Delapoer, Urban Renewal Manager Kate Porsche, Public Information Officer Marilyn Smith, Administrative Assistant Teresa Nix

CALL TO ORDER

Vice Chair Jeff Christman called the meeting to order at 5:15 p.m.

ELECTION OF CHAIR

Christman called for nominations for CARA Advisory Board Chair.

Gordon Kirbey nominated Mark Spence. Spence respectfully declined.

Floyd Collins nominated Rich Catlin. Loyd Henion seconded the nomination.

In response to an inquiry from the Board, Collins said that he has spoken with Catlin, who indicated he would consider serving as Chair.

Rich Catlin was elected Chair by a vote of 11-0.

APPROVAL OF MINUTES

November 16, 2011 (with revisions), and January 18, 2012

MOTION: Ray Kopczynski moved to approve the November 16, 2011, and January 18, 2012, minutes as written. Kate Foster seconded the motion, and it **passed** 14-0.

SCHEDULED BUSINESS

Business from the Public

Stella Reimers read a letter, previously submitted to Urban Renewal Manager Kate Porsche (see agenda file). She said that she is a downtown property owner and she reviewed how conditions in Downtown Albany have improved since the formation of the CARA urban renewal district. She urged the Council to continue funding for the CARA program and finish the work that is yet to be completed. Christman requested that Porsche distribute Reimer's letter to the Advisory Board members.

Tom Cordier referred to a graphic that was displayed for the Edgewater Village Update agenda item. He asked what kind of demographic study has been done that leads the City Council and CARA Advisory Board to believe that the general public will want to reside in an area that is next to railroad tracks and a growing tavern. His recollection is that most urbanites try to stay away from those kinds of features.

Mike Quinn referred to the RCM Homes and Edgewater Village housing projects. He said that it seems these projects are taking a long time to get off the ground. He feels the market is not there for these projects; he would build apartments before he would consider building condos and single-family homes. He asked if there are market studies, whether the Council has talked with investors in depth, and when these projects are going to get off the ground.

Jim Claussen said that he wonders if the housing projects will remain empty like the Wheel House, the Flinn Building, and the JC Penney Building. He thinks this project will end up the same way. There has been a lot of money and a lot of effort with nothing to show for it and no solid estimates of what the financial outcomes will be.

Edgewater Village Update

Porsche distributed graphics provided by the applicant of the site plan and landscape plan for the Edgewater Village residential project (see agenda file). She said that the City is the first lien holder on the property and that the contract outlines specific benchmarks that the development is required to meet. There is a requirement that the development receive land use approval by October 31, 2012; they have been working through the process and are on track to meet that benchmark. The next phases outline the construction of units with the first five units to be completed by October 2013. She has reviewed the site layout against CARA's design guidelines and had the design reviewed by CARA architect George Crandall whose comments are incorporated into the information before the Board.

David Reece spoke on behalf of the applicant. He said this project was started several years ago but stalled due to the downturn in the economy. As time has gone by and the economy slowly tries to recover, thoughts have been given to ways to achieve the two goals of developing a product that will be absorbed and meeting the criteria set forth by the CARA Advisory Board. The developer worked with architect Bill Ryals to develop a master plan which was vetted through planning staff, two neighborhood meetings, and review by CARA staff and architect. A realtor was brought onto the team to give a feel for the type of housing that would sell. Feedback from the neighborhood meetings and subsequent studies, as well as the project size, scope, and timeline, drove the conclusion that this project needed to be a Planned Development (PD). A PD will provide flexibility to revisit and potentially modify the plan in future phases. He said the plan preserves view and access corridors and makes the most of the Dave Clark Riverfront Path, the Willamette River, and other features. It incorporates four house styles on 58 lots in a range of sizes and prices. Property in the center of the site is owned by the railroad and could be incorporated into the plan if it comes available. He thanked the CARA Board for their support.

Spence asked for a staff update on negotiations with the railroad. City Attorney Jim Delapoer said that negotiations are ongoing and there is reason to be optimistic. It is possible that the property may be in City ownership within the next 90 to 120 days. Once that happens, decisions will have to be made about how to integrate that property into this project.

Porsche will provide additional updates as the project moves forward.

CARA Project Updates

Porsche said that the United Steelworkers were not able to secure financing for the property and this project will not be moving forward. Staff will prepare a resolution for the Agency to rescind the previous resolution that approved funding for that project. Porsche noted that all CARA funding is paid on a reimbursement basis after work has been completed. In the case of United Steelworkers, no money has been distributed and the \$240,000 set aside for the project will go back into the budget and be available for this body's consideration in the future.

Porsche said the Woodland Square Project was not chosen for this year's round of affordable housing tax credits. The developers heard from the state that the project was very competitive and may be successful in the next round. The developers are exploring a way to purchase the property this year to be ready for the next round of tax credits. Staff will bring forward a full report and recommendation next month.

