

NOTICE OF PUBLIC MEETING

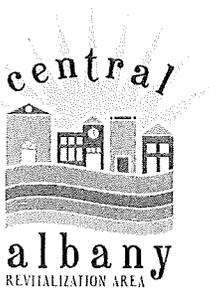
CENTRAL ALBANY REVITALIZATION AREA ADVISORY BOARD
City Hall Council Chambers
Tuesday, June 9, 2015
5:15 p.m.

AGENDA

1. CALL TO ORDER (Chair Rich Catlin)
2. ROLL CALL
3. APPROVAL OF MINUTES
➤ March 18, 2015. [Pages 2-5]
Action: _____
4. SCHEDULED BUSINESS
 - a. Business from the Public
 - b. Dave Clark Path lighting—update on procurement. [Page 6] (Porsche)
Action: _____
 - c. Lepman contract revision. [Pages 7-26] (Porsche/Applicant)
Action: _____
 - d. Code challenges/revisions. [Pages 27-34] (Porsche)
Action: _____
 - e. Mikesell request for Developer Partnership. [Pages 35-52] (Porsche/Applicant)
Action: _____
 - f. Staff updates and issues. [Verbal] (Porsche)
Action: _____
5. BUSINESS FROM THE BOARD
6. NEXT MEETING DATE: *Wednesday, July 15, 2015*
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: Draft

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, March 18, 2015

MINUTES

Advisory Board Members present: David Abarr, Russ Allen, Rich Catlin, Floyd Collins, Loyd Henion, Bessie Johnson, Rich Kellum, Sharon Konopa, Ray Kopczynski, Dick Olsen, Betsy Penson, Mark Spence

Advisory Board Members absent: Bill Coburn (excused), Maura Wilson (unexcused)

CALL TO ORDER

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

APPROVAL OF MINUTES

February 18, 2015

MOTION: Ray Kopczynski moved to approve the minutes as presented. Loyd Henion seconded the motion, and it passed 12-0.

SCHEDULED BUSINESS

Business from the Public

None.

Dave Clark Trail Lighting Project

Economic Development & Urban Renewal Director Kate Porsche noted that the Advisory Board previously discussed the Dave Clark Trail lighting project at the October 2014 meeting. She introduced Community Resource Officer Sandy Roberts, who has been working on the project.

Roberts said that following her previous presentation to the Advisory Board, she was tasked with getting additional information on the lighting project. She worked with Jerry Sheffield from Benton Electric and Phillip Ward from Graybar Distribution. Sheffield has expressed interest in doing a community project; he has given generously of his time and has been a good resource to her. Ward has worked on many large LED projects and discussed multiple lighting ideas with the group.

Using a slide presentation, Roberts reviewed the location of the Dave Clark Trail from Monteith Riverpark to Sherman Street. She reviewed the recommended lighting fixtures as detailed in the staff memorandum. T1 lighting is recommended along the majority of the trail, with T5 in specific areas where additional lighting is needed for safety.

Mark Spence said there are stretches where it would be good to cast lighting down the embankment on the north side of the trail. Brief discussion followed regarding the various types of directional lighting.

Henion asked how tall the poles would be and if they would be protected from vandalism. Roberts said the existing poles are 12' tall. The recommended poles would be 16' tall on top of a 2' concrete footing, reducing the potential of vandalism.

Phillip Ward, Graybar Distribution, said he was asked to find the most cost effective way to improve light in the park and evenly illuminate the trail. He showed a sample and described features of the recommended LED fixture. The light is directional based on need and can be programmed to dim down at a certain time and bump back up if there is motion in the area. This helps to reduce energy consumption and increase the life of the bulb. In response to inquiries from Rich Kellum, Ward said the cost of the proposed pole is \$310 each. Roberts said the LED retrofit for the acorn without a cap would be \$700 per pole. The recommendation is to replace the existing poles and add additional poles for uniform spacing. The quotation includes 94 poles.

Bessie Johnson asked if the existing poles could be reused elsewhere. Parks & Recreation Director Hodney said the short answer is yes, although he doesn't have a specific recommendation at this time. In response to further inquiries from Johnson, Ward said the recommended fixture has a five-year warranty and is rated for 100,000 hours, more than 12 years. When it is time to replace, the fixtures could likely be retrofitted with whatever new technology is available at the time.

In response to inquiries from Spence, Roberts said all the lighting in Monteith Riverpark with the exception of Senior Center parking lot is included in the recommendation. She said pedestrian lighting allows walkers to see where they are going but does not illuminate the trail for safety. Spence commented that the City has many places where the acorn poles could be placed.

Kopczynski said he supports having the project done, but he is concerned about the process. He noted that Councilor Bill Coburn had volunteered to help on lighting, but he is more concerned that there doesn't appear to have been a bid process. Roberts said Coburn did work with her on the initial estimate. She said staff is only bringing details forward at this time. The City doesn't have an engineer who specializes in lighting, and she was referred to Sheffield, who has been very gracious in voluntarily providing the needed guidance. It is understood that this could go out to bid.

Ward provided information about US Communities, a buying cooperative which gives a discount for municipalities and schools. The City of Albany is a member, and Grabar is a national distributor. US Communities pricing typically provides a 5 percent to 15 percent advantage over normal pricing. A US Communities member can legally award an order of material or a turnkey installation project without going out for bids. Roberts stressed that this is just an option, and the Board could still choose to go out for bids.

Kopczynski asked about the timeframe if the project is approved. Sheffield said he has walked the path several times in trying to figure out the best way to accomplish the project. He contacted Grabar because he knows they do very good work. The proposal is about \$60 a lineal foot to accomplish the project. He said that putting the project out to bid would not result in equal bidding unless an engineer first scoped the project. Roberts said the timeframe is unknown, but the project would need to be scheduled around events at Monteith Riverpark.

Discussion followed regarding the City's bidding process. Russ Allen said that what is before the Advisory Board would meet the state of Oregon procurement requirements. The City might want to go through the bidding process to allow participation by local businesses, but doing so would result in additional costs associated with paying someone to do the engineering drawings to ensure comparable bids.

Kellum said the City doesn't have an electrical engineer for lighting, and he doesn't know that there is the expertise on the Advisory Board to say the proposal is the best option. He said going out to bid would bring in different ideas.

Catlin invited City Manager Wes Hare to comment. Hare said the US Communities cooperative bid already includes the competitive part of the process. If it is decided to not go that route, the City would need to spec out what is wanted so all bidders would bid on the same thing. Since there is not the expertise on staff, it would be necessary to pay for that work. In all likelihood, the least expensive option will be to go through this process that has already been spec'd out.

Betsy Penson said Heritage Mall did a LED conversion this year, and it was extremely helpful to have sample fixtures installed to see how they would look in practice. Ward agreed; he would propose that samples be installed.

Penson referred to Oregon Energy Trust programs which calculate savings over existing fixtures and offer rebates. Ward said consideration was given to areas where lower wattage bulbs could be used for the Oregon Energy Trust rebate, but it was found that total costs would be higher because of the additional fixtures needed to obtain the needed coverage.

Dick Olsen said he likes the idea of putting up a sample light. He asked if the lighting might bother people in the new housing development. Ward said the T1 fixture distributes right, left, and down; it would not cast light up, behind, or across the street. The T5 fixture casts light all around and would be used only in areas where that type of lighting is desired for safety.

In response to inquiries, Ward said the project could be done in phases but that would result in higher costs for installation. The US Communities pricing is the same regardless of how many fixtures are purchased.

Catlin asked if there is general consensus for the project.

Sharon Konopa said the discussion has been helpful and she appreciates the volunteer assistance by Sheffield and Ward. She said this type of lighting would be great for public safety, and it would be a wonderful amenity. She said the entire trail needs to be lighted. With more housing on the riverfront, people want to walk along the trail to downtown, and it needs to be made safer. Lighting is also needed for people leaving concerts at Monteith Riverpark. The project is in the CARA plan and she thinks the Board should proceed forward and go out for bids.

Kopczynski noted that lighting was one of the top projects listed by the public at the open house. He said it may be true that the US Communities program is the best deal, but he will be more comfortable having the project open to local bidders.

Spence said he is a bit uncomfortable that CARA is being asked to fund this entire project, noting that CARA funds are generally used to make a project special. However, property owners on the riverfront are waiting for lighting on the trail and he thinks lights are needed to encourage development.

Parks & Recreation Director Ed Hodney said there is \$75,000 left in in the Parks and Recreation Fund for projects of any kind and \$50,000 of that is earmarked for Sunrise Park. The lighting project is not eligible for SDC funds. If he was asked to contribute to the project, he would need to ask for Council direction on what other budgeted program or expense should be reduced.

Porsche added that the trail is underutilized because people feel unsafe in the area and the Advisory Board has looked at ways to create that vitality component. This is an opportunity to create a lighted, safe path to draw people and create momentum.

Kellum said he is in favor of the general idea. He wants to consider doing the project in phases, first lighting the trail to the railroad. He would want to see a bidding process, as well as consideration of whether the existing posts could be used other places. If the posts cannot be used elsewhere, he would want to further consider how much value the City is getting in exchanging the posts.

Spence said there is a need for lighting beyond the railroad and he is in favor of lighting the entire trail for public safety and consistency. He would like staff to clarify the best way forward.

Allen said he is in favor of project; he would like more information from staff about how best to go forward.

MOTION: Allen moved to accept the recommendation to light the Dave Clark Path and task staff with bringing back a proposal on how to go forward. Johnson seconded the motion, and it passed 12-0.

Staff Updates and Issues

Porsche welcomed new Advisory Board member Betsy Penson. She distributed updated contact information.

Porsche said some Advisory Board members attended the Woodwind Apartments open house. She said this is an amazing project which allowed for redevelopment of a blighted area and brought in very nice workforce housing. She noted that CARA's contribution was the final piece of investment that allowed the project to occur.

Porsche shared a letter from Oscar Hult expressing appreciation for CARA's assistance in the form of a small grant for The Natty Dresser. The grant has been drawn down and the business is doing well.

Porsche said she has heard from people who would like to apply for grants. The next round of funding is scheduled for July. She asked if the Advisory Board would like to see applications next month or wait until the next scheduled timeframe. In discussion, it was noted that the funding schedules are published in part to make the grant programs a competitive process and that other applicants may be waiting until the scheduled timeframe to submit applications. There was general agreement that any exception to the process should be based on not missing out on something that would be of benefit to the community.

Porsche asked if the Board would like to discuss potential additional CARA contributions to Fire Station 11 at the next meeting. There was general agreement that the discussion should occur in May, after the election.

BUSINESS FROM THE BOARD

There was no additional business from the Board.

NEXT MEETING DATE

Wednesday, April 15, 2015

ADJOURNMENT

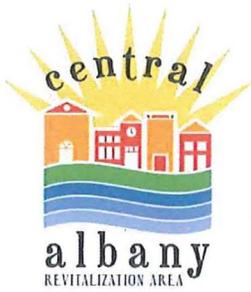
Hearing no further business, Chair Catlin adjourned the meeting at 7:00 p.m.

Submitted by,

Reviewed by,

Teresa Nix
Administrative Assistant

Kate Porsche
Economic Development & Urban Renewal Director



TO: CARA Advisory Board
FROM: Kate Porsche, Economic Development & Urban Renewal Director *Kate (ed)*
DATE: June 5, 2015, for June 9, 2015, CARA Advisory Board Meeting
SUBJECT: Dave Clark Trail Lighting Project

Background

At the March 18, 2015, CARA Advisory Board meeting, the Board accepted the recommendation to light the Dave Clark Path and tasked staff with bringing back a proposal on how to go forward.

Discussion

Since that meeting, staff has met internally to discuss the best process for procurement and next steps. Staci Belcastro and Chris Cerklewski from Public Works, Sandy Roberts, and I met to work through the details. We believe a standard low bid process would work best. Additionally, Public Works has agreed to help with the bid and procurement process. Our recommendation, outlined by Chris, follows:

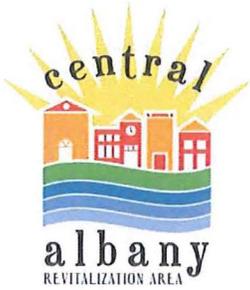
We propose to advertise this project through a standard low bid contract. We will specify the desired light fixtures and poles and provide detailed information about what lighting is currently in place, existing wiring, and existing power sources. We will specify performance requirements for the amount of light desired for use by the contractor to determine the appropriate light pole locations. All electrical work will be required to meet state electrical code requirements and design standards.

Recommended Action

Staci, Chris, Sandy, and I recommend this path forward to procure the lowest possible price through a standard low bid contract.

KCP:ldh

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TO: CARA Advisory Board

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

DATE: June 5, 2015, for June 9, 2015, CARA Advisory Board Meeting

SUBJECT: Lepman Contract Revision

Background

Mr. Lepman came before you last March to request a forgivable loan to assist with his two-part project on Third Avenue SW. The first part of the project was the rehabilitation of the historic Fortmiller building into commercial space and nine residential units. The second component, which significantly increased the benefits to the CARA district, involved the construction of four live/work townhome units on the vacant property directly to the west of the historic building.

Mr. Lepman estimated total project costs to be \$1,629,000 with \$1,293,000 in private funds and received approval for a \$336,000 forgivable loan from CARA.

Discussion

Since the approval of the funds last year, Mr. Lepman has been working through the land use approval for the two sites. While things have gone smoothly with the historic Fortmiller building, they have run into a snag on the construction of the new townhomes. Please see the attached letter from Scott and Spencer Lepman (*Attachment A*), which outlines their situation, concerns, and proposal.

As the land-use work progressed on the vacant lot, it became apparent that, due to the City's development codes, the Lepmans could not build the townhomes they had proposed to CARA. Worse yet, because of a specific item in the current code that requires very stringent setbacks in the Historic Downtown (HD) zone when a commercial use "abuts residential districts and/or uses," the site becomes basically unusable for them.

