APPROVED: July 20, 2016

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, May 18, 2016

MINUTES

Advisory Board Members present:	David Abarr, Russ Allen, Bill Coburn, Bessie Johnson, Rich Kellum, Sharon Konopa (arrived 5:26 p.m.), Ray Kopczynski, Dick Olsen (arrived 6:26 p.m.), Mark Spence, Maura Wilson
Advisory Board Members absent:	Rich Catlin (excused), Floyd Collins (excused), Loyd Henion (excused), Mitch Langjahr (excused)

CALL TO ORDER

Vice Chair Mark Spence called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

April 20, 2016

MOTION: Ray Kopczynski moved to approve the minutes as presented. Bessie Johnson seconded the motion, and it passed 8-0. Sharon Konopa and Dick Olsen arrived after the vote.

SCHEDULED BUSINESS

Business from the Public

None.

Presentation – Downtown real estate review

Peggy Burris, Executive Director of the Albany Downtown Association (ADA), and Scott Lepman, Real Estate Appraiser and Consultant, gave a presentation that was prepared for the annual Downtown Building Owner and Merchants Meeting held in January. The presentation was included in agenda packets. Burris said that ten new businesses opened in Downtown Albany in 2014, 13 new business opened in 2015, and four new businesses opened the first quarter of 2016. She is happy to report that all of these are still in business and only one has left the downtown area.

Konopa arrived at 5:26 p.m.

Lepman said that his firm evaluates real estate for the various projects that they pursue and that he volunteered to present this information because it makes clear that building owners can create a lot of value if they change their real estate. He reviewed information from the presentation, including the following:

- About 51% of downtown buildings are in residential, retail, and office space.
- About 45% (64,981 sq. ft.) of the residential space is vacant.
- About 17% (144,829 sq. ft.) of the retail/office space is vacant.
- About 83% of downtown property is owned by local people; most investment properties outside of the downtown are owned by people who live out of the area.
- These are older buildings and many of them have involved cash sales or private financing; many of the buildings may not be financeable.

- Analysis of the sales activity indicates that buildings are selling at about 32 percent of replacement costs; this is very atypical for any kind of real estate.
- In evaluating residential space vacancy, he estimates rent loss of about $623,818 annually and value loss of about $6 million.
- In evaluating commercial space vacancy, he estimates rent loss of about $1.4 million and value loss of about $13 million.
- The average sales price between 2005 and 2015 was $42 per sq. ft. Most financial institutions will lend about $31.50 per sq. ft. The cost to build or renovate an old building is about $100 per sq. ft. This means that about $68.50 per sq. ft. of funding must be contributed by the owner.
- In this market, the demand for residential space is high. If building owners fixed their upper level spaces for residential uses, they could use a portion of the proceeds to rehab lower level commercial spaces.

Lepman showed views of newer buildings in Portland that were made feasible due to their big footprint. He shared his opinion that it is uncertain to change real estate in Downtown Albany and that building owners aren't doing it to the degree he would like to see.

In response to a question from Russ Allen, Lepman said the residential vacancy of 45 percent is inclusive of underutilized and unoccupied residential property. Allen asked whether a 17 percent vacancy of retail/office is to be expected given the challenges in Downtown Albany. Lepman said he thinks a normal market would be more occupied; lower vacancy leads to higher rents and when rents go up, lending capacity also goes up.

Kopczynski commented that some of these buildings are aging and deteriorating and that building code changes have driven up costs and widened that gap. Lepman agreed, noting that fire and life and safety requirements are much different today than when these buildings were originally constructed.

Allen said he suspects that the retail/office vacancy was much higher a decade ago which means things are trending in the right direction. Economic Development & Urban Renewal Director Kate Porsche agreed.

Lepman said that although CARA's cause is noble, there is not the capacity to assist with all of these buildings; therefore, the bank financing aspect is really important.

Maura Wilson asked how the average sales price of $42 per sq. ft. versus the $100 cost to build or renovate compares to historic districts in other cities. Lepman said he suspects that a historic building in downtown Portland would sell for more than the rehab costs; tenants are competing to rent those spaces, so values go up.

<u>Scott Lepman – Project request for timing extension on Forgivable Loan</u>

Porsche referred to the written staff report and attached letter from Lepman's attorney requesting a six-month contract extension for the forgivable loan awarded for renovation of the Fortmiller building located at 420 Third Avenue SW.

Kellum asked who was responsible for the hold up. Lepman said there was a combination of things that would not have occurred with new construction, including delays in getting permits and issues found when tearing into the building.

Kellum said that Lepman has been doing this work for a long time and knew what he was getting into when he stepped up. To his way of thinking, unless City staff caused the problem, maybe the Advisory Board should consider making this an unforgivable loan with a reasonable interest rate. He suggested that staff be asked to bring back information on the cause of the delay from their perspective.

Spence said he works near the subject building and he observed that work started almost immediately and then stopped for about four months. If the desire is to have punitive loss of income, that will happen in this case because Lepman won't receive income until the building is ready.