Initial Review of Policy Items

Christman drew attention to the staff report and CARA Policy Brainstorming List in meeting packets. He said that it is important for the Board to take its time in this process and building solid guidelines which will guide funding decisions on future projects. Following brief discussion, there was general agreement to proceed through the brainstorming list in the order provided. It was noted that it may take several meetings to complete the review. Porsche distributed the Project Evaluation Grid that is currently used (see agenda file). She said that she would be happy to provide additional staff analysis on any of the items on the list.

Collins said that, having reviewed the existing project evaluation grid and hearing from the community, he would like to consider issues including consistency with the existing plan, potential modification of the application process, modifying some review criteria, strengthening the contractual language, looking at cost accounting, and keeping track of where we are in the scope of the CARA plan. He said that the City Council receives financial data on a quarterly basis; it would be helpful to see CARA financial data and tracking on a quarterly basis as well.

Spence said that an underlying principle he will be considering throughout this discussion is that he would like for this body to be more proactive rather than simply react to proposals that are brought forward.

Delapoe said that he can do a better job of providing documentation that fits the Board's expectations if he is included in the process earlier and given the flexibility to negotiate terms. It is important to know the Board's values (i.e., is getting repaid or having money spent in the desired way most important), and the amount of risk that the Board is comfortable with; this may be different for different requests.

The Board began a review of the items in the CARA Policy Brainstorming List as follows:

Board Composition: Christman said it has been suggested that consideration be given to adding representatives of the taxing districts to the Advisory Board. He asked if this is something the Board would like to consider.

Kopczynski asked if those members would have the authority to represent their respective taxing district and whether the Board would be enlarged or existing members would be supplanted. Coburn said his most recent appointee, Greater Albany Public School District (GAPS) Business Director Russ Allen, made clear that he would not be representing GAPS. Coburn expects that Allen would bring expertise and perspective associated with his position that would be beneficial but that he would do so as an individual.

Foster said that she thinks this is a diverse Board and she likes its current makeup.

Porsche said that some communities are changing the makeup of their urban renewal boards to include elected officials who officially represent the taxing districts with the idea that you have all of the parties at the table.

Delapoe suggested that the Board might consider a routine distribution to all taxing districts to give those agencies an opportunity to take an official position on projects if they wish.

Collins said he would like to get comments from the taxing districts as projects are being considered. He noted that there is nothing in the statutes that regulate advisory boards and the Agency is free to structure the body as it wants.

Spence likened having members of the taxing districts on the CARA Board to having a member of the Council sitting on all bodies that make decisions that affect the City; he said it would be fragmenting.

Kirbey asked, "If the Board is going to do a proactive outreach to the taxing districts seeking input on every decision, what is the Advisory Board for?" He expressed concern about the length of time it might take to make decisions.

Konopa said that she feels a 14-member Board is large enough. She likes Delapoer's suggestion that proposals be sent to the taxing districts which can then choose to comment or not.

Foster agreed. She said that sending notice would allow the taxing districts to submit comment and allow the Board to get input to make the best decision.

Porsche asked if the Board would want to consider some threshold that would trigger the notification process, i.e., would the taxing districts be notified of the small grant requests? She noted that one idea staff had was to periodically visit the taxing districts to provide an update on projects and answer questions.

Henion said more knowledge is better; he would support a process which invites input from all groups that might be affected by a proposal, perhaps even beyond the taxing districts.

Christman summarized that it appears that the Board would like to have some input from the taxing districts; he suggested that staff bring back ideas for how that might work. He said he is not hearing that anyone wants to increase the size of the Board, but representatives of the taxing districts are welcome to apply and may be appointed as vacancies occur.

Project Types/Decision: Foster said that she is concerned that defining a geographic focus area would become too limiting; she wouldn't mind setting priority areas. Collins agreed; he referred to the successful Viper NW project and said he would not want to set a geographic focus to the exclusion of considering projects that may come forward outside of the focus area.

Coburn reviewed examples in Salem and Portland where targeted focus has had good results. He suggested that focus could be given to parts of the CARA district with flexibility to consider worthwhile projects outside of the target area. Brief discussion followed.

Konopa noted that there are people in the audience who wish to speak. She said that there was an opportunity for public input prior to the brainstorming session and that there will be additional opportunities for public input throughout this review process.

Christman said that there was some good brainstorming this evening. He suggested that Board members be thinking about more specific guidelines and recommendations for discussion at the next meeting. Collins suggested that Board members also review the CARA plan, including the categories of projects.

Staff Updates and Issues

None.

BUSINESS FROM THE BOARD

None.

RECESS TO EXECUTIVE SESSION TO DISCUSS REAL PROPERTY TRANSACTION IN ACCORDANCE WITH ORS 192.660(2)(e)

The meeting was recessed into an Executive Session at 6:34 p.m.

RECONVENE

The meeting was reconvened at 6:54 p.m.

NEXT MEETING DATE

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

ADJOURNMENT

Hearing no further business, Vice Chair Christman adjourned the meeting at 6:55 p.m.

