NOTICE OF PUBLIC MEETING

CENTRAL ALBANY REVITALIZATION AREA ADVISORY BOARD
City Hall Council Chambers
Wednesday, August 19, 2015
5:15 p.m.

AGENDA

1. CALL TO ORDER (Chair Rich Catlin)

2. ROLL CALL

3. APPROVAL OF MINUTES
   - June 9, 2015. [Pages 2-7]

   Action:_____

4. SCHEDULED BUSINESS

   a. Business from the Public

   b. Herb Yamamoto – CADD Connection update. [Verbal] (Porsche/Yamamoto)
      Action:_____

   c. Historic Homebuyer Loan Program. [Pages 8-10] (Reid)
      Action:_____

   d. Heritage Grant Program – matching funding request. [Page 11] (Reid)
      Action:_____

   e. Staff updates and issues. [Verbal] (Porsche)
      Action:_____

5. BUSINESS FROM THE BOARD

6. NEXT MEETING DATE: *Wednesday, September 16, 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, June 9, 2015

MINUTES

Advisory Board Members present:	David Abarr, Floyd Collins, Loyd Henion, Rich Kellum, Sharon Konopa, Ray Kopczynski, Dick Olsen, Betsy Penson
Advisory Board Members absent:	Russ Allen, Rich Catlin, Bill Coburn, Bessie Johnson, Mark Spence, Maura Wilson (all excused)

CALL TO ORDER

Acting Chair Floyd Collins called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

March 18, 2015

Economic Development & Urban Renewal Director Kate Porsche said the minutes would be changed to reflect that Maura Wilson was excused.

MOTION: Floyd Henion moved to approve the minutes as revised. Ray Kopczynski seconded the motion, and it passed 8-0.

SCHEDULED BUSINESS

Business from the Public

Julie Garver, Innovative Housing, Inc., 219 NW Second Avenue, Portland, Oregon, invited Advisory Board members to the Woodland Square (now Woodwind) grand opening next Wednesday. She said it has been five years since she first came before the CARA Advisory Board for this project. The project had a goal to use 25 percent local subcontractors; she is pleased to report that the project achieved 34 percent local subcontractor utilization (Albany, Corvallis, and Lebanon), rising to 61 percent when including Salem. She noted that 30 of the 54 units are now occupied, 90 percent of which include children. She thanked the Advisory Board for its strong support and participation through the process.

Sharon Konopa said she has heard nothing but praise for the project. She said IHI did a fantastic job, and she thanked them.

Kopczynski asked if the project is meeting the occupancy goals. Garver said yes, the units are very affordable and they have been leasing quickly. The first four buildings have been leased, and there is a waiting list for the last building.

Porsche reported that she nominated the Woodwind Apartments project for Urban Renewal Project of the Year through the Association of Oregon Redevelopment Agencies, and it won!

Karen Novak, 203 Benton Drive, co-owner of Novaks Restaurant, requested a loan to help meet the shortfall in funding their new building on Second Avenue. She said the original budget was off due to circumstances out of her control, including miscommunication between certain parties which is now straightened out but which is leaving them $175,000 short.

Collins suggested that consideration of this request be added as an agenda item. It was agreed to add agenda item 4g.

Dave Clark Path Lighting Project

Porsche referenced the written staff report. The Advisory Board previously expressed interest in pursuing lighting on the Dave Clark Path but had questions about the procurement process. Staff has since discussed the best process for procurement and recommends that the project be advertised through a standard low bid contract. The project advertisement would specify the desired light fixtures and poles; detailed information about current lighting, wiring, and power sources; and performance requirements. Bids received would be brought back to the Advisory Board and Agency for final approval.

In response to an inquiry from Collins, Public Works Engineer Chris Cerklewski said staff proposes to make this a design-build project where they would identify the types of fixtures desired, the criteria for the lighting pattern, and the scope of the project. The contractor would submit a lighting plan in their bid. Porsche said the original estimate before the Advisory Board was $269,227, but it is hoped that will come down with the low bid process.

