



URBAN RENEWAL AGENCY

Urban Development Department

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

Disability-related modification or accommodation, including auxiliary aids or services, in order to participate in this meeting or event, are available upon request. Sign language and interpreters for languages other than English are also available on request. To request accommodations or services, please contact the ADA Liaison at 503-588-6178 or Urbandev@cityofsalem.net at least two business days in advance (TTD/TTY 503-588-6439).**

Downtown Advisory Board

Board Members

Aaron Terpening, Chair
Linda Nishioka
Brad Compton
Tyson Giza
Hilary Holman-Kidd
Joshua Kay, Vice-Chair
Vincenzo Meduri
Scott McLeod
Dana Vugteveen
Laurie Miller
Charles Weathers

City Staff

Sheri Wahrgren, Downtown Revitalization
Rebecca Ziegler, Project Manager
Anita Sandoval, Supervisor
www.cityofsalem.net

Next Meeting:

October 22, 2020

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Meeting Agenda

Thursday September 24, 2020
12:00 p.m. – 1:30 p.m.

**Due to the COVID-19 Pandemic, this meeting is being conducted virtually, with remote attendance by the governing body. No in-person attendance is possible. Interested persons may view the meeting online on [YouTube](https://www.youtube.com). Please submit written comments on agenda items by 5:00 p.m., or earlier, one day prior to the day of the meeting at DAB@cityofsalem.net.

Opening exercises

Approval of Agenda

Approval of Minutes from August 27, 2020

Action Items –

- a. Shall the DAB recommend Agency Board approval of revisions to the Capital Improvement Grant Exception Criteria?
- b. DAB Sub-Committee Report (UGM/Saffron Redevelopment Opportunity RFP)

Information Reports

- a. Police Facility Project Update – Allen Dannen

What's Happening Downtown

Adjournment

MINUTES

Downtown Advisory Board

Thursday, August 27, 2020–12:00 P.M.

Virtual Meeting

[YouTube](#)

1. CALL TO ORDER

Call to Order and Roll Call: 12:00 PM

Roll Call: Tyson Giza; Joshua Kay; Hilary Holman- Kidd; Laurie Miller Linda Nishioka; Aaron Terpening; Dana Vugteveen; Charles Weathers

Absent: Brad Compton; Vincenzo Meduri; Scott McLeod

Staff: Anita Sandoval; Sheri Wahrgren; Rebecca Ziegler

APPROVAL OF AGENDA

Motion: Move to add an Update from the RFP Subcommittee

Motion by: Board Member Nishioka

Seconded by: Board Member Holman-Kidd

Action: Approved the addition of an agenda item

Vote: Aye: Unanimous **Motion PASSES**

Motion: Move to approve the agenda for August 27, 2020, as amended

Motion by: Board Member Vugteveen

Seconded by: Board Member Nishioka

Action: Approved the agenda for August 27, 2020, as amended.

Vote: Aye: Unanimous **Motion PASSES**

2. APPROVAL OF MINUTES

Motion: Move to approve the Minutes from June 25, 2020, as presented

Motion by: Board Member Nishioka

Seconded by: Board Member Weathers

Action: Approved the Minutes from June 25, 2020; as presented.

Vote: Aye: Unanimous **Motion PASSES**

3. ACTION ITEMS

a. Capital Improvement Grant Exception Criteria Revisions - Sheri Wahrgren

Comments/Questions: Terpening, Nishioka, Weathers, Kay, Vugteveen

Motion: Recommendation to table the discussion to a future meeting.

Motion by: Member Vugteveen

Seconded by: Member Weathers

Action: Approved tabling the discussion to a future meeting.

Vote: Aye: Unanimous **Motion PASSES**

4. INFORMATION REPORTS

a. Downtown Café Dining Program – Sheri Wahrgren

Comments/Questions: Terpening, Kay

b. Our Salem Update – Sheri Wahrgren

Comments/Questions: None

c. Saffron/UGM RFP Subcommittee Update

Comments/Questions: Kay, Giza, Nishioka, Wahrgren, Terpening

The Board will review the Criteria options, rank, and return to staff by September 4 with more discussion planned for the September meeting.