Submitted by,

Reviewed by,

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Manager



TO: CARA Advisory Board

VIA: Jim Delapoer, City Attorney
Wes Hare, City Manager

FROM: Kate Porsche, Urban Renewal Manager *Kate Porsche*

DATE: August 9, 2012, for August 15, 2012, CARA Advisory Board Meeting

SUBJECT: Staff Report – Woodland Square

As you heard at the last CARA Advisory Board meeting, the Woodland Square project with our partners, Innovative Housing, Inc (IHI), did not receive tax-credits in this last round of funding with the state. It was a highly competitive round, and one of the lending sources at the state unexpectedly ran out of funds. They did receive feedback that the project was very competitive. They will be reapplying for tax credits in next year's round.

You may recall the project received a commitment for a CARA forgivable loan in the amount of \$1,450,000 in the November 2011 competitive round of funding. Here's how the break-out of funding and timing was outlined in that staff report:

<u>First Piece</u>		
January 2012	\$ 52,000	Early work (demo and property investigation)
August 2012	600,000	Property purchase (CARA in first position; CARA would need to subordinate to construction lender 5/2013.)
May 2013	300,500	At construction loan closing (permits, SDC's, architectural)
Total	\$952,500	
<u>Second Piece - to be committed now but come out of next round of funding</u>		
October 2013	\$ 425,000	Construction
April 2014	72,500	Five percent retainage
Total	\$497,500	

IHI has a purchase agreement in place for the mobile home park which expires shortly. Staff has been working with IHI on a structure that will ensure 1) that the property is purchased, 2) the project moves forward and resubmits for state tax-credit funding, and 3) that the blighted site is cleaned up and the mobile home park closed. We are following the schedule that was shared with you last November and have two options for you to consider on the purchase of the property. It is important to note that neither option will require the commitment of any further CARA funds; rather it is the structure of the property purchase that is coming before you for your input and consideration.

Option 1: CARA Funds for Property Acquisition

This option would see CARA expending a total of \$817,660, \$607,500 for the property acquisition, \$210,160 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 CFC cycle.

Pros	Cons
CARA is in first position on the property	Higher risk as CARA would be funding the purchase in total.
	More of our funds go out the door sooner.

Option 2: State Loan with CARA Partnership

There is a state loan program available to IHI to purchase the property. There is a 1% origination fee and 6% interest for this loan program. It is a two-year loan meant for projects like this one to procure property while waiting for and working on the tax-credit application. The state can loan up to 80% of the value, or about \$480,000. This option would see CARA expending a total of \$337,360, \$127,200 for the remaining 20% on the property acquisition and \$210,160 for management, taxes, insurance, mobile home park closure, tenant move out, and demo of houses and trailers. Additionally, IHI would own the property; and CARA would need to agree to take out the land next summer if the state doesn't fund the project then.

Pros	Cons
Minimizes the exposure and expenditure of CARA funds at this time.	CARA is in second position on the property
May have a positive impact on IHI's next tax-credit application as the state has sometimes looked favorably on those projects that have used this loan program.	Higher costs to the developer and potential increase in land cost for CARA in the case where IHI does not receive tax credits and we take out the state loan.
Expands the partnership—IHI, CARA, and the state then make up the partners for the property acquisition piece.	

Items of Note for Either Scenario

- IHI will handle the notice and relocation of current residents.
- The lot would be clear of mobile homes by next year.
- Best-case scenario
Over the next year, the lot is cleared, IHI applies for and receives tax credits in the next round of funding, and construction begins in 2014.
- Worst-case scenario
Over the next year, the lot is cleared, IHI applies for but does not receive tax credits in the next round of funding. In this case, CARA would own the property (IHI would transfer ownership under Option 1 or CARA would purchase it from IHI under Option 2) and could reevaluate at that time how to proceed, possibly conducting an RFP for a partner developer on the site. In this scenario, though, we control the land and the use that goes on it in the future.

Please understand that either of the options noted above present a very real risk that the Agency will end up owning this property without an immediate project or buyer for the site. This would happen under either option if the state chooses not to grant the tax credits in the next round of funding. In such an event, IHI would withdraw; and the Agency will be obligated accept the property in lieu of loan repayment (option 1) or be required to pay IHI's loan to the state and thereafter own the property (option 2). It is a policy judgment for the Agency whether or not the benefits of clearing this blighted area are worth these financial risks. Under the worst case scenario, the Agency will still have land which is of value and which can likely be marketed for redevelopment in a manner consistent with Agency goals and all applicable development regulations. It is unlikely, however, that the land will be immediately marketable for the full amount of the Agency's expenditure. How much that differential will be is not something that staff can evaluate at the present time.

Consider that if IHI is not funded next year by the state, CARA will retain the ongoing asset of the property; and by that time, all the tenants will be gone and the property can be redeveloped by anyone. The property will have been successfully transitioned out of its current blighted mobile home park use and ready for new development. But if the project is not funded, IHI will not reap the benefits of any of IHI's contributed time or money. IHI's monetary contribution will be approximately \$61,000 total at the end of the proposed year holding period. This amount is completely at IHI's risk and is contributed as the cost of potentially developing the larger project.

Budget Impact: None: The Woodland Square Project has already been budgeted for in full for FY 2012-2013.

The City Attorney, Julie Garver from IHI, and staff will be at Wednesday night's meeting to answer questions and discuss this issue further.

KCP:ldh
Attachment

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