This situation has brought to light two distinct issues for your consideration, which have been broken out separately on the agenda for the June 9 meeting:

1. Lepman contract revision agenda item: The question of a contract revision for the Lepmans, which this staff report will address.
2. Code challenges/revisions agenda item: Discussion and proposed next steps on the issue of the code challenges, which is addressed in the next agenda item and has its own staff report attached.

The remainder of this report focuses solely on item 4c.

Proposal

CARA's funding for this project was linked to the two components—the historic rehabilitation of the Fortmiller building and the new construction of the townhomes. In consultation with the City Attorney, it was determined that we cannot execute the contracts since the projects were tied together and one of the projects cannot be legally built based on our current code.

In working with the Lepmans, however, we believe we have come up with a creative solution that would ensure CARA still receives the benefit of a substantial new-construction development.

Staff proposes that we allow the Lepmans to modify their application to substitute a different new construction project. They have purchased the lots on Third Avenue SE (near the corner of Montgomery) and propose to build six to eight townhome units at that location. Please note that the project scope for the Fortmiller building is unchanged.

The grid below compares the different options:

Location/Project	Project Cost	Estimated Value at Completion	Totals/Ratio	Notes
Originally proposed – Third Avenue SW (4 townhomes)	\$693,000	\$840,000	Total proj. cost \$1,629,000 Public funds \$ 336,000 Private funds \$1,293,000 % of CARA Investment 20.63%	These were proposed to be single-family attached units, which would create a higher estimated value (per applicant).
Possible Substitution – Third Avenue SE (6 Townhomes)	\$624,000	\$660,000	Total proj. cost \$1,596,000 Public funds \$ 336,000 Private funds \$1,260,000 % of CARA Investment 21.05%	Due to code restrictions, these are proposed as apartment units, which are appraised based on rents, thus a slightly lower estimated value (per applicant).
Possible Substitution – Third Avenue SE (8 Townhomes)	\$832,000	\$1,000,000	Total proj. cost \$1,936,000 Public funds \$ 336,000 Private funds \$1,600,000 % of CARA Investment 17.36%	Same as above.

From staff's perspective, construction of the townhomes on Third Avenue SE brings value added as the SE neighborhood is more in need of the infill and new construction than the SW side.

Recommended Action

Staff recommends approval of the modification to the application substituting a minimum of six new construction townhomes, eight if possible, to be built on the lots owned by Mr. Lepman on Third Avenue SE.

KCP:ldh

Scott Lepman Company

100 Ferry Street NW
 Albany, Oregon 97321
 (541) 928-9390 Phone
 (541) 928-4456 Fax

June 2, 2015

Kate Porsche
 Economic Development Director
 City of Albany
 P.O. Box 490
 Albany, OR 97321

RE: Fortmiller Building CARA Assistance

Dear Ms. Porsche,

Thank you for reviewing the modification of our previously approved application for the funding of the renovation of the Fortmiller Building. The prior application needs to be modified since we cannot build the four single-family attached townhomes adjacent to the Fortmiller Building, which were included in the original application as Phase II. We are proposing instead to build six to eight townhouse style apartment units on property we own on Southeast Third Avenue in downtown Albany as a substitute for the townhomes that we cannot build on Southwest Third Avenue at this time.



This amended application will not change our original proposal for Phase I, the Fortmiller Building, in any way. The reasons we are submitting an amended application is that current zoning regulations will not allow our proposed development for Phase II, the construction of four single-family townhouse units adjacent to the Fortmiller building.

History:

Subsequent to our submitting a Site Plan Review Application for the change of use of an existing office building (Fortmiller Building) to two office suites on the first floor adjacent on Third Avenue with three apartment units behind and six apartment units on the second floor on property located at 420 Third Avenue SW, we learned that the City of Albany Planning Department zoning regulations will not allow construction of the proposed four single-family attached Townhouse units as we proposed on the vacant lot at 432 Third Avenue SW (Tax Lot 2801) and as described in our original approved CARA Application.

Currently we have removed the trees that were immediately adjacent to the Fortmiller building and gutted the first and second floors of the building in preparation for the renovation of the building.

Current Status:



It is the Planning Staff's interpretation that the townhouse units, proposed for the vacant lot (Tax Lot 2801) adjacent to the Fortmiller building as part of Phase II of our original application, are not allowed for the following reasons:

1. *Any development of the vacant lot, Tax Lot 2801, containing a commercial element must be setback from residential units (both the Fortmiller Building and the single family residence located on the west side of the property adjacent to Washington Street and the alley). Table 5-2, Mixed-Use Village Center Development Standards (4) states that "Commercial or office buildings abutting residential districts and/or uses require one foot of setback for each foot of wall height with a minimum setback of 10 feet.*

In Phase II of our original proposal (four attached townhomes), we proposed attached 3-story housing units that were to be 35 feet in height. After providing building setbacks of 35 feet from each side yard property line, the site is not buildable (see attached Buildable Area Drawing). It is in fact impossible to build any building on the site with a commercial element in the building and meet current guidelines for setbacks from a residential use.

2. *The units must have a commercial office or retail use located on the ground floor.*

Changing our development to comply with commercial on the first floor will not create the value stated in our original application. It is our opinion, that any change, including a lower potential assessed value, could be a serious breach of our agreement with CARA.

3. *The minimum site size for each of our proposed four town homes, under current Development Code guidelines, must be a minimum lot size of 2,000 square feet.*

It is the Planning staff's interpretation that there is no minimum lot size for residential uses allowed in the HD zoning district but the commercial aspect of the building places the townhouse "buildings" into the "All other uses" category which requires a minimum lot size of 2,000 square feet for each lot. Tax Lot 2801, which is a vacant lot, is 40 feet wide and contains 4,128 square feet. Under this interpretation, current zoning prohibits lot sizes less than 2,000 square feet. Each of the proposed lots need to be about 1,000 square feet to allow us to create the "single-family attached" value we stated in the original application.

It is our opinion that limiting the site to anything other than the four town homes we originally proposed will not create the stated value represented in our original application. It is our opinion, that any change, such as including a commercial element, will lower the potential assessed value which could be a serious breach of our agreement with CARA.

4. *In addition, Section 5.150 states that "any residential dwelling unit may be located on the property line when:*
 - a. *There are no openings or windows in the lot line wall. Additionally, a 6-foot setback and maintenance easement must be recorded on the adjoining property deed or plat. This easement is not revocable without City approval."*

We could provide a 6-foot easement on the east side of the proposed buildings on the vacant lot (Tax Lot 2801) but it could not happen on the west side of the property adjacent to the existing florist shop because the existing building extends into the area required for an easement. The

granting of an easement appears to be possible on the residential lot. However, the granting of the easement would be entirely up to the adjacent property owner and is not a sure thing.

5. *Section 5.160 states that "the interior setback requirement for attached single-family dwellings is zero where the units adjoin; however, all other setback must conform to the requirements of this Code."*

This again is a standard that is typically used in residential situations where attached dwelling units could be constructed and the end units would be a minimum of six feet from the lot line adjacent to another residential lot. This is not a standard that is typically used in a commercial zoning district in a downtown area where development is normally building-to-building (lot-to-lot).

6. *In addition, as interpreted by the Planning Staff, the commercial units would have to be stand-alone units with no direct access to the residential units to which they are attached. The residential townhomes we intended to construct, to comply with the commercial requirement in the code, were meant to be Live/Work Units. However, the Planning Staff does not believe that the office area could be considered anything but a Home Occupation. The Development Code does not currently define a Live/Work unit.*

The Work/Live units that we proposed in our original application in Phase II are specifically allowed in the Building Code and provide flexibly for efficient construction. In addition, this residential design is acceptable for financing by the secondary mortgage market (Fannie Mae and Freddie Mac) as long as no more than 25% of the unit space is commercial space.

It is our belief that a "Work/Live" unit is different from a Home Occupation. A "Home Occupation" has traditionally been intended to allow a low-impact business within a residence in a residential zone. Typically they are limited to hours of operation, parking, signage and number of employees, etc. Whereas, a "Live/Work" unit can occur in a commercial or industrial zone and the use is not restricted in hours of operation, parking, signage and number of employees, etc., but is regulated by the standards of the commercial or industrial zoning district.

Revised Application:

We are requesting to remove the four proposed single-family townhouses in Phase II on the vacant lot on SW Third Avenue adjacent to the Fortmiller building (Tax Lot 2801) that were included in our original application and substitute the development of a minimum of six townhouse-style apartment units on the property we own on SE Third Avenue (see attached Preliminary Site Layout and Floor Plans).

To provide the Urban Renewal District with a substitute in value for the four townhomes we cannot build on SW Third Avenue (Tax Lot 2801), we are proposing to construct a minimum of six (6) apartment units (Townhouse style) on Tax Lots 12600, 12700, 12800, 12900, 13000 and 03021, 11S-03W-06CD, located at 226, 228, 230, 232, and 234 Third Avenue SE as part of Phase II (see attached Tax Increment Payback Analysis).

We attended a pre-application meeting with the Planning Staff on April 22, 2015 with our proposal of eight townhouse style units with no proposed commercial element (see attached Site Layout and Building Floor Plans). Staff was supportive but raised the Development Code language issue discussed below that the minimum lot width in the CD zoning district is 20 feet for each of the units to be on their own lot. We realize that we will be required to receive Conditional Use, Variance and re-plat approval for our proposed eight units on individual lots as we presented at the Pre-application meeting.

Our desired eight (8) townhouse apartment units (see attached preliminary Site Plan and Floor Plans) are a Conditional Use in the CB (Central Business) zoning district. The current Development Code states that *"In the CB, MS, and ES, dwelling units at the street level are discouraged unless located behind a retail, service or office storefront."* These units may or may not require a commercial element on the ground floor as this statement is not a clear and objective standard. We have prepared the tax increment payback analysis for six units (see attached Tax Increment Payback Analysis).

However, staff appears supportive of a review of the Development Code which will allow our eight desired residential units. We eagerly anticipate a proposal to review the Development Code. A timely review of the code should not slow down our anticipated completion schedules for both Phase I and Phase II of our application.

We do not want to build any commercial component for the eight townhomes on SE Third Avenue. We would rather build eight townhome style apartment units than six townhome style apartment units with a commercial component for the following reasons:

- 1) A mixed unit commercial/residential building requires expensive upgrades to the fire and life safety elements in the building that are unnecessary and financially challenging. For example, if the tenant of the residential unit is the same tenant of the commercial area, then the work space does not need an area separation wall. If the tenant of the residential unit is different from the tenant of the work space, then an area separation wall must be provided. Hence, when there is a separate tenancy in a connected unit, the building must be constructed to commercial standards which would mean area separation must be provided on the walls and ceiling of the commercial use.
- 2) A mixed unit commercial/residential building requires providing an underground vault for the fire suppression system within the property boundaries which compromises the utility of the site as the site is of limited size.
- 3) A mixed unit commercial/residential building requires an elaborate and expensive fire sprinkler system. This type of development does not make financial sense under current market conditions.
- 4) It is our opinion that a mixed unit commercial/residential building does not create the value or income necessary to justify its construction.

- 5) A mixed unit commercial/residential building does not create the value and income necessary to support construction financing. The income generated by the building, after operating expenses, will not support a bank loan large enough to support construction.

In the Mixed Use Zoning Districts, the HD, CB, and LE zoning districts require minimum lot widths of 20' while the MUC, WF, PB, MS, ES, and MUR zoning districts have no minimum lot widths. Our proposed units are 18' in width. That is why we have to construct apartment units rather than single family attached townhouses at this time.

Construction of four residential units on vacant lot at 432 SW Third (Tax Lot 2801) was a material part of our development plan as described in our original CARA Application. These four townhomes cannot be built for reasons as described above and we are asking to amend our application to include the value created by the six to eight town homes on properties (vacant lots) currently addressed as 226, 228, 230, 232, and 234 Third Avenue SE (Tax Lots 12600, 12700, 12800, 12900, 13000 and 03021, 11S-03W-06CD).

We hope to provide a substitute in value to CARA by the construction of the proposed eight townhouse style apartment units on property that was previously approved for six townhouse units (see attached subdivision plat), three of them with a commercial office element. Our proposed eight townhouse style apartment units would match the \$880,000 value of our originally proposed four single family attached townhouse units.

We hopefully anticipate changes and flexibility in future revisions to the Development Code. Our goal is to be able to construct residential developments on both of our SE and SW Third Avenue properties. A total of twelve new residential units on the two properties and including the our improvements to the Fortmiller building (2 commercial offices and 9 apartment units) we are estimating a combined value change of \$2,400,000 in the Central Albany Revitalization Area.

We believe in downtown Albany and confident that these projects will be successful and an opportunity to prove that increased living downtown will help make Albany more livable and the downtown more viable.

We are excited to begin the renovation of the Fortmiller Building once we have our amended CARA contract finalized.

Thank you for your time reading this amended application and for your thoughtful consideration.