Olsen asked if a contractor had worked on this with staff. Cerklewski said he understands a contractor was involved in the initial scoping; that contractor could bid on the project, but it would be open to other contractors as well. Olsen asked if the original contractor was compensated for his time and effort. Porsche said she understands that was a volunteer effort.

Kellum said there are substantial savings to be made on the poles by allowing local people buy local steel and do local work. He would like the advertisement to let bidders know that an equivalent pole could be made locally. Collins noted that the City Attorney has said the advertisement cannot be structured to give preference to local contractors; however, specifying an item or "approved equal" gives that opportunity to all. Kellum said the savings are significant and he wants local bidders to know it is okay to have that advantage. Cerklewski will check with the City Attorney to see what can be added to the advertisement.

Betsy Penson asked if it can be specified that the lights are to be made in the United States given that there are a lot of Chinese products on the market that are inferior. Cerklewski said he will check with the City Attorney on that issue as well.

MOTION: Kopczynski moved to proceed to advertisement for the project. David Abarr seconded the motion, and it passed 8-0.

Lepman Contract Revision

Porsche referenced the written staff report. She summarized that Scott Lepman was previously approved for a forgivable loan to assist with a two-part project on Third Avenue SW. The first part was rehabilitation of the historic Fortmiller building; the second part involved construction of four townhome units on vacant property west of the building. Following that approval, it was found that issues with the Development Code related to setbacks would prevent the construction of townhomes at that location. Lepman is requesting a contract revision that would substitute a construction project on Third Avenue SE for the Third Avenue SW townhomes. A grid in the staff report compares the project as originally proposed, a possible substitution with six townhomes, and a possible substitution with eight townhomes.

Scott Lepman, 100 Ferry Street, said Porsche and Planning staff have been very cooperative. His goal has been to renovate the Fortmiller building, but doing so won't change the assessed value significantly. He had proposed construction of the adjacent townhomes to encourage CARA's participation in funding of the historic building renovation, only to discover that the development cannot occur on that property. Six townhomes could be built on Third Avenue SE under current standards; however, he is hopeful the guidelines will be changed so that he can build eight townhomes at that location.

Kopczynski commended Lepman's team and staff for thinking outside the box. He said the code issues will take time to work through and this action will allow the project to move forward. He is in favor of the request.

Kellum expressed concern about the possible substitution with six townhomes because the after-project assessed value would be less than the deal that has been approved. Lepman clarified that he wants to build eight but the current planning guidelines don't allow that. If the minimum lot width requirement is changed, he will be able to build eight townhomes on Third Avenue SE.

Collins said he is in favor of the approach outlined by staff, under which CARA gets the historic building on Third Avenue SW as well as the increased tax value with the townhomes. The zoning issue needs to be referred back through the process.

Porsche noted that Lepman is still interested in developing townhomes on Third Avenue SW as well if the regulations can be unlocked.

Konopa said one of CARA's goals was to remove blight; a project such as this would spark more investment on that side of the district.

Olsen said this points out that all of these rules are made with good intensions; however, the more rules there are, the more likely you won't be able to comply with them all. He is in favor of the request.

MOTION: Henion moved to approve the action as recommended in the staff report. Kopczynski seconded.

Collins asked about the potential of including a reference to the Third Avenue SW townhomes. Brief discussion followed.

CORRECTED MOTION: Henion moved to approve the recommended action with the addition that if there is a change in the zoning text, Lepman will also build the townhomes on Third Avenue SW. Kopczynski agreed to the correction. The corrected motion passed 8-0.

Code Challenges/Revisions

Porsche reviewed the written staff report. As Lepman and his team worked with staff in trying to find a way that the townhomes could be built on Third Avenue SW, the discussion turned to challenges with the City's zoning and development code in the downtown area. Porsche reviewed some of the issues as detailed in the written report. The proposal is to use CARA funds to pay for a planning consultant to conduct a review of the code in the Historic Downtown (HD), Waterfront (WF), and Central Business (CB) zones. An outline of work the consultant would do is attached to the staff report. With the current workload, existing staff would not be able to complete this work in a timely way. Her hope is to bring somebody in, unlock the logjam, and create solutions that are good for business, livability, and the economic viability of the downtown core area.