Kellum said it costs CARA to give a forgivable loan; he thinks it's reasonable to hold this over to the next meeting and request additional information.

In response to questions, Porsche said the contract currently calls for the project to be complete by July 31, 2016, or the loan becomes due and payable. She noted that one of the complicating factors in this case is that the Fortmiller Building project is contractually linked with development of the adjacent vacant lot and that there was a point when Lepman paused on the Fortmiller Building because there was so much uncertainty about development of that vacant lot.

Kopczynski recalled that there was discussion about going through a code change process for the adjacent lot. He said he has no problem with extending the contract for six months.

Wilson agreed with Kopczynski. She said the timeline was tight for this very large project, let alone the permitting and other issues that came up. She said that Lepman's projects are proven and that holding the request for details from staff would further delay the project without much benefit.

MOTION: Kopczynski moved to approve the contract extension as requested. Johnson seconded the motion, and it passed 8-1 with Kellum voting no. Olsen arrived after the vote.

Edgewater Village – Request for timing extension on Developer Partnership

Porsche reviewed a request from George and Paula Diamond for an extension on their developer partnership for Edgewater Village. She noted the Diamonds had previously come before the Advisory Board with an update on their project and previewed that they would need an extension. They have submitted a new proposed timeline and requested an additional two years to complete the project, as detailed in the staff report. They have also requested that any homes built which exceed the amount outlined for that year would be credited to the next year's annual building requirement. The request has been reviewed and approved by staff and the City Attorney.

Kopczynski recalled that Diamond said he would consider building a riverfront home as a demonstration model, and he would like to see that occur. Sharon Konopa agreed, noting that a riverfront model home would be an attractor for the development which would spark interest in the other homes.

In response to questions from Wilson, Porsche reviewed the site plan and said staff is not so concerned about the order of the homes being built as long as there is progress according to the overall site plan.

Kellum said it was his understanding that Diamond was willing to develop a riverfront lot and he would like to accept the request contingent upon that occurring. Discussion followed regarding a potential motion, including whether it should be stipulated that a riverfront home be the next home built or that it be required by the end of 2017.

MOTION: Kellum moved to accept the timeframe outlined in the staff report with the addition of a contractual obligation to construct a home on a riverfront lot by the end of 2017. Wilson seconded the motion.

Wilson said the area is overgrown which lessens the impact of the beautiful homes, and she questioned whether this should be addressed in the motion. Following discussion, it was generally agreed that staff would telephone the Diamonds and convey the sentiment of the Advisory Board that the area needed to be cleaned up and maintained.

The motion passed 9-0.

Downtown Streets – Lyon & Ellsworth curb extensions and sidewalks questions

Porsche said that in working with Crandall's firm on final designs of the downtown streets project, a question has come up related to proposed curb extensions on the north parts of Lyon and Ellsworth Streets. Crandall's team feels strongly that they are critical in the retail core and have proposed curb extensions from First to Third Avenues at intersections that are signalized. Public Works staff doesn't feel there is enough of a benefit given the expected cost for curb extensions at those locations because they are already signalized for safety. Staff also had concerns about time and additional requirements associated with getting ODOT approval.

Porsche said a second question for the Advisory Board has to do with sidewalks along Lyon and Ellsworth Streets from First to Third Avenues. These sidewalks in the retail core are in poor shape and receive a lot of pedestrian activity. Staff wonders if the Board would like to reconsider replacing those sidewalks using a portion of the funds that were previously allocated for curb extensions along Lyon and Ellsworth Streets.

Johnson said she feels the curb extensions are not needed in this area and that using that money to fix the sidewalks would be a plus.

Coburn said the proposal to have curb extensions at the signalized intersections makes no sense given that their purpose is for pedestrians to have a better opportunity for safe crossing; however, replacing the sidewalks does make sense.

Kellum agreed that curb extensions are not needed at these locations. Beyond that, he is generally opposed to curb extensions because they result in a pedestrian's first step being into danger, as opposed to having a few steps where people have an opportunity to see the pedestrian and slow down.

Kopczynski said he normally likes to see curb extensions but he doesn't want to see them here; he does want to see the money go to fixing the sidewalks.

Olsen arrived at 6:26 p.m.

Kellum left at 6:27 p.m.

Allen said it would make sense in the historic district to have some cost-effective method of providing aesthetic value as opposed to just regular sidewalks. Coburn agreed; he mentioned a sand finish he has seen used and he suggested that option be relayed to the designer. Porsche said design discussions have included scoring patterns and other options for sidewalks and staff is closely monitoring that.

Konopa said that curb extensions are beneficial where there are non-signalized intersections because they make it more safe for people crossing who wouldn't otherwise be seen because of parked cars. Staff clarified that First, Second, and Third Avenues are signalized, that Fourth and Fifth Avenues have curb extensions, and that curb extensions would be constructed on Sixth and Seventh Avenues on the Lyon Street side. They are not currently planned at Sixth and Seventh Avenues on the Ellsworth side. The Fire Chief has reviewed the plans and was positive about the design change.