Respectfully,



Scott D. Lepman



Spencer C. Lepman

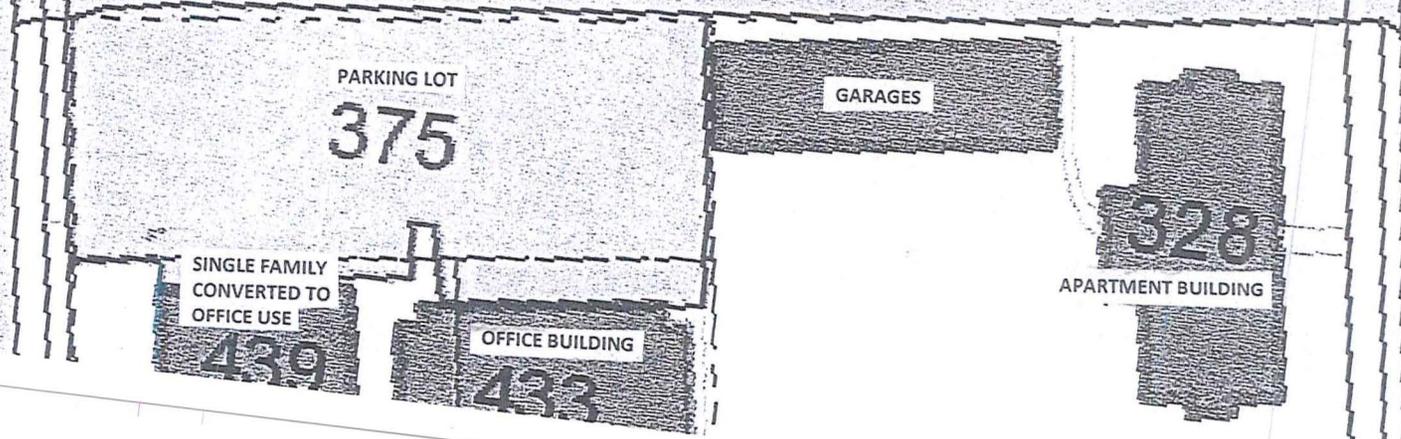
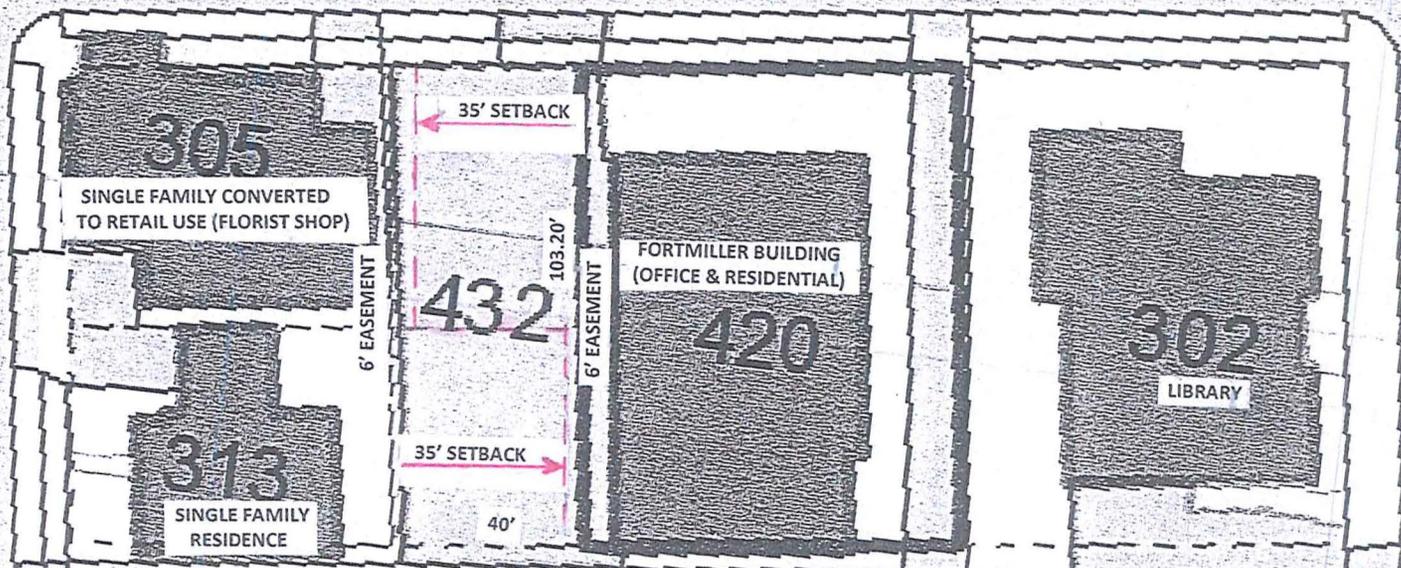
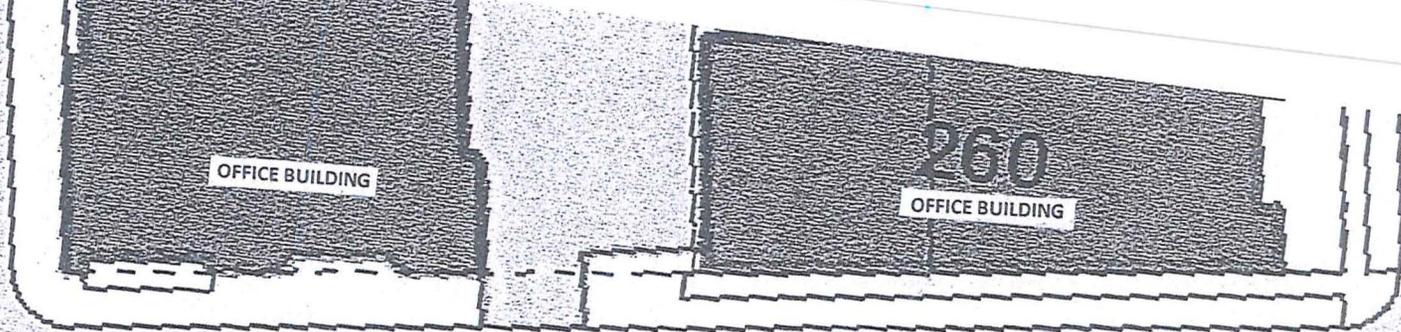
Attachments: Buildable Area Drawing
Preliminary Site Layout
Preliminary Floor Plans

Recorded Plat
Topographic Survey
Tax Increment Payback Analysis

Washington St.

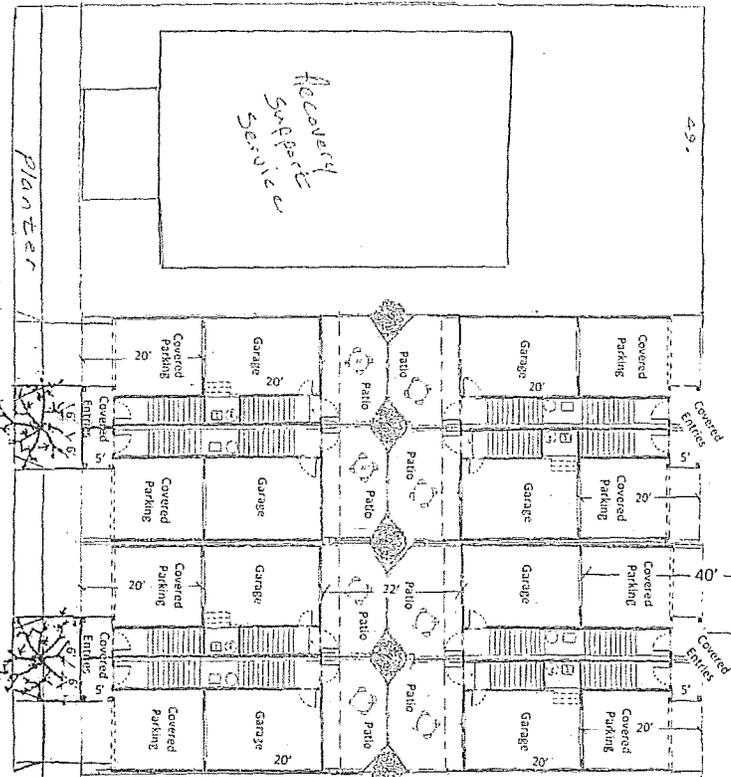
3rd Ave

Ferry St.



Sanitary Sewer

MONTGOMERY STREET
Storm Water Line



Accessory
Storage
Service

PLANTER

3RD

AVENUE

Sanitary Sewer Line

Sidewalk

Strip Line

2-Story
4 Apt Units

2-Story
2 Apt Units

PARKING
LOT

20'

49'

45.57'

40.00

60.00

Storm water line

c.s. 24738

I hereby certify this map to be a true and exact copy of the original plat.

[Signature]
JIM S. PETERSON

3RD AVENUE TOWNHOMES

a REPLAT of a PORTION of BLOCK 13, EASTERN ADDITION
in the SW1/4 SECTION 6, T11S, R3W, W.M.
and the NW1/4 SECTION 7, T11S, R3W, W.M.
ALBANY, LINN COUNTY, OREGON
DECEMBER 27, 2007

3RD AVENUE (66')

- DN Document Number
 - S.F. Square Feet
 - WC Witness Corner
 - Found 5/8" iron rod as per C.S. 24728, except as noted
 - o Set 5/8" x 30" iron rod with plastic cap (I.S. 1084)
 - * Computed point only
- All exterior dimensions are the same as per C.S. 24728

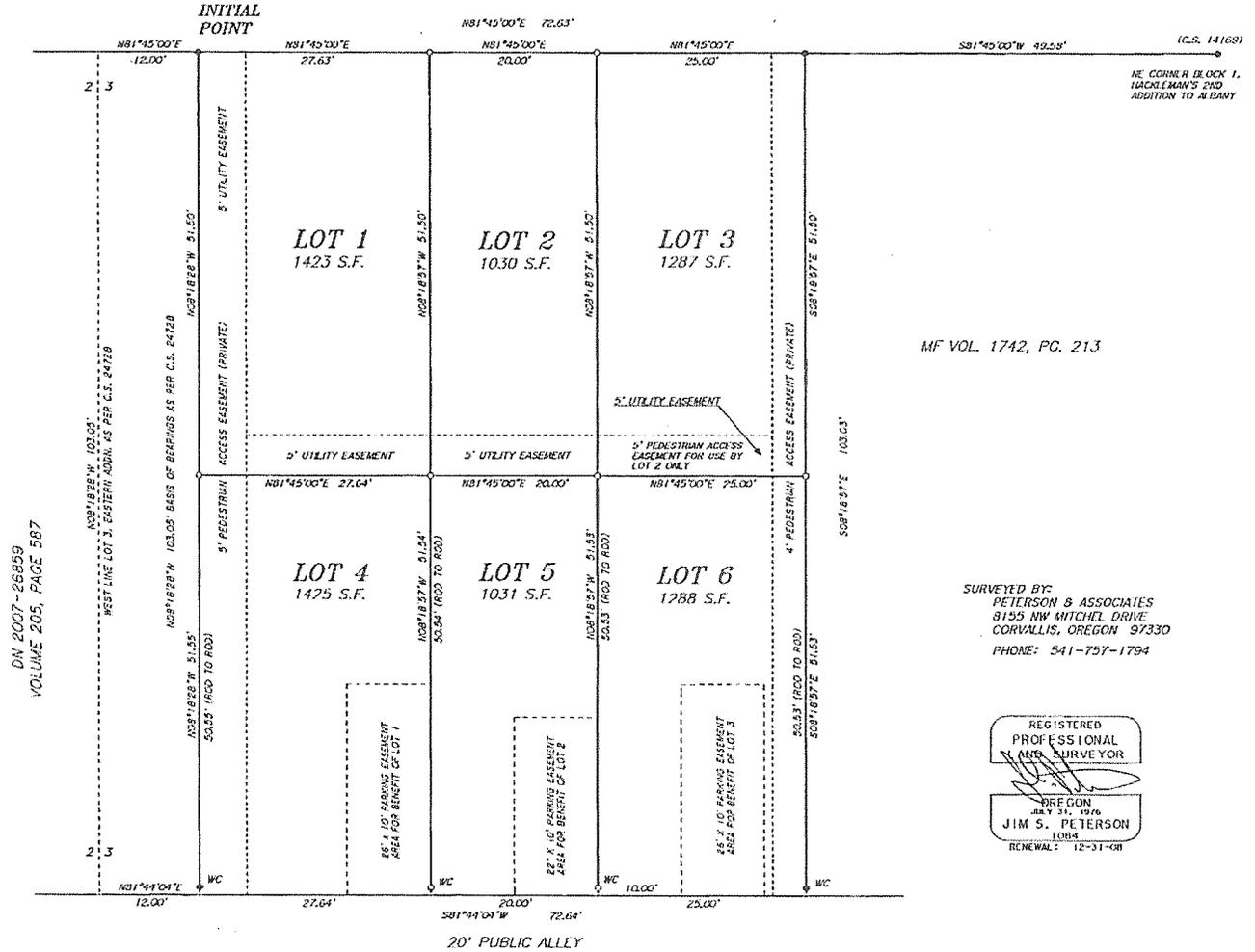
NARRATIVE

The purpose of this survey is to identify Lots 1 through 6 of "3RD AVENUE TOWNHOMES", as per City of Albany title numbers CU-08-07 and SD-09-07. This subdivision involves Tax Lot 3201 of Tax Map 11-3W-6CD, as described by DN 2007-27717 of the Linn County Deed Records.

Monuments found as per C.S. 24728 were held as control for this survey.

NOTES

- (1) The pedestrian access easements on the East and West sides of this subdivision are for the use of the owners of Lots 1 through 6 only.
- (2) The parking easement areas on Lots 4, 5, and 6 are for the use of the owners of the indicated Lots. These parking areas are on the ground floor of multilevel townhomes, and cover 20 feet of the townhome footprint as well as an area 10 feet wide between the townhome footprint and the public alley.