Henion said he likes the concept and the idea of government being a facilitator to unlock problems and make better use of our tools.

Kopczynski asked if there are consultants who specialize in this work. Planning Manager Bob Richardson said there are consulting firms that would have the expertise needed.

Kopczynski asked for an estimated timeline. Richardson said he hopes the process could be completed in nine months to a year. He said it is important to ensure adequate public involvement by all parties who might have a vision for what code changes in the area could accomplish.

In response to a question from Olsen, Richardson said the code work would not hold up development that could satisfy current code standards.

Kopczynski asked what the cost would be to CARA. Porsche said that if there is interest by the Board, she will bring back a proposal and dollar amount.

Kellum asked if Lepman could go before the Planning Commission to get an exception. Richardson said the proposed use on Third Avenue SW is not permitted in the zone. Lepman could propose his own text amendment to the Development Code; however, making changes in the context of one application may or may not make sense for the rest of the area. Staff supports a comprehensive look at what is desired for the downtown area, which is why they recommend hiring the consultant and taking a broad look at the issue.

Porsche said Lepman has expressed an interest in working with the process to address the issue using a holistic approach, seeing the benefit of what this means to all three zones in the long-term. Brief discussion followed.

Lepman said this body exists because Albany cares about the downtown. He has observed that it's not easy to change development in the downtown area. He would like to see more capital coming in, but banks can't understand the guidelines. He is supportive of the approach to hire a planner to assist in making these changes using a holistic approach.

MOTION: Kopczynski moved to use CARA funds to pay for a planning consultant to conduct a review of the code in the HD, WF, and CB zones, using the draft outline of work as provided. Henion seconded the motion, and it passed 8-0.

Mikesell Request for Developer Partnership

Porsche briefly reviewed the request for an ad hoc repayable loan to partner on the rehabilitation of the Century Building at First Avenue NE and Lyon. Rick Mikesell is proposing a significant rehabilitation of the Century Building; photos and renderings are included in the meeting packet. The total project cost is $1,200,100, and Mikesell has proposed a repayable no-interest loan from CARA in the amount of $500,000. He has proposed that payments would begin at construction completion, and that there would be a 20-year amortization with monthly payments totaling $25,000 per year. In a related request, Mikesell has requested that the existing $200,000 forgivable loan on the JC Penney building be converted to a repayable loan under the same terms proposed for the new project. The forgivable loan is tied to procurement of a restaurant of a certain size and scope for that space; the conversion would remove that requirement.

Rick Mikesell, 3015 Salem Avenue SE, referred to his written information. He said when he came before the Board in 2008, he estimated the JC Penney building project would cost $5,275,000. To date, the costs are $4.9 million with three spaces still to be improved, estimated at $500,000. His return on investment at current occupancy is 4.28 percent; his return at 100 percent occupancy would be 6.72 percent. He reviewed an investment he made in a building in Eugene for which the return is almost 9 percent. If he were to leave the Century Building as it sits with minimal investment, he calculates a 22 percent return; if he does the proposed project, he calculates about 6.8 percent return. This shortfall is why he needs CARA funding. He thinks the building has a lot of potential and there has been interest in a restaurant at the site. Historically, he has used local contractors, and this project would use all local contractors.

Kopczynski said the Advisory Board had good intentions in tying loan forgiveness to a restaurant in that space, but this basically strangled Mikesell's opportunity to lease the space. He is in favor of restructuring the loan on the JC Penney building as requested.

Kellum said he would be in favor of a low-interest loan for the Century Building, at whatever rate CARA is paying. Mikesell said he opted to request a loan as opposed to a grant; the only way the project pencils out is with an interest-free loan. He does not plan to request the state tax freeze on the Century Building; so there will be additional tax revenue from the project.

Konopa said the minimal amount of interest is a good investment to get a historic building brought back to new life.

Olsen noted CARA has often given grants or forgivable loans and, in this case, the principal will be coming back.

