

NOTICE OF PUBLIC MEETING

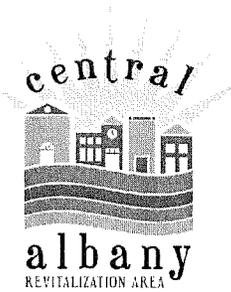
CENTRAL ALBANY REVITALIZATION AREA ADVISORY BOARD
City Hall Council Chambers
Tuesday, July 9, 2013
5:15 p.m.

AGENDA

1. CALL TO ORDER (Chair Rich Catlin)
2. ROLL CALL
3. APPROVAL OF MINUTES
➤ June 19, 2013. [Pages 1-4]
Action: _____
4. SCHEDULED BUSINESS
 - a. Business from the Public
 - b. Policy framework. [Pages 5-10] (Porsche)
Action: _____
 - c. Staff updates and issues. [Verbal] (Porsche)
Action: _____
5. BUSINESS FROM THE BOARD
6. NEXT MEETING DATE: *Wednesday, August 21, 2013*
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.



APPROVED:

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. Kopezynski 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,

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Manager



TO: CARA Advisory Board

FROM: Kate Porsche, Economic Development & Urban Renewal Director *Kate (ldh)*

DATE: July 5, 2013, for July 9, 2013, CARA Advisory Board Meeting

SUBJECT: Staff Report – CARA Program

This month we are finalizing our work with our new public/private partnership programs. Attached for your review is the revised version of the program grid. Your comments and suggestions have been incorporated, and I've done some further research.

Also attached you will find an example of an economic development program from Salem that I thought you might find interesting. I would welcome your thoughts about incorporating some sort of partial forgiveness of the Economic Development Project Loans for those businesses who can document job creation in our community.

KCP:ldh
Attachments 2

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CARA Proposed Programs - July 2013

Public/Private Partnerships										
Program Title	Annual Program Allocation	Timing	CARA Funding Amount	Overall Project Cost	Min. Match Requirement (Public/Private Funds)	Loan Fee	Interest Rate	Term	Eligible Structures	Eligible Project Types
Architectural Assistance Grant	\$ 5,000	Ad-hoc	Equivalent of first Consultation Visit	N/A	N/A	N/A	N/A	N/A	Commercial and Multi-Family Buildings	Interior or exterior projects anywhere in the CARA boundary. Preference for historic buildings.
Small Grants	\$ 25,000	1x/year Competitive	\$1,250 - \$5,000	\$2,500- \$10,000	1:1, 50% of project	N/A	N/A	N/A	Commercial, Mixed-Use	Exterior projects with significant aesthetic improvement - anywhere in the CARA boundary.
Storefront Revitalization Grant	\$ 50,000	1x/year Competitive	\$2,500 - \$10,000	\$5,000- \$20,000	1:1, 50% of project	N/A	N/A	N/A	Commercial, Mixed-Use	Exterior projects with significant aesthetic improvement. Properties must have the following zoning: HD, CB, LE, MS. Examples include awnings, signage, exterior lighting, associated city fees, and storefront improvements
Loan Program for Focus Area	\$ 300,000	1x/year Competitive	Min. \$15,000 - up to 20% of project	Min: \$30,000	1:5, 20% of project	\$ 500	ARA's borrowing rate + 1%	Years 1-2 Monthly interest-only payments. Years 3-8 monthly payments, loan paid in full by year 8.	Commercial, Mixed-Use (Tax-Exempt properties & owners excluded)	Competitive program, only available for commercial or mixed-use property located in the three geographic areas (downtown, east waterfront, or east Salem area) Properties that are 100% residential are excluded. Must be one of: Historic preservation, including storefronts/façade improvement, upper floor redevelopment, or new-construction residential/mixed use project.
Economic Development Project Loans	\$ 250,000	Ad-hoc	\$10,000 - \$50,000	\$50,000 - \$250,000	1:5, 20% of project	\$ 500	ARA's borrowing rate + 1%	Possible forgiveness of 50% based on documented job creation and investment? Otherwise, standard terms.	Industrial, Commercial, Mixed-Use (Tax-Exempt properties & owners excluded)	Job creating projects only. Capital improvements, tenant improvements, and equipment purchases that will have an impact on assessed value of property
Tax-Exempt Economic Development Project Loans	\$ 50,000	Ad-hoc	\$10,000 - \$50,000	\$50,000 - \$250,000	1:5, 20% of project	\$ 500	ARA's borrowing rate + 3%	Years 1-2 Monthly interest-only payments. Years 3-8 monthly payments, loan paid in full by year 8.	Industrial, Commercial, Mixed-Use (Tax-Exempt properties & owners allowed)	Job creating projects only. Capital improvements, tenant improvements, and permanent equipment purchases.
Historic Home Buyer Loans	\$ 70,000	Ad-hoc	\$10,000 - \$25,000	\$50,000 - \$125,000	1:5, 20% of project	\$ 500	ARA's borrowing rate + 1%	No payments, interest only forgiveness so long as property qualifies as owner-occupied	Single-family Residential	Rehabilitation funds to incent purchase of severely blighted historic homes within CARA. Opportunity for partnerships with LAC, realtors; encourages community growth in blighted neighborhoods and supports the goals of the plan. Properties eligible for interest forgiveness so long as property is owner-occupied. Loan must be paid off in full at the time of sale or refinance. Preference for conversion of houses used for multi-family back to single-family (allow one accessory apartment?).
Total Private Partnership Annual Funding \$ 750,000										Note: All programs, except architectural assistance, small grants, and storefront revitalization, would be subject to the new 10% holdback policy.
\$250,000 held in reserve										