MF VOL. 1742, PG. 213

SURVEYED BY:
PETERSON & ASSOCIATES
8155 NW MITCHEL DRIVE
CORVALLIS, OREGON 97330
PHONE: 541-757-1794

REGISTERED
PROFESSIONAL
SURVEYOR

[Signature]

OREGON
MAY 31, 1998
JIM S. PETERSON
1084
RENEWAL: 12-31-08

C.S. 24738

3RD AVENUE TOWNHOMES

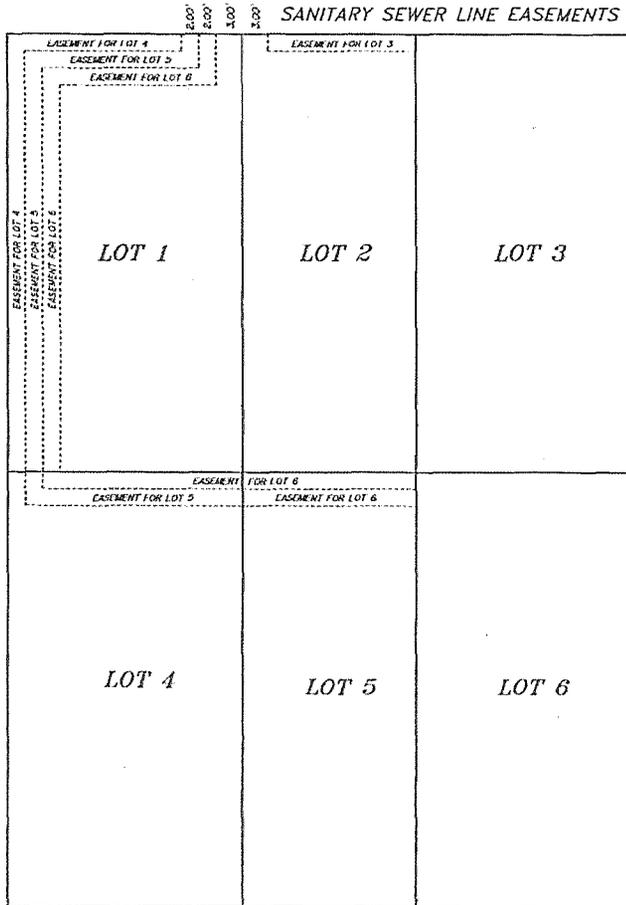
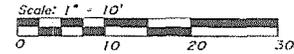
a REPLAT of a PORTION of BLOCK 13, EASTERN ADDITION
in the SW1/4 SECTION 6, T11S, R3W, W.M.
and the NW1/4 SECTION 7, T11S, R3W, W.M.
ALBANY, LINN COUNTY, OREGON
DECEMBER 27, 2007

I hereby certify this map to be a true
and exact copy of the original plat.

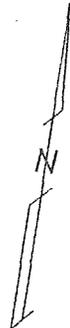
JIM S. PETERSON

SURVEYED BY:
PETERSON & ASSOCIATES
8125 NW MITCHEL DRIVE
CORVALLIS, OREGON 97330
PHONE: 541-757-1794

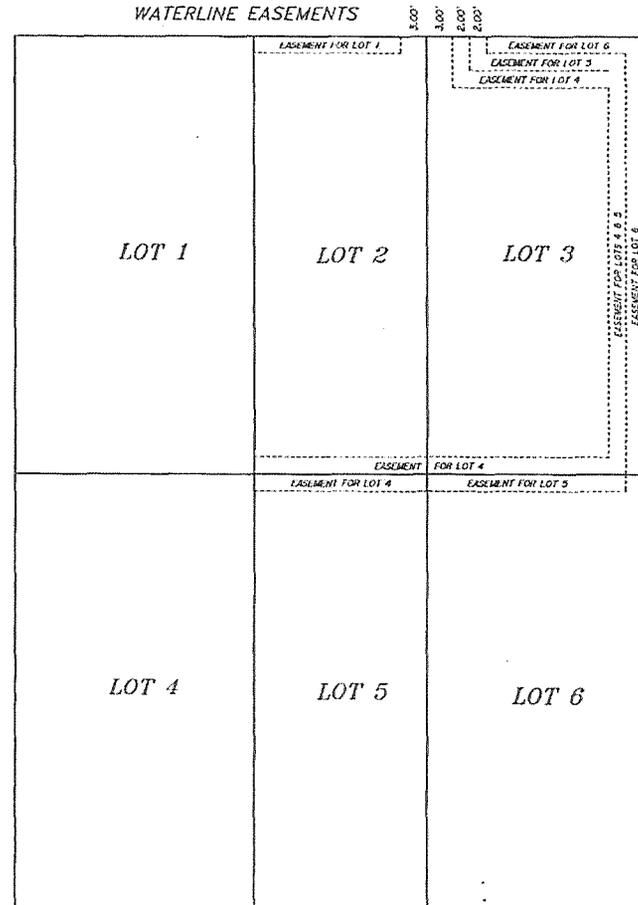
REGISTERED
PROFESSIONAL
LAND SURVEYOR
OREGON
JULY 31, 1978
JIM S. PETERSON
1984
RENEWAL: 12-31-08



SEE SHEET 3 FOR
EASEMENT NOTES



ALL WATER LINE AND SANITARY
SEWER LINE EASEMENTS ARE
2.0' IN WIDTH AND LOCATED AS
SHOWN.



C.S. 24738

3RD AVENUE TOWNHOMES

a REPLAT of a PORTION of BLOCK 13, EASTERN ADDITION
in the SW1/4 SECTION 6, T11S, R3W, W.M.
and the NW1/4 SECTION 7, T11S, R3W, W.M.
ALBANY, LINN COUNTY, OREGON
DECEMBER 27, 2007

I hereby certify this map to be a true
and exact copy of the original plat.


JIM S. PETERSON

SURVEYOR'S CERTIFICATE

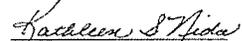
I, Jim S. Peterson, a Registered Land Surveyor in the State of Oregon, hereby depose and say that in December of 2007, I correctly surveyed and marked with proper monuments the Lots as shown on the attached plat of "3RD AVENUE TOWNHOMES", being more particularly described as follows:

Beginning at the INITIAL POINT, said point being a 5/8" iron rod on the North line of Lot 3, Block 13, EASTERN ADDITION (a subdivision of record in Linn County, Oregon), which is North 81°45'00" East, 12.00 feet from the Northwest corner of said Lot 3; thence North 81°45'00" East, along the North line of said Lot 3, a distance of 72.63 feet to a 5/8" iron rod at the Northwest corner of that tract described by MF Volume 1742, Page 213 of the Linn County Deed Records; thence South 08°18'57" East, along the West line of said deed, a distance of 103.03 feet to a point on the South line of said Lot 3; thence South 81°44'04" West, along the South line of said Lot 3, a distance of 72.64 feet to a point which is North 81°44'04" East, 12.00 feet from the Southwest corner of said Lot 3; thence North 08°18'28" West, 103.05 feet to the point of beginning.

ACKNOWLEDGEMENT

STATE OF OREGON) S.S.
COUNTY OF LINN)

This is to certify that on this 27th day of January, 2007, before me, a Notary Public for the State of Oregon, in the County of Linn, did personally appear Tim Smith, as Secretary of Smith Custom Construction, Inc., who is known to me to be the identical person described in and who executed the above instrument, and acknowledged to me that he executed the same freely and voluntarily.


Kathleen S. Nida
NOTARY SIGNATURE

COMMISSION NO. 404880

Kathleen S. Nida
NOTARY NAME (PRINTED)
NOTARY PUBLIC - OREGON

MY COMMISSION EXPIRES: 4-13-2010

SURVEYED BY:
PETERSON & ASSOCIATES
8155 NW MITCHEL DRIVE
CORVALLIS, OREGON 97330
PHONE: 541-757-1794

REGISTERED
PROFESSIONAL
LAND SURVEYOR

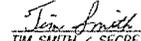
OREGON
JULY 31, 1976
JIM S. PETERSON
10884
RENEWAL: 12-31-08

DECLARATION

Know all men by these presents that Smith Custom Construction, Inc. is the owner of record of the lands represented on this map and more particularly described in the SURVEYOR'S CERTIFICATE, and has caused said lands to be platted into Lots and easements as shown and noted on the attached plat, and to be dedicated as "3RD AVENUE TOWNHOMES".

The following easements are hereby created as shown and noted on the attached plat:

- A 5' utility easement along the West line of Lot 1, and the South line of Lots 1, 2, and 3.
- A 5 foot private pedestrian access easement along the West line of Lots 1 and 4, and the South line of Lot 3.
- A 4 foot private pedestrian access easement along the East line of Lots 3 and 6.
- Parking easement areas on Lots 4, 5, and 6 for the benefit of Lots 1, 2, and 3.
- 2 foot water line easements on Lots 2, 3, 5, and 6 for the benefit of Lots 1, 4, 5, and 6.
- 2 foot sanitary sewer line easements on Lots 1, 2, 4, and 5 for the benefit of Lots 3, 4, 5, and 6.


TIM SMITH / SECRETARY
SMITH CUSTOM CONSTRUCTION, INC.

EASEMENT NOTES

- The actual water lines and sanitary sewer lines shall be placed within the designated easement areas. However, construction, maintenance, and repair activities may be conducted over the width of the combined easements for the indicated purposes.
- A portion of the easements for water lines to Lots 4 and 5 run within a common 2 foot wide strip. Within that common 2 foot wide strip the waterline to Lot 5 shall be placed at least 1 foot below the water line to Lot 4.

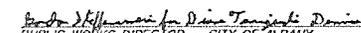
AFFIDAVITS OF CONSENT

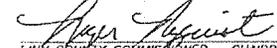
Affidavits of consent have been executed by the beneficiaries of these trust deeds recorded as Document No.'s 2007-21408 and 2007-26961 of the Linn County Deed Records. Said affidavits are recorded as Document No.'s 2008-00882 and 2008-00883 of said Deed Records.

APPROVALS

FILE NO.'S CU-08-07 & SU-09-07


COMMUNITY DEVELOPMENT DIRECTOR - CITY OF ALBANY 1/7/08
DATE


PUBLIC WORKS DIRECTOR - CITY OF ALBANY 1/8-08
DATE


LINN COUNTY COMMISSIONER - CHAIRPERSON 1/9/08
DATE


LINN COUNTY COMMISSIONER 1-10-08
DATE

Absent
LINN COUNTY COMMISSIONER DATE


LINN COUNTY SURVEYOR (DEPUTY) 1/5/2008
DATE

Taxes on the herein described property have been paid as of the
1/9 day of JANUARY, 2008.


LINN COUNTY ASSESSOR - TAX COLLECTOR 1/11/08
DATE

RECORDING

STATE OF OREGON) S.S.
COUNTY OF LINN)

I hereby certify that this Subdivision Plat was received and duly recorded by me in the Linn County Record Book of Plats in Volume 24, Page 04, on this 15th day of January, 2008, at 3:23 o'clock PM.
Target Sheet recorded in Deed Records Document No. 2008-00884.

By: 
STEVE DRUCKENMILLER, LINN COUNTY, CLERK

TOPOGRAPHIC SURVEY
for
SCOTT LEPMAN COMPANY
in the
SW 1/4 of SECTION 6
T 11 S, R 3 W, W.M.
CITY of ALBANY
LINN COUNTY, OREGON

SURVEYED 2-17-2015

LEGEND

- MONUMENT FOUND PER CS 24738
- MONUMENT FOUND PER CS 24738
- { CS 24738
- (..... CS 24738
- + COMPUTED POINT
- NOTHING FOUND OR SET
- COMMUNICATIONS PEDESTAL
- FIRE HYDRANT
- STORM DRAIN MANHOLE
- SANITARY SEWER MANHOLE
- FIRE DEPARTMENT CONNECT
- UTILITY POLE
- WATER METER
- WATER VALVE
- FDC..... FIRE DEPARTMENT CONNECT
- UP..... UTILITY POLE
- WC..... WHITNESS CORNER
- WM..... WATER METER
- WV..... WATER VALVE
- GAS LINE
- OVERHEAD POWER LINE
- STORM DRAIN LINE
- SANITARY SEWER LINE
- WATER LINE
- CONCRETE

BASIS OF BEARING

THE BASIS OF BEARING FOR THIS MAP IS BETWEEN MONUMENTS ON THE EAST LINE OF TAX LOT'S 12800 & 3201 PER CS 24738.

BENCH MARK

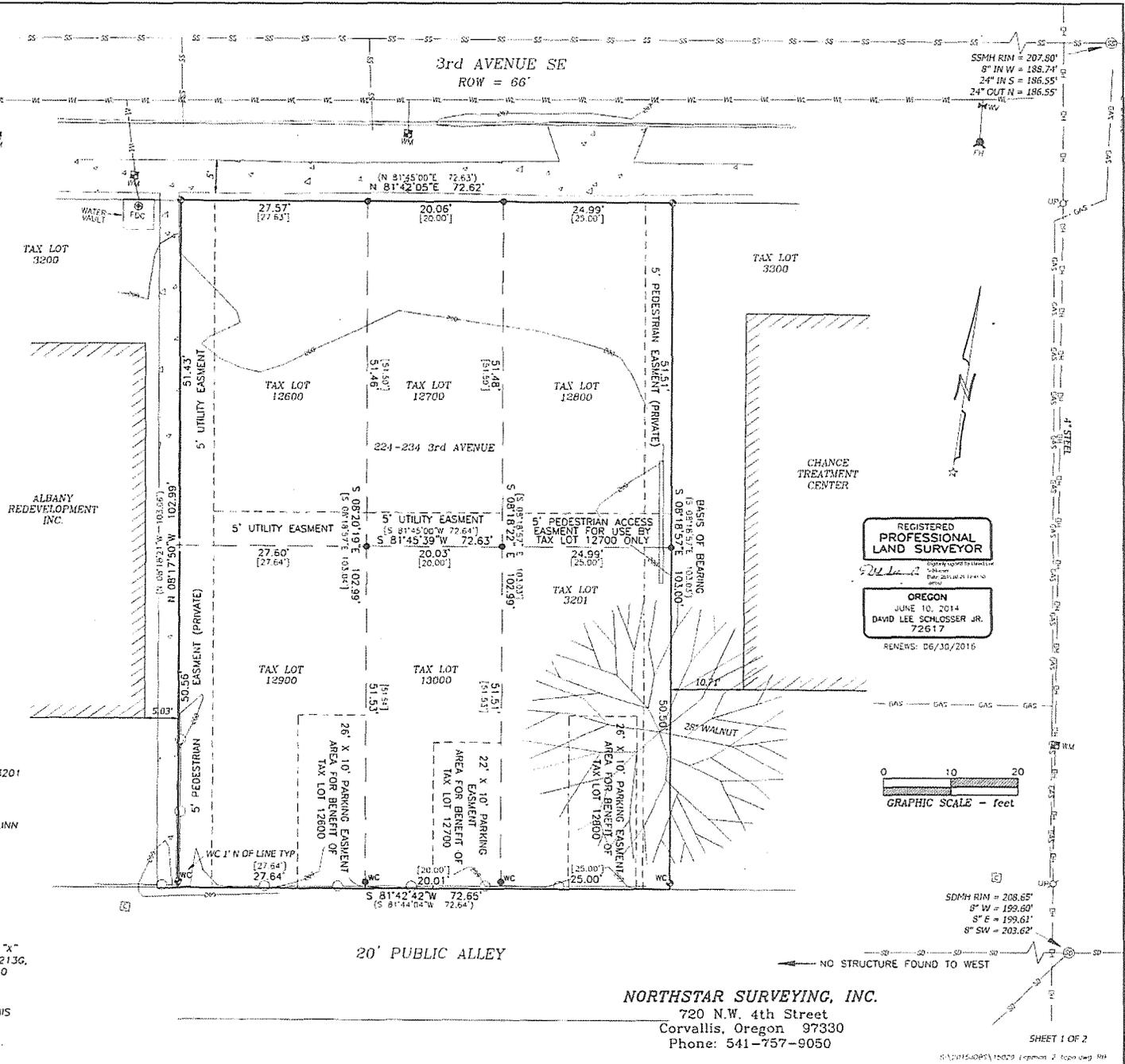
THE PROJECTS VERTICAL DATUM WAS ESTABLISHED FROM LINN COUNTY BENCHMARK GPS STATION No. 93265. THIS BENCHMARK IS A 2" ALUMINUM CAP LOCATED IN THE CENTERLINE OF 1st AVENUE SE AND JACKSON STREET SE. THE ELEVATION = 206.637' NGVD 29/47.