Collins said the district will get more in the long-term with the no-interest loan than it would if the building was on the tax freeze. He supports the proposal because it benefits the community the most.

Kopczynski asked when the project would be complete. Mikesell said he estimates it would be done the first of the year. Kopczynski asked if the funds would go out on a reimbursement basis. Porsche said yes, all CARA funds are distributed on a reimbursement basis for actual expenditures.

MOTION: Kopczynski moved to approve the requested loan for the Century Building with the understanding that building will not be put on the historic tax freeze and to restructure the loan for the JC Penney Building. Olsen seconded the motion, and it passed 7-1 with Kellum voting no.

Kellum said he hopes the project works great, but he objects to the continuing process of CARA giving forgivable or free loans.

Konopa thanked Mikesell for his investment in the downtown.

Novaks' Request

Karen Novak reviewed her request for an interest-free loan of $175,000. She said her family has invested heavily in moving the restaurant downtown. They have a CARA forgivable loan, a SBA bank loan, personal loans, and their retirement invested. They have a shortage of funds due to miscommunication with the contractor and the bank when putting the budget together. Requirements by the City for additional footage and an ADA bathroom upstairs also increased costs. There is urgency in that their façade needs to be completed by June 30 or they will lose a $20,000 state grant.

Collins stated that he had a telephone conversation with Novak prior to the meeting. In response to his inquiries, Novak said they have to vacate their existing building by the end of July and they plan to move into the new building in August. The loan is requested to keep the project moving forward. An additional SBA loan would include interest and fees, and there is no guarantee the additional funding would be approved.

Bill Ryals, 925 Jones Avenue NW, architect for the project, explained that the Novaks didn't go through the SBA loan with the right valuation because the façade was not included due to contractor error. The request would also cover soft expenses related to moving or replacing equipment and furniture and a dumbwaiter at the new building. The SBA loan process is long and complicated, and they are requesting that CARA consider this gap loan. They may not need all of the money, and they may be able to pay it back early.

Ryals said he was at a previous meeting when Board member Russ Allen asked at what point it is just too much to restore these buildings, and he has been thinking about that question. He said these buildings have been here and paying taxes for 100 years and, similar to our grandparents who worked to put us here, maybe we should consider that we owe something back to these buildings.

Collins asked about the potential of CARA providing a bridge loan while a new SBA loan is being processed. Novak said that the family is tapped out with taxes, bank loans, personal loans, insurance, and expenses on two buildings. She is trying to save money and stay in business, and this loan would sure help.

Olsen said this is a good opportunity to get a really good business on Second Avenue. He supports the request.

Porsche commented that she had a conversation with OSU Credit Union Representative Karen Schultz, who confirmed the situation laid out by Novak. They could look into another SBA loan, but that would include 5.75 percent interest and $4,000 in loan fees resulting in a monthly payment of about $1,238 for the SBA loan, compared to about $729 for a no-interest CARA loan.

Kellum said the Board just loaned $700,000 to a good businessman with many interests, yet is questioning whether to give a $175,000 no-interest loan to a project it has already invested in. While a no-interest loan bothers him, it's silly to worry about one but not the other.

Kopczynski said he thinks the long-term benefits of this are well worth the risk. He supports the request.

Penson said it's hard for her to make a decision on the request without documentation or something specific to demonstrate what the money is for, as opposed to just saying the money would really help. Porsche said she understands the concern. She noted, in this case, it's not so much that the scope of work has increased but rather that errors occurred on the part of the contractor and the bank.

MOTION: Kellum moved to approve the request for a no-interest loan, not to exceed $175,000. Kopczynski seconded the motion, and it passed 8-0.

Staff Updates and Issues

Porsche briefly reviewed the Albany Revitalization Agency (ARA) 2015-16 Approved Budget, which will be considered for adoption at the ARA meeting immediately following this meeting.

Porsche introduced Nathan Reid, a temporary City employee who will be helping with urban renewal work over the next year.