5. “WHAT’S HAPPENING DOWNTOWN?”

- a.** Staff will meet with new owners of the Nordstrom building
- b.** Staff met with owners of vacant buildings to discuss any future plans
- c.** Masonry is up on the Nishioka building
- d.** New UGM building has begun construction
- e.** Police station set for completion in October
- f.** Maps Credit Union under construction
- g.** SKEF building has sale pending
- h.** Holman Hotel still moving forward with plans in for review
- i.** Bike share program options have ceased

6. ADJOURN – 1:20 p.m. Next Meeting: September 24, 2020



MEMORANDUM

Urban Development Department

DATE: September 24, 2020

TO: Downtown Advisory Board

FROM: Sheri Wahrgren, Downtown Revitalization Manager

SUBJECT: Should DAB approve the recommendation for Capital Improvement Grant Program Exception Criteria to the Agency Board?

On August 27, 2020, the Downtown Advisory Board had been presented with a staff recommendation to amend the Capital Improvement Grant Exception Criteria for the purpose of including a request which allows a large adaptive reuse project. The Criteria is used to qualify projects for Urban Renewal Agency Board approval that exceed the maximum grant funding of \$300,000.

Currently, property owners requesting an exception need to meet the base benefits of the Capital Improvement Grant Program objectives plus the additional benefits/goals of the exception criteria (Attachment 1; Exception Criteria Guidelines).

The Downtown Advisory Board reviewed the proposed amendment and inquired about the inclusion of property acquisition as one of the criteria to qualify for a maximum grant exception. Staff shared that acquisition was not an eligible grant item in the grant program or as an eligible exception criterion. Grant funds have historically been used to fill financing gaps where the financial risks of a project are shared between property owner and City and disbursed over time based on the progress of a project in order to minimize risk of expending City funds prior to receiving the benefits of which the funds were intended. To date, Capital Improvement Grant funds have partially funded costs to build or improve properties where the results of that investment are achieved within a defined period of time. Investing in the acquisition of a property, even with the most certainty that it will move forward, carries a risk that the City investment does not obtain the result for which it was intended and reduces the amount of grant funds that could be available for a project that is ready to move forward.

As part of this discussion staff was asked to research other City's grant programs to see if acquisition was a common eligible project or if there were eligible items that would enhance the Capital Improvement Grant Program that should be considered as an addition to the Exception Criteria.

Staff researched the guidelines and grant eligible items for the following cities in Oregon:

City of Eugene
City of Gresham
City of Hillsboro
Bend
Fairview
Grants Pass

Prosper Portland
Oregon City
Lincoln City
Redmond
Tigard

Attachment 2 is a summary of research completed.

Based on the research completed on eleven cities in the State of Oregon, only two cities included acquisition as an eligible item to be funded of which both are loan programs, not grant.

Lincoln City allows acquisition in conjunction with a business expansion/recruitment, but it is not offered as a grant, but as a loan program. Portland Prosper has a Commercial Redevelopment Loan Program that includes acquisition as an eligible item, and the program includes multiple layers of qualifying objectives in order to be eligible for the loan. Those objectives include preservation, transit-oriented projects, and job creation/growth requirements.

The City of Salem's Capital Improvement Grant Program is superior to programs offered in other cities. It has a funding maximum that incentivizes development, preservation, and redevelopment in downtown, and also includes a process to consider more grant funding if the project meets the exception criteria.

Staff is seeking the Downtown Advisory Boards recommendation of support to the Urban Renewal Board of the proposed amendments to the Exception Criteria that were presented the first time at the August 27th board meeting for consideration and are being presented again for your consideration.