FLOOD NOTE

BASED ON MAPS PREPARED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) AVAILABLE ONLINE AT WWW.FEMA.GOV, THIS PROPERTY IS LOCATED IN ZONE "X" PER THE FLOOD INSURANCE RATE MAP NUMBER: 41043C0213G, WHICH BEARS AN EFFECTIVE DATE OF SEPTEMBER 29, 2010

EASEMENTS

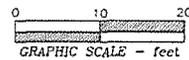
ALL PARKING, PEDESTRIAN, AND UTILITY EASEMENTS ON THIS MAP WERE CREATED PER CS 24738.



REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
JUNE 10, 2014
DAVID LEE SCHLOSSER JR.
72617

RENEWS: 06/30/2016



SDMH RIM = 208.65'
8" IN W = 193.60'
8" E = 199.61'
8" SW = 203.62'

NO STRUCTURE FOUND TO WEST

NORTHSTAR SURVEYING, INC.
720 N.W. 4th Street
Corvallis, Oregon 97330
Phone: 541-757-9050

SHEET 1 OF 2

5/2/2015 09:51:15 029 Topo.dwg 100

CARA Analysis Fortmiller

Improved Tax Lot 2800

Fortmiller

Current Real Market Value 352480
 Current Assessed Value 223030

Indexed Assessed Value (3%) 229721

Estimated Gross Annual Income 79200

Expenses 40% 31680

Net Operating Income 47520

Cap Rate 7.50%

Value Estimate 633600

Rounded 634000

New Real Market Value 634000

Existing Real Market Value 352480

Real Market Value Change 281520

Anticipated Changed Property Ratio 80%

Increase In Assessed Value 225216

Rounded 225000

New Assessed Value 225000

Tax Rate 0.0195623

New Taxes 4402

Six Townhomes On SE Third

Vacant Lot

Current Real Market Value 120000

Existing Assessed Value 77330

Indexed Assessed Value (3%) 79650

Six Townhomes

Value Estimate 660000

New Real Market Value 660000

Existing Real Market Value 120000

Real Market Value Change 540000

Anticipated Changed Property Ratio 1

Increase In Assessed Value 540000

Rounded 540000

New Assessed Value 540000

Tax Rate 0.0195623

New Taxes 10564

Eight Townhomes

Value Estimate 1000000

New Real Market Value 1000000

Existing Real Market Value 120000

Real Market Value Change 880000

Anticipated Changed Property Ratio 1

Increase In Assessed Value 880000

Rounded 880000

New Assessed Value 880000

Tax Rate 0.0195623

New Taxes 17215

Six Town Homes
Fortmiller & Vacant Site

New Real Market Value 1294000
 Tax Rate 0.0195623
 New Assessed Value 1074371
 Real Market Value Change 821520
 Assessed Value Change 912000

Say

New Assessed Value 912000
 New Taxes 17841

Total New Taxes 17841

Eight Town Homes
Fortmiller & Vacant Site

New Real Market Value 1634000
 Tax Rate 0.0195623
 New Assessed Value 1414371
 Real Market Value Change 1259904
 Assessed Value Change 1105000

Say

New Assessed Value 1105000
 New Taxes 21616

Total New Taxes 21616

CARA Investment 336000
 CARA Payback In Years 15

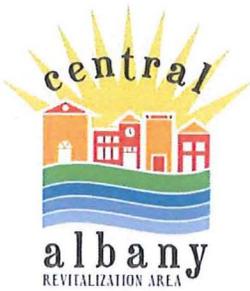
CARA Investment 336000
 CARA Payback In Years 12

Six Units

Year	New Taxes Indexed At 3%	Cumulative Increase In Taxes	Payback Ratio	1.03
0	17841	17841	5%	
1	18376	36217	11%	
2	18927	55144	16%	
3	19495	74639	22%	
4	20080	94719	28%	
5	20682	115402	34%	
6	21303	136705	41%	
7	21942	158647	47%	
8	22600	181247	54%	
9	23278	204525	61%	
10	23977	228502	68%	
11	24696	253197	75%	
12	25437	278634	83%	
13	26200	304834	91%	
14	26986	331820	99%	
15	27795	359615	107%	
16	28629	388245	116%	
17	29488	417733	124%	
18	30373	448105	133%	
19	31284	479389	143%	
20	32223	511612	152%	
21	33189	544801	162%	
22	34185	578986	172%	
23	35210	614196	183%	
24	36267	650463	194%	
25	37355	687818	205%	

Eight Units

Year	New Taxes Indexed At 3%	Cumulative Increase In Taxes	Payback Ratio	1.03
0	21616	21616	6%	
1	22265	43881	13%	
2	22933	66814	20%	
3	23621	90435	27%	
4	24329	114764	34%	
5	25059	139823	42%	
6	25811	165634	49%	
7	26585	192220	57%	
8	27383	219603	65%	
9	28204	247807	74%	
10	29051	276858	82%	
11	29922	306780	91%	
12	30820	337599	100%	
13	31744	369344	110%	
14	32697	402040	120%	
15	33678	435718	130%	
16	34688	470406	140%	
17	35729	506134	151%	
18	36800	542935	162%	
19	37904	580839	173%	
20	39042	619881	184%	
21	40213	660093	196%	
22	41419	701513	209%	
23	42662	744174	221%	
24	43942	788116	235%	
25	45260	833376	248%	



TO: CARA Advisory Board

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

DATE: June 3, 2015, for June 9, 2015, CARA Advisory Board Meeting

SUBJECT: Code Challenges/Revisions

Background

As you've now read in the letter from Scott and Spencer Lepman (attached to the packet under Lepman contract revision item), the Lepmans ran into some issues with the City's zoning and development code in the Historic Downtown (HD) zone. They further outline the specific problems they faced in *Attachment A* to this memo. Staff has been working closely with Mr. Lepman on the issues. We have held a number of meetings with planning staff to understand the challenges and find a workable solution.

Discussion

After the meetings and a close review of the code by planning staff, it has become apparent that there are some components of the code that are inhibiting the type of infill development we would like to see. Mr. Lepman outlines examples specific to his project in the HD zone, but staff has seen other examples in the Central Business (CB) and Waterfront (WF) zones. One general example: In the waterfront area, we have a narrative that discusses and encourages high-density and mixed-use development, but at the same time, imposes very stringent open-space and parking requirements that work against the creation of that very type of development.

While the Lepman's memo goes into very specific detail about certain parts of the code, and possible changes, I would like to keep this conversation high-level. I do not intend for the CARA Advisory Board to get into the details of the code, as this is not the right forum. However, I hope you take away that there are some outlying issues that we have an opportunity to fix.

In talking with Planning Manager Bob Richardson and Interim Public Works Engineering and Community Development Director Jeff Blaine, we believe there is a potential solution available.

Proposal

Staff proposes that we use CARA funds to pay for a planning consultant to conduct a review of the code in the HD, WF, and CB zones. A draft outline of the work is attached as *Attachment B* and has been reviewed by Bob and Jeff. This outline would serve as the basis for hiring a consultant. Once staff has a potential consultant and firm costs, we would bring the item back to the group for your final approval.

Recommended Action

We are seeking to understand if there is support for this proposal. Staff recommends approval to move forward with this project, which we believe will benefit the City through: 1) simplified, accessible land use regulations, understandable to both neighborhood stakeholders and developers; 2) an economic development tool that will help the City's tax base; 3) another tool for revitalizing Downtown Albany; and 4) more effective planning and place-making tools to improve our communities.

KCP:ldh

G:\Economic Development\CARA\CARA Advisory Board\2015\Staff Reports\2015.06.09 Code Challenges Revisions.docx

Scott Lepman Company

100 Ferry Street NW
Albany, Oregon 97321
(541) 928-9390 Phone
(541) 928-4456 Fax

Problems we have experienced with the Mixed Use zoning districts requirements:

Limitations on Residential Units on the Ground Floor. Currently a residential use (3 or more units) may not occupy the ground floor in any of the Mixed Use Zoning Districts unless a commercial use is located along the street frontage and the residential use is located behind or above the commercial use. While this provision has the benefit of preserving important street frontages for ground floor commercial uses, it can also serve as a barrier to providing higher density housing particularly if market demand for new retail or commercial services is low and new retail or commercial retail space unlikely to lease.

In addition, single family units, two family units, and three or more residential units are not allowed at all in the HD (Historic Downtown) and LE (Lyons/Ellsworth) zoning districts. In the CB (Central Business), MS (Main Street) and ES (Elm Street) zoning districts, dwelling units are allowed by Conditional Use approval but are "discouraged unless located behind a retail, service or office storefront."

Use Categories (See Article 22 For use category descriptions)	Spec. Cond.	MUC	WF Waterfront District	HD Historic Downtown	CB Central Business	LE	PB	MS	ES	MUR
Residential Care or Treatment Facility	14	S	CU	S	S	S	N	S	S	S
Assisted Living Facility		CU	CU	CU	CU	CU	CU	CU	CU	CU
Single Family and Two Family Units	15	Y-17	S-16	N	CU-16	N-16	N	N-16	CU-16	Y
Three or More Units	17	S-17	S	N	CU	S	N	CU	CU	S
Units Above or Attached to a Business		S-17	S	S	S	S	S	S	S	S
Home Business (see 3.090-3.180 to determine if CU)		Y-CU	Y/CU	Y/CU	Y/CU	Y/CU	Y/CU	Y/CU	Y/CU	Y/CU
Residential Accessory Buildings	18	Y/S	CUII	Y/S	Y/CUII	Y/CU II	N	Y/CU II	Y/CUII	N

SPECIAL CONDITIONS:

- (14) Residential Care or Treatment Facility. A residential care facility (six or more residents) requires a Site Plan Review. A "residential home" (as defined in ORS Chapter 443) or group home of five or fewer residents is permitted outright in any zone that allows single family residences.
- (15) Existing Single- and Two-Family. Single-family and two-family units built before December 11, 2002 may remain as a permitted use in any zone without being nonconforming. Section 5.080.
- (16) Single Family and Two-Family Units.
 - a. Limited Uses in CB, ES, LE and WF. New construction of single-family units is limited to attached units (one unit per lot or condominiums) and two-family units (a duplex).

- b. In CB, ES, HD and LE. Buildings originally built as a single-family house or church may be converted to a single-family residential use without requiring a land use application.
- (17) Residential Development in CB, MS, ES, and MUC.
 - a. In CB, MS, and ES, dwelling units at the street level are discouraged unless located behind a retail, service or office storefront.
 - b. In MUC, residential development shall develop at a minimum gross density of 10 units an acre. Residences above a business or office are exempt from meeting the minimum density.
- (18) Accessory buildings are permitted outright in the MUC, MUR, WF, HD, CB, ES, LE, and MS if they meet the following conditions:
 - (a) Detached accessory buildings, garages and carports are less than 750 square feet and have walls equal to or less than 11 feet tall.

All other residential accessory buildings, garages or carports require a Site Plan Review in MUC, MUR, and WF, and are considered through a Conditional Use Type II review in HD, CB, ES, LE, AND MS. [This is indicated by the use of a "/" in the matrix. For example, "Y/S" means accessory uses that don't meet the standards in (a) above require a Site Plan Review.]

Live/Work is not defined in the Albany Development Code and Live/Work units are not specified in the Zoning Districts.

Discussion:

A *Live-work dwelling unit* is used for living and working purposes, provided that the 'work' component is restricted to the uses of professional office, artist's workshop, studio, or other similar uses and is located on the street level and constructed as separate units under a condominium regime or as a single unit. The 'live' component may be located on the street level (behind or attached to the work component) or any other level of the building. A Live-work unit is distinguished from a home occupation as otherwise defined in that the work use is not required to be incidental to the dwelling unit, non-resident employees may be present on the premises and customers may be served on site. Signage is allowed appropriate to the zoning district in which the unit is located.

A live/work ordinance may also allow incidental residential uses within commercial, office, or industrial buildings and zones.