Public Projects			
Program Title	Annual Program Allocation	Eligible Project Types	Meets CARA Plan Objectives/Project #'s
Public Infrastructure	\$ 3,000,000	Interior or exterior projects anywhere in the CARA boundary. Preference for historic buildings.	Various, depending on project. (Could include: 6, 7, 13-18, 22-23, 26-47)
Downtown Design	\$ 25,000	Funds for downtown beautification for items recommended by the Albany Main Street Design Committee, and ratified by the Albany Main Street Board of Directors. Funds not allowed for operational expenses, or programs already in place. Examples of potential one-time projects include: lighting including buildings and trees, banners for city light poles, flags to highlight parking areas, permanent planters. Partnership potential with Albany Main Street.	19 - Downtown Beautification
Total Public Project Annual Funding \$ 3,025,000			

Grand Total \$ 3,775,000

The Urban Renewal Agency of the City of Salem, Oregon

Fairview URA Small Business Loan Program Capital Improvement and Job Growth Program

Terms and Requirements

Maximum Loan Amount: \$500,000

Loan Forgiveness: 70% maximum determined by annual increase in FTE employees.

Interest Rate: Prime + 2%*

*Lower interest rate may apply based on the public value of the project.

Loan Term: 15 year maximum, with the option of a 5 year deferred payment

Security: Sufficient collateral to secure the loan amount.

Eligible Business

- Traded sector business that produces and sells its product inside and outside the local community.
- Gross annual sales between \$100,000 and \$1.5 million.
- Workforce of 100 or fewer Oregon employees.

Eligible Property

- Property located within the Fairview Urban Renewal Area.

Eligible Projects

- Capital Improvements
 - Building Improvements
 - Permanent Structures
 - Permanent Fixtures
 - Permanent Trade Fixtures

Additional terms may apply and may be subject to change.

This is an information-only document. To learn more, or to obtain an application, please contact Tory Banford at 503.588.6178 or visit www.cityofsalem.net.

Si necesita ayuda para comprender esta información, por favor llame 503-588-6178.

URBAN RENEWAL AGENCY

OF THE CITY OF SALEM, OREGON

Fairview Urban Renewal Area Small Business Pilot Loan Program

Loan Forgiveness Application

Applicant Business [REDACTED] Date of Loan Agreement [REDACTED]

Business Address [REDACTED]

Phone [REDACTED] Email [REDACTED]

Number of FTE Employees Reported at the time of Loan Agreement [REDACTED]

Increase in FTE employees

As reported to the Oregon Employment Department on Form 132, or similar. Please attach all quarterly reports submitted to the Employment Department; social security numbers are not required. The City of Salem Urban Development Department shall verify the employment information with the Oregon Employment Department as part of the review process prior to loan forgiveness. Please do not include the FTE employees reported at the time of loan agreement.

Full-time Equivalent (FTE) is defined as an employee or group of employees with health benefit plan coverage, and who individually or collectively work 1,404 hours per year, or 2,080 hours per year without health benefit plan coverage. Annual hours by an individual employee beyond the 1,404 with health benefit plan coverage or 2,080 without health benefit plan coverage shall not equate to more than one FTE.

New FTE Employees

Employee Name	Annual Hours Worked	FTE (Divide Annual Hrs by 1,404 or 2,080) <i>1,404 - with health benefits or 2,080 - without health benefits</i>
[REDACTED]	[REDACTED]	[REDACTED]

URBAN RENEWAL AGENCY

OF THE CITY OF SALEM, OREGON

Processing

Please allow at least 60 days for the Urban Development Department to process the loan forgiveness application. This process includes the review of application materials, follow up with the Oregon Employment Department and the adjustment of the loan balance through the City of Salem Finance Department with any applicable loan forgiveness. A statement shall be mailed to the applicant business demonstrating the recorded increase in FTE employees and associated loan forgiveness.

Additional Information

Adjusted loan balance must be repaid within the time identified in the original loan agreement. All other terms and conditions within the loan agreement still apply. Applicants may apply for loan forgiveness annually and may qualify for a maximum 70 percent forgiveness of the loan principal amount.

Misrepresentation, falsification of information, or fraud on an application or in the performance of the loan agreement shall be deemed a default, and any funds that have been disbursed shall be immediately repaid to the Agency. Any unpaid funds shall bear interest at the legal rate. Any default of a loan agreement may result in the legal recourse necessary to satisfy the debt obligation through the trust deed on collateral property utilized to secure the loan, along with associated recovery costs, and may result in the disqualification from further eligibility for loans or grants.

Agreement

I certify that I am authorized to sign for the aforementioned applicant company and that the employment information provided herein is accurate.

Signature _____ Date _____

Name _____ Title _____

Submit Application & Attachments

Tory Banford
Management Analyst
(503) 540-2445
tbanford@cityofsalem.net

City of Salem Urban Development Department
350 Commercial St NE
Salem, OR 97301