Current Capital Improvement Grant Program Exception Criteria (current guidelines attached)

Mandatory Requirements

- 1) Project must meet a minimum of two Capital Improvement Grant Objectives¹,
- 2) 4:1 Leverage of Private/Public Funds, and
- 3) Project must meet one of the following "Other" criteria,
 - Grant payback analysis of increased tax increment reflects payback over 7-10 year period or sooner, or

- Project is characterized as blight due to obsolescence, deterioration, dilapidation, mixed character or shifting of uses, or
- Affordable Housing

Proposed Revisions to Capital Improvement Grant Program Criteria

Mandatory Requirements

- 1) No Change Proposed –Project must meet a minimum of two Capital Improvement Grant Objectives
- 2) No Change Proposed – 4:1 Leverage of Private/Public Funds
- 3) Proposed changes in *bold* – Project must meet one of the following “Other” criteria,
 - **Third-party** Grant payback analysis of increased tax increment *that* reflects payback **of grant** over a 7-10 year period or sooner, or
 - Project is characterized as blight **as followings; 1) raw land or building that has been vacant for more than 5 years; or building has been designated as a derelict building by the City of Salem, or**
 - Affordable Housing, **change to Housing, or**
 - **Adaptive reuse of existing building where grant eligible project costs are in excess of \$3M**

The proposed Capital Improvement Grant Program Exception Criteria supports multiple goals and provides transparency to potential grant applicants, DAB and Agency Board members when exceptions are requested for consideration.

Attachment 1: Capital Improvement Grant Program Exception Criteria Guidelines
Attachment 2: Grant/Loan Research Summary

CAPITAL IMPROVEMENT GRANT PROGRAM EXCEPTION GUIDELINES

Mandatory Requirements

- 1) Project must meet a minimum of two Capital Improvement Grant Program Objectives listed below:
 - a. New construction
 - b. Mixed-use, including housing
 - c. Alley improvements
 - d. Historic preservation projects that require Historic Landmarks Review
 - e. Expansion of existing business, retention or recruitment of new business that results in creating new jobs
 - f. Upper floor renovations - improvements that make currently un-leasable space to a level it can be occupied.
- 2) 4:1 Leverage of Private/Public Funds; and
- 3) Project must meet one of the following "Other" criteria,

Other Criteria:

- a. Grant pay back analysis of increased tax increment reflects payback over 7-10 year period or sooner, or
- b. Project is characterized as blight due to obsolescence, deterioration, dilapidation, mixed character or shifting of uses,
- c. Affordable Housing

Grant/Loan Research Summary - September 2020		Attachment 2								
City	Grant/Loan Programs Program	Funding Maximum	Eligible Projects	Terms						
Redmond	Small Projects Grant	up to \$5K	Exterior renovations	Reimburse up to 50% of cost						
	Façade Rehabilitation Grants	up to \$4K	Exterior aesthetics	Pay 100% of costs						
	Property Rehabilitation Loan Program	up to \$100K	Exterior improvements	One-time loan						
	Restaurat Capital Improvemets		Restaurant Expansion							
			Acquisition not eligible							
Lincoln City	Façade Improvement Loan	up to \$130K	Building improvements	0% int/10 yr term						
	Energy Efficiency Loan	up to \$75K	Energy improvements	0% int/10 yr term						
	Business Expansion Loan	up to \$75K	Additions, equipment	0-2% int/10 yr term						
			Acquisition only eligible							
			for business expansion							
			program							
Fairview	Development Grant Program	up to \$100K	Demolition, environmental	Grants over \$20K require URA						
			traffic improvements	approval						
			Acquisition not eligible							
Tigard	Improvement Program Opportunity Fund	up to \$25K	Façade improvements	requires 50% funding match						
	Has interior/exterior programs		Tenant improvements							
			Acquisition not eligible							
Grants Pass	Building Façade Matching Grant Fund	up to \$5K	Exterior improvements	One-time matching grant						
			Acquisition not eligible							
Oregon City	Storefront Improvement Grant	up to \$20K	Façade Improvements	Requires 50% match						
	Adaptive Reuse/Rehabilitation Grants	up to \$200K	Interior renovations only	Program budget is \$200,000						
	Meeting with Director is required prior		Acquisition not eligible	Applications based on level of						
	to application submittal			owner investment and size of						
				square footage renovated.						