A *residential dwelling unit* containing a *home occupation* is intended to allow modest, low-impact business or commercial uses within a residence in a residential zone. Such uses are subject to significant limitations on the permitted extent of commercial activities, hours of operation, parking, signage, and number of employees to ensure that such uses do not upset the residential character of the neighborhood.

Current Albany Development Code Definition:

Section 22.310 Unit(s) Above or Attached to a Business

- (1) *One or more residential dwelling units located above, behind or contiguous to a business or office on the ground floor(s), where the business has street frontage. [Ord. 5742, 7/14/10]*
- (2) *Use Examples. Apartments, condominiums, retirement center apartments, and other structures with self-contained dwelling units located above a business.*

Possible Definition Changes:

Live-work building. A building that includes separate spaces for both living and working, with a ground floor occupied by a commercial use and a residential unit attached above, behind or contiguous to a business or office. The commercial space may be a home-based business with direct access to the residence or may be leased independently.

Mixed-use building. A building that contains two or more of the following uses: residential, retail, office, employment, civic, or other. Typically, retail or service businesses are located on the first floor, while residential or office uses are located on the upper floors. Flexible first floor formats can enable first floor residential use in the near-term with the long-term ability to convert to commercial use if the market warrants.

Three or more Units: Three or more residential units are not allowed in the HD and PB zoning districts. The PB zone is described as being intended as an auto-oriented commercial area. The HD district is not an auto-related zoning district. Why aren't three or more residential units allowed by Conditional Use or Site Plan Review as in other non-auto-related commercial mixed use zones?

STANDARD	MUC	WF Waterfront District	HD Historic Downtown	CB Central Business	LE	PB	MS	ES	MUR
Minimum Lot Size (sq. ft.) (3)									
Single Family	None	None	N/A	N/A	N/A	N/A	N/A	5,000	None
Attached single-family, per lot	None	1,600	None	N/A	N/A	N/A	None	None	None
Two-family	None	3,600	None	N/A	N/A	N/A	N/A	7,000	3,600
3 or more 1-bedroom	None	1,600/u	None	None	None	1,600/u	1,600/u	3,300/u	1,600/u
3 or more 2+bedroom	None	1,800/u	None	None	None	1,600/u	1,800/u	3,300/u	1,800/u
All other uses	6,000	10,000	2,000	2,000	2,000	15,000	6,000	5,000	10,000
Maximum Building Size (sq. ft.) (16)									
Non-grocery	20,000	None	None	None	None	None	None	None	None
Grocery Anchored	80,000 (13)	None	None	None	None	None	None	None	None
Maximum Business Footprint (sq. ft.) (16) (17)									
Non-grocery	20,000	None	None	None	None	None	None	None	None
Grocery Anchored	80,000 (13)	None	None	None	None	None	None	None	None
Lot Width, minimum	None	None	20'	20'	20'	None	None	None	None
Lot Depth, minimum	None	None	50'	50'	50'	None	None	None	None
Landscaped Area (2)	100%	100%	100%	100%	100%	100%	100%	100%	100%
Minimum Open Space	(12)	(12)	None	None	None	(12)	(12)	(12)	N/A
Maximum Front Setbacks (10)	10' (15)	20' (11)	0'	0'	None	20'	10'	10'	20'
Minimum Setbacks: Front (5) (14)	5'	5'	0'	0'	0'	5'	5'	5'	20'

Interior (5) (14)	(1)(4)	5' (1)(4)	(4)	(4)	(4)	(4)	(1)(4)	5'	10' (1)
Garage Entrance (9)	20' (8)	20' (8)	20'	20'	20'	20'	20' (8)	20'	20'
Height, Maximum	50'	50'	85'	60'	60'	50'	50'	50'	45'
Lot Coverage Maximum (6)	80%	80%	100%	(6)	100%	80%	90%	80%	70%

N/A means not applicable

- (1) Single-family homes or duplexes must have a 3' interior setback for single-story buildings, and a 5' interior setback for two-story buildings. See Sections 5.150 and 5.160 for zero lot line options.
- (2) All yards adjacent to streets. Approved vegetated post-construction stormwater quality facilities are allowed in landscaped areas.
- (3) Lots with alley access may be up to 10% smaller than the minimum lot size for the zone.
- (4) Commercial or office buildings abutting residential districts and/or uses require one foot of setback for each foot of wall height with a minimum setback of ten feet. For developments abutting commercial or industrial districts, no interior setback is required.

This standard can create unbuildable lots in the mixed use village center zoning district, especially in an area where you want compact development. This standard should apply only to developments abutting a residential zoning district. Single family residences in commercial zoning areas will at some time be converted to a retail or office use, thus the limitation on the abutting property has been for naught.

- (5) No setbacks are required for buildings abutting railroad rights-of-way.
- (6) Lot coverage for single-family detached development shall only include the area of the lot covered by buildings or structure.
- (7) See minimum floor area ratio requirements in ADC 5.120.

This standard is not even listed in the Table. Should be listed under the CB zoning district as this is the only zoning district it applies to.

- (8) Garage setback for non-vehicle entrance must conform to the requirements for interior setbacks.
- (9) For garages with alley access, see Table 2. (Table 2: Garage with access to an alley, alley setback = 20', less the width of the alley right-of-way, but at least 3 feet.

The standard for garage setbacks needs to be reviewed for areas in the mixed use zoning districts except for the PB district, to allow a garage that is a minimum of 5 feet from the back of the public sidewalk as allowed in other cities.

Example Hillsboro (population 91,611) Development Standards for Mixed Use Districts not including Historic Downtown:

Parking: Where a residential garage or carport is directly accessible from a public or private street or alley the setback to the opening of the garage or carport shall be either 5 feet or 19 feet except:

- a. Where the setback of the dwelling unit is greater than 19 feet then the setback to the garage or carport shall be equal to or greater than the dwelling unit;
- b. Where the garage door or carport entrance is oriented perpendicular or nearly perpendicular to the front property line, and there is sufficient distance to park in front of the garages/carport entrance without extending over the property line or the sidewalk, then the setback shall be equal to or greater than the dwelling.

Example Woodburn (population 24,223) Development Standards for Mixed Use Districts including Historic Downtown, Mixed Used Village and Neighborhood Commercial:

1. Attached single-family (row houses) dwellings – Permitted
2. Building Setback adjacent to streets – Minimum 0
Maximum 10 feet in Downtown and Neighborhood Commercial (this is a guideline not a standard, a setback of up to 10 feet is permitted when occupied by pedestrian amenities (e.g., plaza, outdoor seating).
Maximum 15 feet in Mixed Use Village
3. Off-street parking and Loading: In commercial and industrial zones, the parking, loading and circulation areas shall be set back from a street a minimum of five feet.

Example Portland (population 603,106) Development Standards for Mixed Use Commercial and Storefront not including Downtown:

Garage Entrance Setback: The regarded garage entrance as stated in Table 120-3. The garage entrance must be either 5 feet or closer to the street property line or 18 feet or farther from the street property line. If the garage entrance is located within 5 feet of the front property line, it may be no closer to the street lot line than the longest street-facing wall of the dwelling unit.

(According to Chris Caruso, Planner, no distinction is made between commercial and residential buildings or uses. Both types of uses have the same setback requirements. If a garage is located adjacent to a street it must be set back between 0 and 5 feet or a minimum of 18 feet if a parking space is to be located in front of the garage door). The 5 foot requirement prevents parking over a sidewalk. Can schedule a meeting with the Planning Supervisor, Jill Grenda – 503-823-3580. May have to pay a fee for the meeting.)

Example Jefferson (population 3,098) Development Standards for Mixed Use District:

1. Attached single-family (row houses) dwellings – Permitted
2. Building Setback adjacent to streets – Minimum 0, at least 60% of front building elevation must be at the front property line.
3. Any garage or carport fronting a street (other than an alley) shall be recessed at least four feet from the front façade.

In Albany, lots are generally 100 feet in depth and 50 feet wide in the downtown area in the HD and CB zoning districts, looking at other options for off-street parking setbacks in areas of compact development could be beneficial for the construction of residential units with off-street parking in these areas. Encouraging further residential development in the downtown and fringe areas of the downtown will provide for a complete living environment for the residents where they can meet their daily needs, shops, work, recreate and enjoy a strong sense of community and at the same time bring vitality to these areas.

- (10) The maximum setback may be increased with the conditions that 100% of the increased setback is used for pedestrian amenities associated with the building use, such as patio dining for a restaurant,

sidewalks café, plaza, or courtyard; or to accommodate changes in elevation due to road and site grading or natural slopes.

- (11) For multi-family and commercial developments, no parking or circulation will be allowed between the building with the primary entrance and the adjacent street.
- (12) Ten or more residential units may require common open space. See Section 8.220

Commonly enjoyed amenities accessible to residents should be provided to all tenants, including indoor or rooftop amenities. The following existing standard is required under the Planned Development standards and should be required for all new multiple family developments of 10 or more units for consistency: *“New construction of 10 or more units in the CB, HD, LE, WF and MUR zoning districts shall provide one indoor or outdoor common area amenity at least 250 square feet, with no dimension less than 20 feet. [Ord. 5832, 4/9/14] (a) Areas designated as common space shall be at 20 feet in width.”*

- (13) The building and business footprint maximum is 80,000 square feet if a grocery store occupies at least fifty percent (50%) of the total square footage. This footprint may include one or more businesses or attached buildings. For purposes of this section, a grocery store is defined as a business that sells primarily food and household supplies. Ancillary grocery uses include uses such as pharmacy, bakery, and florist.
- (14) Properties adjacent to the Willamette River see also the Willamette Greenway standards in Sections 5.200 – 5.207 and Sections 6.500-6.560.
- (15) Except for residential development, which has a maximum setback of 25 feet. See Sections 8.200 – 8.300 for multiple-family residential design standards.
- (16) The maximum building size and business footprint size may be exceeded for non-commercial and non-office uses when the building is multi-story.
- (17) In shopping centers with multiple tenants, “business” refers to individually leasable space. “Footprint” refers to the amount of area covered by the first floor. Businesses may build on additional floors.

Height Restrictions: The height restriction in the WF zoning district is 50 feet while the height restrictions in the adjacent HD zoning district is 85 feet and in the adjacent CB zoning district is 60'. We would ask that the height restriction in the WF zoning district be raised to 60'.

Section 5.150 Zero Lot Line. Any residential dwelling unit or accessory building may be located on the property line when:

- (1) There are no openings or windows in the lot line wall. Additional a 6-foot setback and maintenance easement must be recorded on the adjoining property deed or plat. This easement is not revocable without City Approval. or
- (2) Two or more dwelling units are attached at the property line and are approved for such in accordance with other provisions of this Code.

A 6-foot setback is not possible if the desire is to have a compact area in the downtown area. The language requiring a 6-foot setback prevents the construction of zero-lot line buildings in the downtown area (HD and CB zoning districts) and should be eliminated.

CARA Code Review

Central Albany Code Assistance

The Central Albany Revitalization Area (CARA) is seeking a firm to assist with a review of and suggested revisions to Development Code provisions in three zoning districts located in Central Albany. Zoning districts include Historic Downtown (HD), Waterfront (WF), and Central Business (CB).

CARA seeks to understand and remove barriers to development in these zones paired with honing the vision that was begun with the original code changes in 1997. (For example, the HD zone seeks higher density development in the core downtown area but does not allow for the new construction of buildings without significant setbacks when the project is and proximity to any residential use, which contradicts the goal of high density.)

Staff believes completion of this work will allow for more consistent and desirable development patterns in Central Albany, will help develop development occur, and result in public good through a more livable and economically viable community. We see the work including the following components:

- Review of existing code, CALUTS, Urban Renewal, and 1st Avenue Refinement Plan.
- Meetings with the developers and stakeholders to understand the collective vision for the area as a basis for honing the development code, as well as specific barriers to development that currently exist. Suggest separate meetings for staff and broader community stakeholders and developers.
- Propose code amendments and map amendments, if appropriate, that better achieve the vision for the area and that create predictable outcomes for stakeholders. Use of illustrations and figures is encouraged to convey spatial and design concepts.
- Possible “circle-back” meetings with stakeholders on proposed language changes. We suggest two meetings followed by final revisions and deliverable in current Word format.
- Mandatory presentations to appropriate policy makers, which may include Planning Commission, CARA Advisory Board, and City Council.
- We see the role of the consultant as a creative partner to outline, suggest, and present solutions. Staff will work to review and test the proposed solutions and will act as liaisons to the various boards.
- Completion of this project will benefit the City through: 1) simplified, accessible land use regulations, understandable to both neighborhood stakeholders and developers; 2) an economic development tool that will help the City’s tax base; 3) another tool for revitalizing Downtown Albany; and 4) more effective planning and place-making tools to improve our communities.

The goal is to complete this work as soon as possible—time is of the essence.