Porsche said the question of angle parking on Second Avenue was raised by a citizen. Her response was that angle parking will be looked at as an option as part of the streetscape design work on Second Avenue. Brief discussion followed.

BUSINESS FROM THE BOARD

Konopa said she would like to get more proactive on the program to assist with blighted single-family homes in the Hackleman Historic District. Porsche briefly reviewed the program to incent first-time homebuyers in that area. Staff will bring that back for further discussion.

NEXT MEETING DATE

Wednesday, July 15, 2015.

ADJOURNMENT

Hearing no further business, Acting Chair Collins adjourned the meeting at 7:11 p.m.

Submitted by,

Teresa Nix
Administrative Assistant

Reviewed by,

Kate Porsche
Economic Development & Urban Renewal Director

TO: CARA Advisory Board

VIA: Kate Porsche, Economic Development & Urban Renewal Director

FROM: Nathan Reid, Economic Development & Urban Renewal Coordinator

DATE: August 4, 2015, for August 19, 2015, CARA Advisory Board

SUBJECT: Staff Report – Historic Homebuyer Loan Program

Background

In 2013, staff started working with the Landmarks Advisory Commission (LAC) on the details for a new CARA program focused on historic homebuyers within the Hackleman Historic District. With the addition of Nathan Reid to the team, we have been able to move this project forward once again. This program was discussed and refined over the course of a handful of meetings with LAC.

Request

Approval of or feedback on the proposed Historic Homebuyer Loan Program.

Budget Impact

Funding for this item would come from CARA and was tentatively set at an annual allocation of seventy thousand dollars ($70,000). When we met in 2013, LAC proposed a slight increase to $80,000, which is one item for consideration by the CARA Advisory Board at next week's meeting.

Staff Review

Staff has worked closely with the LAC on the development of this program. Program was presented to LAC and received positive feedback and support for the program from each member.

Staff is also in support of the program in its current iteration (see attached program sheet for details). Some highlights include:

- Funds can only be used for those projects that would see an increase in tax-assessed value. Properties on the historic tax-freeze are not eligible.
- The program is focused in the Hackleman Historic District for those homes built prior to 1946; so the program would have a targeted approach for an area in need of revitalization.
- The program favors severely blighted houses or those being converted from multifamily back to single-family.
- Program is only for owner-occupied properties to ensure our money is not being used on income-generating properties or those that would be fixed up and sold for a profit.
- Minimum project size is $40,000, which is over the threshold that will trigger review by the assessor's office.
- With the passing of this program, staff will be in contact with local real estate agents to spread awareness of the program to maximize exposure.

KCP:NR:ldh
Attachment

G:\Economic Development\CARA\CARA Advisory Board\2015\Staff Reports\Hackleman Historic District Staff Report for CARAKCP2.docx

CENTRAL ALBANY REVITALIZATION AREA

Historic Homebuyer Loan Program

ABOUT THE PROGRAM

The Historic Homebuyer Loan program is available for buyers of historic properties (pre-1946) in the Hackleman Historic District (see map on back). The program is intended to incent the rehab of historic properties and continued owner-occupancy.

Activities

CARA funds may be used for exterior alterations approved by Albany Landmarks Advisory Commission, which will result in significant improvements. Funded work may also include structural work on the interior, life-safety improvements, or other work to take a multifamily structure back to single-family. See the General Information sheet for other important CARA program details.

Eligibility Requirements

- Property owners who can show fee title and have purchased the property within 12 months of CARA approval (First application to CARA must be within 12 months; if applying more than once, timing is not to exceed 24 months since purchase of property.).
- Home must be located in the Hackleman Historic District.
- Home must be built prior to 1946.
- Qualifying structures include owner-occupied, single-family historic or multifamily historic that will be converted back to single-family (may include one accessory apartment).
- Houses on the state tax-freeze are not eligible.
- Preference given to properties being converted from multifamily or to rehabilitation of severely blighted houses (including, but not limited to, code compliance cases with the City of Albany or unsafe structures).
- Minimum project size is $40,000, which is over the threshold that will trigger review by the assessor's office.
- Project work must be completed in 18 months.
- CARA's loan may only be in first or second position.
- Money can be used to pay city fees such as permits, applications, etc.