Coburn said that curb extensions are not in keeping with the historic nature of the neighborhood and that he hasn't seen studies showing that they create safety.

Spence said that curb extensions on First and Second Avenues would be dangerous and that he supports the chance to integrate something special with the sidewalks. Additional brief discussion followed.

MOTION: Kopczynski moved to approve the staff recommendation to not have curb extensions on the north part of Lyon and Ellsworth Streets and to use the savings for sidewalks in that same area. Allen seconded the motion, and it passed with 8-1 with Olsen voting no.

Downtown Streets – Second Avenue and Calapooia Street project

Porsche referred to the written staff report with details and costs related to the potential street project discussed at the last meeting. She noted that Councilor Collins had suggested that this request should first go to the City Council and then come back to CARA; however, without CARA funds, the City doesn't have funds for the project, so staff is bringing it to the Advisory Board.

Porsche reviewed the funding options as detailed in the staff report. The basic construction would include curb extensions at the intersections to create the diagonal parking, necessary drainage work, and striping, for a cost of $225,000. A second option would expand the scope to include three inches of new pavement along First Avenue, Calapooia Street, and Second Avenue for a total cost of $475,000. A third option would add construction of sidewalks, curb and gutter for a total cost of $625,000. Trees and wells on First Avenue and Calapooia would be an additional $25,000. The total cost for all of the elements would be $650,000. There is a possible Transportation Systems Development Charges (TSDC) contribution of up to $50,000.

Allen asked if the intent is to tie into other work being done on Second and Third Avenues. Porsche said yes, the look and feel would provide that continuation, but this project is proposed to be done on a different timeline. Allen said that, for him, the continuation of that streetscape work is the rationale for CARA providing this funding.

Kopczynski recommended doing the complete project with all of the proposed elements due to the proximity to the Albany Museum and Carousel (Carousel) and what that is expected to bring to the downtown.

Allen added that the additional parking spaces will be important in providing a place for Carousel visitors to park that doesn't push them off onto existing parking areas.

MOTION: Kopczynski moved to approve funding for the full project. Wilson seconded the motion.

Discussion following regarding the potential future of the post office site and whether it makes sense to replace sidewalks that may be torn up for future redevelopment. In response to questions from the Advisory Board, Transportation Systems Analyst Ron Irish said the sidewalks are not in great condition but there is not a lot of pedestrian activity at this time.

Kopczynski said that adding parking spaces on the west end will result in people using that sidewalk which reinforces the need to have the sidewalks constructed. Konopa agreed.

Coburn suggested the motion could be approved with the caveat that staff verify the condition of the sidewalks and determine if replacement is needed.

In response to a question from Olsen, Irish said it would be possible to leave the existing sidewalk and cut pieces out for tree wells but he is not sure staff would recommend doing the tree wells if not doing the sidewalk.

Allen said he will vote against the motion and hope for follow-up motion that is less inclusive.

The motion passed 5 to 4:

Yes: Coburn, Konopa, Kopczynski, Spence, Wilson
No: Abarr, Allen, Johnson, Olsen

Porsche referred to diagrams in the staff report showing the layout of both pull-in and back-in angled parking. She said back-in angled parking has been shown to be significantly safer in pedestrian and bike heavy areas due to the way parking movement occurs, as well as the way people exit to the back of the vehicle which is now the sidewalk. She noted that back-in parking was problematic in Sisters where it was used on two-way streets; but it has been found to be very effective on one-way streets such as that proposed. Crandall, the

Carousel, and the ADA have all approved of moving forward with back-in angled parking. A traffic study has been provided, as well as a historic photo from 1923 showing back-in angled parking on First Avenue.

Coburn said that he is a fan of back-in angled parking and that the traffic study points out a lot of the benefits. He commented that the system in Sisters is working better now that people have become used to it, and he noted that the historic photo shows back-in angled parking was used on a two-way street in 1923.

Kopczynski said his concern is that some people won't know how to navigate back-in angled parking. Porsche said staff recognizes that this would be new and different and have discussed doing a fun promotional piece. Brief discussion followed regarding potential promotional and publicity efforts.

MOTION: Coburn moved to approve the back-in angled parking. Olsen seconded the motion, and it passed 6-3 with Abarr, Johnson, and Kopczynski voting no.

Reports

Proposed ARA Budget FY 2016-2017 and *CARA effect on General Obligation Bonds*

Porsche noted the reports were included in agenda packets for Advisory Board members' information.

CARA/ARA Capital Improvement Program

This item was held to the next meeting.

Staff Updates and Issues

Porsche advised that Advisory Board members will receive an invitation to groundbreaking of the Carousel.

BUSINESS FROM THE BOARD

There was no additional business.

NEXT MEETING DATE

Wednesday, June 15, 2016

ADJOURNMENT

Hearing no further business, Chair Catlin adjourned the meeting at 7:13 p.m.

Submitted by,	Reviewed by,
Signature on File	*Signature on File*
Teresa Nix Recorder	Kate Porsche Economic Development & Urban Renewal Director