TO: CARA Advisory Board

FROM: Kate Porsche, Economic Development & Urban Renewal Director

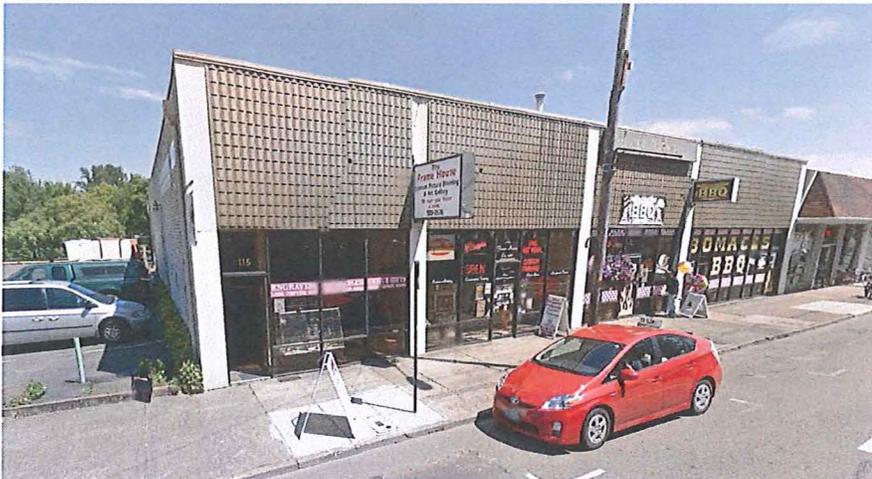
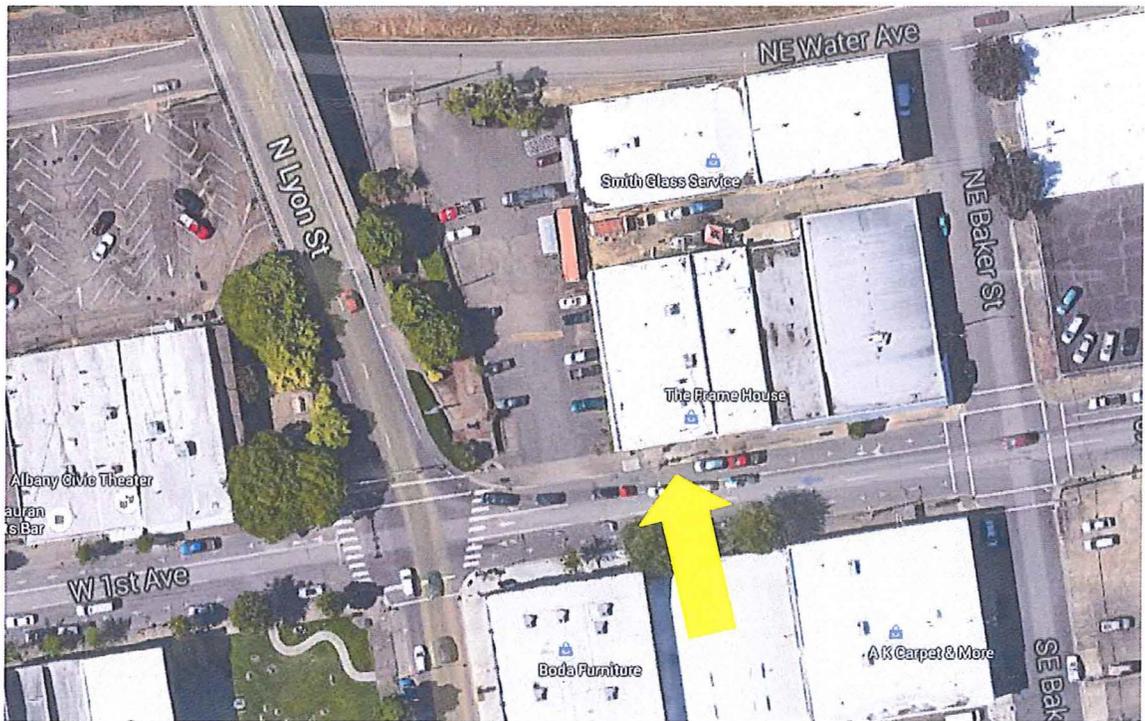
Kate (psh)

DATE: June 3, 2015, for June 9, 2015, CARA Advisory Board Meeting

SUBJECT: Staff Report – Ad-Hoc Loan Request Mikesell

Background

This ad-hoc loan request is coming before you from Mr. Mikesell. When we created the funding programs, there was discussion that large projects (those in excess of \$1M) would be handled on an ad-hoc basis, which is the case here. Mr. Mikesell is coming before you with a request for a loan to partner on the rehabilitation of the Century Building at First Avenue SE and Lyon. Details and an application for the request can be found in *Attachment A*. Map and current photo of the building is below.



Request

Total project costs	\$1,200,100
Proposed public funds – LOAN to be repaid	\$ 500,000
Private funds	\$ 700,000
% of CARA Investment	41.663%
Repayment terms	0% interest. Payments to begin at construction completion. 20-year amortization, with monthly payments. Total annual payments: \$25,000

Please see the Project Evaluation Grid behind this report for a specific review of project components.

There is a second component to this request that I would like to outline for you as well.

In conversations about the new project, the topic of the existing restaurant space in the JC Penney building arose. Mr. Mikesell has proposed that we convert the \$200,000 forgivable loan on the JC Penney building, to a repayable loan to be amortized on the same schedule as proposed above for the new project. While it is still his intention to work to find a restaurant in the space, he proposes that the conversion of these funds from a forgivable loan to a repayable loan would remove the onus to create a restaurant in the JC Penney building.

As he has reported to you at meetings in the past, he has had numerous opportunities to rent the space for office or retail space but has passed on those opportunities because of the CARA condition that it be a restaurant. Staff believes that converting the forgivable loan to a repayable loan is an elegant solution, which will see more funds coming back to CARA (\$10,000 annually for 20 years) and will allow a vacant space to be filled sooner. Mr. Mikesell and I discussed and agreed that the first choice for the space would be a restaurant; if that is not possible, then retail. Mr. Mikesell agrees and will try to find a good fit for the space but, if this change is approved, will no longer be *required* to fill it with any specific type of tenant.

The two requests: new loan on the Century Building and restructuring of the forgivable loan to be a repayable loan on the JC Penney building are structured as a package deal and Mr. Mikesell asks that you consider them together. However, if approved, repayment on the \$200,000 JC Penney loan can begin as soon as documents are drawn and executed, whereas repayment on the Century Building loan would begin when construction is complete.

Staff Review

The proposed loan for the Century Building is a very strong request as it hits on almost every one of the established criteria. With the scope including such a significant rehabilitation of this historic and highly visible structure, it seems to be an excellent match to our goals. The loan request and proportion of funds are higher than typical for CARA, and that will be a point you will want to discuss. However, staff supports this loan structure as it will replenish the fund over time, in addition to the increase in assessed value you will receive.

CARA Advisory Board
Page 3
June 5, 2015

Staff supports the conversion of the restructuring of the forgivable loan to be a repayable loan on the JC Penney building.

Mr. Mikesell will be on hand Tuesday night to share more information with you and answer any questions you may have.

KCP:ldh
Attachments 2

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Project Evaluation Grid: Mikesell Ad-Hoc Loan

Request: \$500,000/ Ad-Hoc Loan

	Item	Description	Staff Analysis/Comments
<i>Overall Goals</i>			
A)	<p>CARA Goal & Objectives: The purpose of this CARA Plan is to eliminate blighting influences found in the CARA, to implement goals and objectives of the City of Albany Comprehensive Plan, and to implement development strategies and objectives for the CARA. The goal and objectives for the CARA have been defined as follows:</p> <p>CARA Goal: To revitalize the Central Albany Revitalization Area by implementing the Town Center Plan developed through the Central Albany Land Use & Transportation Study (CALUTS) using a citizen-driven process.</p>	<p>Does the project further the Town Center Plan? Which of CARA's objectives does the project meet?</p> <p>CARA Key Objectives:</p> <ul style="list-style-type: none"> ◆ Attract new private investment to the area. ◆ Retain and enhance the value of existing private investment and public investment in the area. <p>CARA Additional Objectives:</p> <ul style="list-style-type: none"> ◆ Provide a safe and convenient transportation network that encourages pedestrian & bicycle access to and within the town center. ◆ Preserve the Historic Districts, historic resources and existing housing in the area. ◆ Create a readily identifiable core that is unique and vibrant with a mixture of entertainment, housing, specialty shops, offices, and other commercial uses. ◆ Increase residential density in the area. ◆ Encourage the development of new forms of housing and home ownership. ◆ Enhance and protect the community and environmental values of waterway corridors in the area. ◆ Provide an enriching environment and livable neighborhoods. 	<p>The project meets the following objectives: CARA Key Objectives:</p> <ul style="list-style-type: none"> ◆ Attract new private investment to the area ◆ Retain and enhance the value of existing private investment and public investment in the area. <p>CARA Additional Objectives:</p> <ul style="list-style-type: none"> ◆ Preserve the Historic Districts, historic resources and existing housing in the area. ◆ Create a readily identifiable core that is unique and vibrant with a mixture of entertainment, housing, specialty shops, offices, and other commercial uses. ◆ Provide an enriching environment and livable neighborhoods.
B)	<p>CARA Planned Projects</p>	<p>Which project category and activity in the UR Plan does this project fulfill? (See CARA Project Activities document, or Table 2 of the UR Plan and Report)</p>	<p>#2 - Commercial Building Rehabilitation Provide technical assistance and financing &/or grants for the redevelopment of commercial structures, including focus on allowing active re-use of Downtown upper floors and structural issues. #3 - Storefront Revitalization Program Multi-year program to provide design, financing &/or grants to renovate commercial facades in HD, CD, LE, MS zones including awnings and signage.</p>
C)	<p>Development Pattern (Highest and Best Use)</p>	<p>Does it achieve desired land use (e.g., mixed-use, higher density) and/or transportation objectives (e.g., Esplanade, pedestrian-friendly areas)?</p> <p>Is the proposed project desired in this location and the highest and best use of the property?</p>	<p>Yes, the building is zoned HD - historic downtown.</p> <p>This property is located at a high-profile and high-traffic intersection, it's rehabilitation would be very visible.</p>

D)	Blight	Would it remedy a severely blighted building? How?	The building has not been well maintained for a number of years and is generally run-down and shabby looking. Additionally, the historic features of the building have been covered up. This project would restore the historic façade, repair the building and enhance the structure.
E)	Preservation	Would it rehabilitate or sensitively redevelop a historic property?	Yes. The building, known as the Century Building was constructed in 1905 and is a historic contributing resource in the Downtown Historic District. The project entails a full rehabilitation of the building. Mr. Mikesell worked with CARA architect Rob Dortignacq on an initial sketch for the storefront, which would be historically sensitive and appropriate, then local architect Bill Ryals created the final design.
F)	Vitality/People Attractor	Does the general public benefit (i.e. restaurant, carousel, something they can go to, utilize)?	Yes, not only is this building highly visible, the rehabilitation of the various commercial and restaurant spaces will help to draw people to the east end of our downtown business district.
G)	Retail Hotspot (First Avenue between Lyon and Calapooia)	Is the project located in the Retail Hotspot? If so, will the first floor use be active retail, as recommended in the Retail Refinement Plan?	It is just east of Lyon on First Avenue, just slightly east of the defined retail hotspot area.
H)	Sustainable Building	Will the building be built using sustainable practices including LEED or others?	Project will include LED lighting inside and out, low volume plumbing fixtures, and modern building insulation and envelope components.
I)	Residential	Is there a residential component? How many units?	No. The building does not have an upper floor and residential use would not be allowed on the first floor, so this is N/A.

Economic Development

J)	Bring new business to Albany	Will a new business open or come to Albany as a part of this project?	Possibly, depending on tenants.
K)	Job Creation	Will the project create additional jobs? How many, what types and what salary level?	Again, depends on tenants.
L)	Local Labor and Materials	Has applicant specifically called out a commitment to use a certain percent or amount of local labor and/or materials?	Yes, the applicant made note of use of local businesses, equipment and suppliers. In addition to using a local Architect and General Contractor, applicant indicates that approximately 90% of all work will be awarded to local subcontractors.

<i>Financial</i>			
M)	Ratio	Total Project Costs Proposed CARA funds Private funds % of CARA Investment	\$1,200,100 \$ 500,000 CARA Loan \$ 700,000 41.663%
N)	Financial Impacts	What are the financial risks and/or financial benefits to CARA?	This project would use \$500,000 of the funds set aside for Private Partnerships, but would be paid back to the fund over 20 years.
O)	Gap	What is the "Gap" or need of the developer?	The applicant indicates that without CARA funding only a lesser renovation would be economically viable at this time, given the rents in the Albany market.
P)	Private Risk	What is the risk for the developer? What is their skin in the game?	Applicant is putting up \$700,000 of their own funds.
Q)	Tax Increment	Will the project generate an increase in the assessed tax base?	Applicant has agreed to not put the property on the historic property-tax freeze and work on the building will likely generate an increase in the assessed amount. This is in addition to the repayment of the loan.
R)	Tax Increment ROI	Is the ROI on this project less than 5 years, less than 7 years?	Rough estimates of ROI on this project show a return by year 14. This is in addition to the repayment of the loan funds.

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The New “Century Building”

Restoration and Renovation of the Century Building c.1905
117, 121, 123 First Avenue SW - Albany Oregon



Loan Request

Cara Funding Application

333 Broadalbin Street SW, Albany OR 97321

1. Applicant

Name: 1st Avenue Century Building LLC

Address: 3015 Salem Ave SE

Contact Name: Rick Mikesell 541-979-8000

rmikesell@me.com

2. Business/Building Information

Legal Business Name: 1st Avenue Century Building LLC

Project Address: 117, 121, 123 1st Ave. SW, Albany OR 97321

Property Tax Account Number: 81816

Building is a Historic Contributing Resource

Building will not apply for Property Tax Freeze.

3. Owner of Property Applicant

4. N/A

5. Description of Project: Restoration and Remodel of the Century Building.

This will be a complete renovation including restoration of the historic structure and building elements, and substantial voluntary seismic upgrades. Brick on West Elevation at parking lot will be soda blasted and re-pointed. Wood Windows and Doors will be repaired and reinstalled where possible and replaced with matching wood windows and doors where necessary. Back Alley walls will be similarly restored. The building Facade will be reconstructed with Wood/Glass storefronts and Stucco/Plaster building elements as indicated from remaining building fragments. Awnings will be added to facade in keeping with the building era and style and to provide sun and weather protection for the building and sidewalk. All interior historic elements will be uncovered and restored or repaired as possible. All Electrical Systems, HVAC and Plumbing will be repaired or replaced as necessary.

Our goal is to uncover this historic gem and restore it to its former elegance, so it will once again be a vital and contributing building for the Historic downtown district.