Overview

Program Allocation

$70,000 per budget year (possibly $80,000)

Timing

To be determined

CARA Funding

$8,000 - $20,000
Up to 20% of project costs per project. Reimbursement at 50% of eligible project costs when submitted.

Overall Project Costs

Minimum $40,000

Minimum Private Match

80% of project costs

Fees

$500

Rate

10-Year T-note rate + 1.25%

Terms

Interest-only payments so long as property is owner-occupied. Balloon payment at sale or refinance of the property, or non-owner occupancy.

For more information, contact:

Kate Porsche
Economic Development & Urban Renewal Director
City of Albany

kate.porsche@cityofalbany.net

541-497-6228

DRAFT

Process

Advertise/promote CARA Historic Homebuyer Loan Program

- Kate to promote via CARA outlets/speaking with realtors, etc.
- E-mail program information sheets to realtors of active listings within the boundary.
- Monthly check-in with recently listed on WVRMLS and sold properties on Linn County sale data.
- Bob Richardson to promote via LAC/Historic Albany forum, etc.

↓

Ad-hoc applicants first come to Landmark Advisory Commission with project description.

↓

Landmark Advisory Commission approval.

↓

Landmark Advisory Commission recommends slate of loans for approval quarterly (January, April, July, Ocober). Applicants may resubmit if not approved in the first go-around.

↓

CARA Approval – (Criteria: Does project as presented remove blight and solve blighting issues?)

- CARA preparation of documents.
- Final project review and check-in on project by LAC must be complete, including final permits, and final tally of project costs prior to final draw being dispursed.
- Draws approved by CARA staff.

TO: CARA Advisory Board

VIA: Kate Porsche, Economic Development and Urban Renewal Director

FROM: Nathan Reid, Economic Development and Urban Renewal Coordinator

DATE: August 6, 2015, for August 19, 2015, CARA Advisory Board Meeting

SUBJECT: Heritage Grant Program, Matching Funding

Background

During March 2015, the CARA Advisory Board recommended funding to light the Dave Clark Path. We now have an opportunity brought forward from a member of LAC and in collaboration with the Albany Regional Museum (ARM) to apply for a grant through the Oregon Heritage Grant Program. The goal of the this work and potential project is to further increase the points of interest and amount of people using the revitalized Dave Clark trail by installing cultural signage along path.

Cathy LeSuer, who brought forward this opportunity, is a board member of ARM and serves on the City's LAC. She, like us, believes that improved amenities, such as cultural signage, will draw people down to the trail. She is requesting that CARA consider partnering on this project for the 50 percent match for state funds.

State Grant Details

- Maximum grant: $3,000-$20,000
- Required minimum match: 50%
- Deadline: September 30, 2015
- Notified by: December 1, 2015
- Reporting deadline: April 30, 2017

CARA Request

Initial approval of the possible partnership with ARM in an amount not to exceed $20,000 as matching funds to leverage up to $20,000 of state funds. Final approval of funds from CARA would be made only if state grant is received and once costs are firmed up on signs.

Project Description

Project would further develop the Dave Clark River trail in Downtown Albany into a historic and cultural interpretative trail. We propose to build ten interpretative signs to be placed along the trail in front of the old commercial building foundations, with pictures of the buildings, cultural information, the history of the businesses, and the individuals who worked there. These heavy metal signs will be installed in conjunction with the new lights that will also be placed along the path.

Goals

The project's goal is to increase awareness, deepen knowledge, and create appreciation of the Downtown Albany historic riverfront. We believe this is also an educational opportunity for adults and school children.

Recommended Action

Staff recommends support of this partnership with the ARM to leverage grant funding from the state. To reiterate, support at this point is an initial approval only. Final approval would not come until (and if) the grant is received from the state and signage costs are firmed up.

KP:NR:ldh

G:\Economic Development\CARA\CARA Advisory Board\2015\Staff Reports\2015.08.13 Heritage Grant Program Matching FundingKCP.docx