Gresham	Only funding is Federal								
Eugene	Historic Property Restoration Grant	up to \$1,000	Improvements to historic structures	Dollar for Dollar match					
	River Loans	\$75K-\$500K	Redevelopment of properties in River District. TI's, renov.	Terms are project specific					
	Downtown loans	up to \$500K	Renovations, TI, historic preservation, accessibility	Terms are project specific					
			Acquisition not eligible	Financing not to exceed 50% of overall budget					
	Art Loans	\$10K-\$100K	Murals, historical renovations	Terms are project specific					
			signage, façade improvements	Financing not to exceed 50% of overall budget					
Bend	Only business grants that are federally funded								
Prosper	Prosperity Investment Program (PIP)	up to \$50K	Commercial property related improvements	Additional information not on website					
Portland			Acquisition not eligible	up to \$75K with Director approval					
	Commercial Property Redev. Loan	Gap lender	Hard/Soft Costs	Program has objectives in order to be eligible					
	assist with new and redevelopment	typically	Seismic Upgrades	along with meeting a business category requirement.					
	tenant improvements that encourage	10-20% of	Public Infrastructure	Objectives include Preservation, Transit-oriented					
	business development and job growth	project	Environmental	and Permanent Job growth.					
		funding	Acquisition is eligible	3%/10 yr, equity requirement					
	Community Livable Grant	Avg Grant	Permanent, real property	Through competitive annual application cycle					
	Funding tied to 5 small URA's	\$50K	improvements that						
			increase access to jobs,						
			support wealth creation,						
			Enhance neighborhood						
			culture, support neighbor-						
			hood priorities						
Hillsboro	Downtown Storefront	up to \$40K	Exterior façade improvements	Requires 1 to 1 match					



MEMORANDUM

Urban Development Department

DATE: September 24, 2020
TO: Downtown Advisory Board
FROM: Sheri Wahrgren
SUBJECT: UGM/Saffron Redevelopment Opportunity RFP

At the August 27th Downtown Advisory Board Meeting, the board discussed some draft elements to consider including in the UGM/Saffron Redevelopment Opportunity Request For Proposal (RFP). Board members were then asked to identify from the list of criteria elements those that they felt should be included in the scope/vision for the redevelopment of the site.

Five board members provided feedback on the proposed items. The results of that data are summarized below:

	<u>Score</u>	<u>Ranking</u>
Alignment with goals/objectives of RDURA/Strategic and Streetscape Plans	22	1
Design Creativity	17	2
Experience/Qualifications of Development Team	17	2
Leverage of RDURA Funds to Private Investment	16	3
Type of Uses	14	4
Job Creation	14	4
Total Cost of Project	14	4
For-Profit versus Non-Profit	13	5
Timeline for completion	13	5
SF Size of redevelopment	12	6
\$Amount, Number and Type of City incentives	12	6
Relationship to surrounding uses	11	7
Phased development versus all at once	8	8
Environmental responsibility- Green Building	8	8
Requirement of off-street parking	5	9

Additional comments board members shared in their responses:

- Project should consider building security
- Would prefer parking not be solved on streets
- Preference for tax revenue
- Having too many boundaries will limit participation – example green building, parking requirement

The above information will help develop the message that is provided to potential developers regarding a goal/vision for the properties.

During the discussion in August, the Board had preliminary consensus that the RFP should encourage flexibility and creativity by not dictating any specific uses but provide background information on the type of uses that have been shared from the DAB public meeting and the Board. The same approach could be taken for those elements on the survey list that received lower rankings. They could be encouraged or referenced in the RFP for a developer to consider when preparing a response, but not a requirement, that could eliminate a project from being considered.

UGM/Saffron Redevelopment Opportunity

Items to consider in RFP?

**Ranking 1-5
(5 being highest)**

Design Creativity	
Alignment with goals/objectives of RDURA Plan	
Leverage of RDURA Funds to Private Investment	
SF Size of redevelopment (complete site, portion, additional properties)	
Type of uses (housing, commercial, retail)	
\$Amount, Number and Type of City incentives requested	
Experience/Qualifications of Development Team	
Relationship to surrounding uses	
Phased development versus all at once	
For Profit versus Non-Profit	
Timeline for Completion	
Job Creation	
Total Cost of Project	
Requirement of off-street parking – attachment to skybridge?	
Environmental responsibility- Green Building	
Other	
Other	