6. Timeline for Completion: Building Shell: January 2016

7. Project costs:

Estimated cost of Project:	\$ 1.2 Million
Estimated Value of Project upon Completion:	\$ 1.2 Million
Sources for Project:	
Owner Contribution	\$700,100.00
<u>CARA Loan</u>	<u>\$500,000.00</u>
Total	\$1,200,100.00

Project Breakdown:

Land and Building Acquisition:	\$ 250,000.00
Permits/Fees and SDC's	\$ 40,000.00
Architecture/Engineering	\$ 70,000.00
<u>Construction Costs</u>	<u>\$ 840,100.00</u>
Total	\$1,200,100.00

8. Who prepared your cost estimates:

Mark Siegner, Contractor: 541-979-6407 valleyhomesinc@qwestoffice.net

William G, Ryals, Architect: 541-974-0908 ryals.architect@comcast.net



9. Explain Why CARA funding is necessary to insure project completion.

The current Downtown Albany Rent Market does not support projects of this quality and magnitude. Without CARA funding only minimal restorations provide an investor with reasonable rates of return. It takes serious investment to save old buildings, improve the tax base, and bring greater life and vitality to downtown. I believe in the long term value of quality historic renovation. With CARA's help, it is a viable investment for me and a much better investment for the community.

9a. If you don't receive CARA funding, what components will be dropped? Would the project get done without CARA funds?

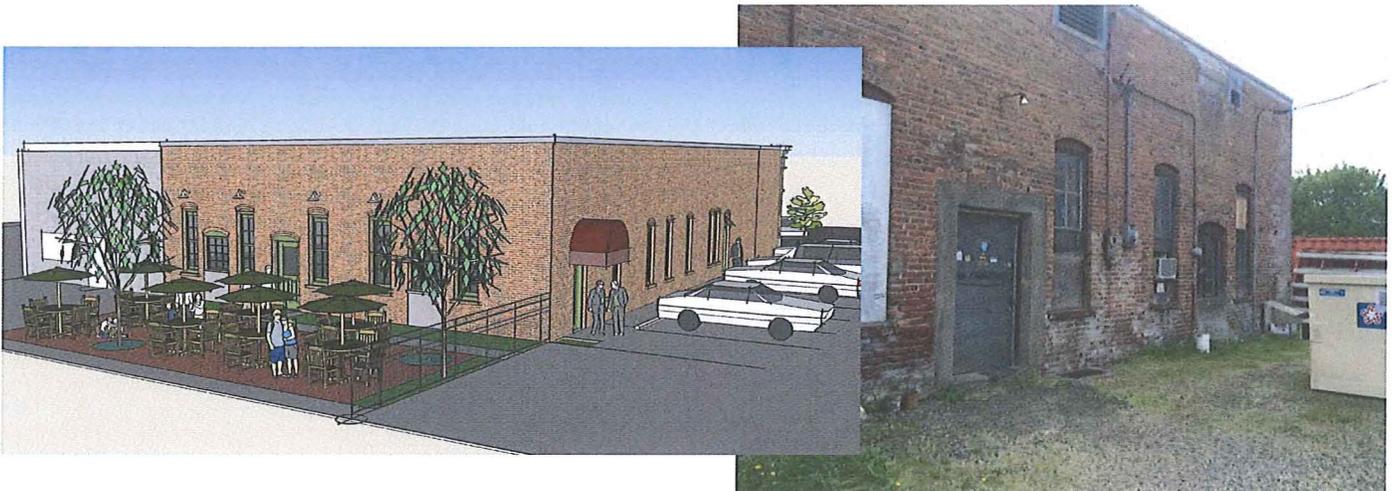
Without CARA funding, the economics would dictate a much simpler renovation. Full restoration of the storefront and seismic upgrades would not pay for themselves.

10. Where else have you looked for funding?

This project will be self funded with the addition of the CARA Loan. Traditional funding through a bank loan would be very difficult given the current appraisal of the building, the amount of investment required and the final market value the project would have.

11. Considering the project goals outlined in this application, please identify the VALUE your project brings to CARA.

This project is at a highly visible location. The area was recently identified as critical for downtown revitalization. Currently it is blighted and in serious need of restoration. The historic value has been degraded and buried under years of misguided alterations.



Once restored the new Century Building will provide a powerful example and connection for the properties southeast of Lyon to the main core of downtown. By developing the unused alley as an outdoor eating and entertainment venue it will provide an undiscovered pedestrian connection to the Riverfront venues and the Dave Clark Trail. This location, on the highest traffic intersection in downtown, will motivate people to stop and explore what historic downtown Albany has to offer.

12. Other Virtues or benefits your project provides.

This project will result in a much more sustainable downtown property. LED lighting inside and out, low volume plumbing fixtures, and modern building insulation and envelope components all result in a building ready for the new century.

In addition to using a local Architect and General Contractor, approximately 90% of all work will be awarded to local subcontractors as we have found this results in the best long term value and service for us and the community.

13. We received CARA funding in the past for the Historic JC Penney Building.

14. Assistance Requested:

Project Costs	\$ 1,200,000.00
Total Contribution	\$ 700,100.00
Requested from CARA	\$ 500,000.00 Loan

15. Breakdown of CARA funds

Building Facade:	\$ 165,000.00
Fees / SDC's	\$ 40,000.00
Design Fees	\$ 70,000.00
Rear and Side Facade Restorations	\$ 85,000.00
<u>Seismic Upgrades and Repairs</u>	<u>\$ 140,000.00</u>
Total	\$ 500,000.00

Loan to be 0% interest over 20 years.

Final payment will be based on actual costs not estimates. Ten percent of CARA funds will be held back for final payment.

15. BREAKDOWN OF USE OF CARA FUNDS

CARA funds can only be used for permanent improvements to the building. Please provide a breakout with specific details of how the CARA funds will be used in the project. If more space is needed, please attach a separate page.

Item	Amount	Notes
Building Facade	165,000	
Fees/SDC's	40,000	
Design Fees	70,000	
Rear and Side Restoration	85,000	
Seismic Upgrade	140,000	
TOTAL	500,000	Total should match total amount requested from CARA from line 14.

Metrics and Other Benefits

If you receive funding, you will be asked to tally the final numbers on the project and certify their accuracy. Please use this space to estimate the impact of your project:

Number of Jobs Created: _____ Full-time _____ Part-Time

COLLATERAL FOR LOANS

CARA Loans are usually secured by the project property (CARA is the primary or subordinate lender) AND by personal guaranties from developer members with an ownership share exceeding 20%. Indicate below what collateral you are offering for the CARA loan.

Preferred Collateral

- First lien position or subordinate lien position in the project property
- Personal guaranty from developer members (list names):

Alternate collateral proposed

	Description	Estimated Value	(-)Liens	(=)Available Equity
Real Estate - Commercial	1st Ave Century Building	\$ 1,200,000	\$ 0	\$ 1,200,000
Real Estate - Residential		\$	\$	\$
Machinery and Equipment		\$	\$	\$
Accounts Receivable		\$	\$	\$
Other		\$	\$	\$

Certification

The Applicant understands and agrees to the following conditions:

1. Any physical improvements proposed must be approved by the Albany Revitalization Area Agency (ARA) and may require approval by the City of Albany Landmarks Advisory Commission or other entities. These entities may require certain changes or modifications before final approval and Commitment of Funds.
2. Commitment of Funds will not be processed until the Applicant satisfies all conditions.
3. **Any work begun before receipt of a Commitment of Funds notice is ineligible for reimbursement.**
4. Any work deviating from that detailed in the Commitment of Funds must be preapproved in writing to be eligible for reimbursement.
5. While only proprietary information may be held in confidence outside of the public record, CARA will attempt to maintain all information provided in a confidential manner.
6. Originals of all materials prepared with CARA assistance belong to CARA and will be maintained in the public record.
7. Application must be completed in its entirety before being considered; if not, it will be returned for completion.
8. Staff is authorized to independently verify any and all information contained in this application.
9. If CARA's total assistance to the project is greater than \$750,000, prevailing wage for the project may apply.
10. CARA may withhold approval of this application until information satisfactory to CARA is provided.

If the Applicant is not the owner of the property to be assisted or if the Applicant is an organization rather than an individual, the Applicant is required to certify that s/he has the authority to sign and enter into an agreement to receive the assistance requested and to perform the work proposed. Evidence of this authority is attached and included as a part of this application by reference.

The Applicant certifies that all information in this application and all information furnished in support of this application is given for the purpose of obtaining CARA assistance and is true and complete to the best of the Applicant's knowledge.

Rick Mikesell

Applicant's Printed Name

Applicant's Signature

5/28/2015

Date

Applicant's Signature

Date

Return application/attachments to: City of Albany c/o Kate Porsche, Economic Development Director
333 Broadalbin Street SW/ P.O. Box 490
Albany, Oregon 97321

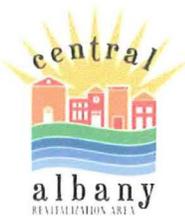
FOR CITY USE ONLY

Date Received: 6/1/15 By: KCP Application Complete: Yes No

Comments: Attachments

Date application returned to applicant for completion: _____

Date application returned to City: _____ By: _____



Developer Partnership Grant Funding Contract



This contract is made and entered into this day, December 3, 2008 by and between the Central Albany Revitalization Agency ("CARA") and R3 Development, LLC, (Rick Mikesell, Ron Nagel, Rick Rebel principals) hereinafter referred to as "Grantee."

WHEREAS, CARA periodically provides financial grants for appropriate purposes; and

WHEREAS, Grantee has applied to CARA for a grant wherein Grantee has proposed to use CARA funds for an appropriate governmental purpose; and

WHEREAS, applicant proposes to provide non-public funds estimated to be \$5,275,000 in connection with this project. Since applicant's non-public funding will substantially exceed the 50/50 proportion customarily used for CARA Matching Grants, the grant hereinafter described shall be a Development Partnership Grant, subject to the terms of this agreement.

WHEREAS, it is the purpose of this contract to set forth the terms under which CARA funds shall be provided to Grantee.

NOW, THEREFORE, in consideration of the promises contained herein, it is agreed as follows:

1. References to "City" Include "CARA." Grant funds are authorized from time to time by City or by CARA. Because the City administers CARA's grants as well as its own, references in this contract to "City" include CARA in those circumstances where CARA funds are used as the source of the grant.
2. No actual partnership created. CARA uses the term 'Developer Partnership' to describe grants approved in circumstances wherein the applicant is providing funding for the project substantially in excess of the amount of the CARA grant. This distinguishes Developer Partnership Grants from Matching Grants which customarily provide a 50/50 match of agency to applicant funds. A 'Developer Partnership Grant' does not create any form of partnership or joint venture between CARA or the City of Albany and the applicant.
3. Purpose of Grant Funding. The applicant has submitted to CARA a grant application setting forth the purposes for and uses of CARA funding. This application is attached hereto as *Exhibit A* and by this reference incorporated herein. All representations made by Grantee in this application shall be deemed contractual obligations of Grantee, and funds provided by CARA pursuant to this contract shall be used only for the purposes set forth in this exhibit.
4. CARA Agreement to Fund Grant. Subject to Grantee's compliance with the terms of this contract and the representations contained in its grant application, CARA agrees to provide Grantee funding in an amount not to exceed five-hundred forty-seven thousand seven-hundred (\$547,700) on a reimbursement basis.
 - The costs of a title search and credit reports are considered eligible project expenses and shall be paid by the grant proceeds as the first draw on the grant.
 - The term of the grant cannot exceed the life of CARA.
 - You authorize any person or consumer reporting agency to complete and furnish to CARA's agents any information it may have or obtain in response to CARA's credit inquiries.
 - You authorize CARA to provide information concerning your credit relationship to credit reporting agencies or other creditors.

JC Penney Building - Albany

	Current Occupancy	100% Occupancy
Net Operating Income	<u>161,478.00</u>	<u>287,142.00</u>
Purchase Price	4,888,000.00	5,388,000.00
Rehab Credit	(730,000.00)	(730,000.00)
CARA Funding	<u>(384,705.00)</u>	<u>(384,705.00)</u>
Total Investment	<u><u>3,773,295.00</u></u>	<u><u>4,273,295.00</u></u>
CAP Rate	4.28%	6.72%

Central Building - Eugene

100% Occupancy

Net Operating Income	<u>304,881.00</u>
Purchase Price	2,840,000.00
Renovation Investment	<u>600,000.00</u>
Total Investment	<u><u>3,440,000.00</u></u>
CAP Rate	8.86%
FMV Today	<u>4,690,488.00</u>
Equity	<u><u>1,250,488.00</u></u>

Century Building - Albany

AS-IS		100% Occupancy
Rents	8800 SF @ 0.75/SF	79,200.00
Operating Expenses		
	Property Tax	5,154.60
	Insurance	1,207.00
	Maintenance	6,000.00
	Parking	1,750.00
Total Operating Expenses		14,111.60
Net Operating Income		<u>65,088.40</u>
Purchase Price		250,000.00
Renovation Investment		<u>50,000.00</u>
Total Investment		<u><u>300,000.00</u></u>
CAP Rate		21.70%

After Renovation		100% Occupancy
Rents	8800 SF @ 1.10/SF	<u>116,160.00</u>
Operating Expenses		
	Property Tax	20,618.40
	Insurance	2,648.00
	Maintenance	6,000.00
	Parking	<u>5,250.00</u>
Total Operating Expenses		<u>34,516.40</u>
Net Operating Income		<u>81,643.60</u>
Purchase Price		250,000.00
Renovation Investment		450,000.00
CARA Interest Free Loan		<u>500,000.00</u>
Total Investment		<u><u>1,200,000.00</u></u>
CAP Rate		6.80%

Property Tax Valuation

Current Value	250,000.00
Mill Rate	<u>0.017182</u>
	4,295.50
Renovated Value	1,200,000.00
Mill Rate	<u>0.017182</u>
	20,618.40
Increase in Taxes	16,322.90
Over 20 years	326,458.00