



IMPROVING OUR COMMUNITY

# COLUMBIA GATEWAY URBAN RENEWAL AGENCY

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## CITY OF THE DALLES

### **AGENDA**

#### **COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD**

Meeting Conducted in a Room in Compliance with ADA Standards

**Tuesday, July 16, 2019**

**5:30 p.m.**

City Hall Council Chambers

313 Court Street

The Dalles, Oregon

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. APPROVAL OF AGENDA
- V. APPROVAL OF MINUTES – June 11 and June 18, 2019
- VI. PUBLIC COMMENT
- VII. ACTION ITEMS
  - A. Consideration of Proposed Amendments to Property Rehabilitation Grant and Loan Programs Administrative Plan and Program Descriptions
  - B. Tony's Department Store Property, 401-407 East Second Street  
Agency discussion and action regarding disposition of property
- VIII. STAFF COMMENTS

Next Regular Meeting Date: August 20, 2019
- IX. BOARD MEMBERS COMMENTS OR QUESTIONS
- X. ADJOURNMENT

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IMPROVING OUR COMMUNITY

## COLUMBIA GATEWAY URBAN RENEWAL AGENCY

### CITY OF THE DALLES

## SPECIAL MEETING MINUTES

### COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

Meeting Conducted in a Room in Compliance with ADA Standards

**Tuesday, June 11, 2019**

**5:30 p.m.**

#### **CALL TO ORDER**

Chair Grossman called the meeting to order at 5:29 p.m.

#### **ROLL CALL**

Present: Scott Baker, Staci Coburn, Bob Delaney, Gary Grossman, Steve Kramer, Darcy Long-Curtiss, and Linda Miller

Absent: John Fredrick and Tim McGlothlin

Staff Present: Urban Renewal Manager Steve Harris, City Attorney Gene Parker

#### **PLEDGE OF ALLEGIANCE**

Chair Grossman led the Pledge of Allegiance.

Board Member McGlothlin arrived at 5:30.

#### **APPROVAL OF AGENDA**

It was moved by Board Member Miller to approve the agenda as written; Board Member Coburn seconded the motion. The motion passed 8/0; Baker, Coburn, Delaney, Grossman, Kramer, Long-Curtiss, McGlothlin and Miller in favor, none opposed, Fredrick absent.

#### **PUBLIC COMMENT**

None.

#### **EXECUTIVE SESSION**

Chair Grossman read the rules for Executive Session. Pursuant to Item VI. A. of the Urban Renewal Agency Board Agenda dated June 11, 2019, which cites ORS 192.660(2)(e), the Board adjourned to Executive Session at 5:33 p.m.

Chair Grossman reconvened the Open Session at 6:03 p.m.

Board Member Long-Curtiss moved to reject the counter offer from Tony Zilka for the Blue Building located at 201 Washington Street; Board Member McGlothlin seconded the motion. The motion passed 8/0; Baker, Coburn, Delaney, Grossman, Kramer, Long-Curtiss, McGlothlin and Miller in favor, none opposed, Fredrick absent.

### **PUBLIC COMMENT**

Chair Grossman allowed public comment after the Executive Session.

Jim Youtsey, 260 Lone Pine Lane, #3, The Dalles

Mr. Youtsey stated he was part of a coalition of agencies in The Dalles trying to find solutions for the mentally ill and homeless.

At an event held at the Senior Center in January, over 107 registered homeless people showed up for pedicures, haircuts, identification and more. Mr. Youtsey would like to see a place where the homeless could go daily for medical attention, mental attention, and counseling.

Mr. Youtsey said he was sure they could come up with the money to make the Blue Building inhabitable.

Elizabeth Turner, 7000 Eight Mile Road, The Dalles

Ms. Turner is on the same committee with Mr. Youtsey. She visited City Team in Portland, and My Father's House in Gresham. City Team deals mainly with street traffic; My Father's House works mostly with families on a one-year contract. Both organizations are welcomed in their communities.

Ms. Turner stressed the need for a place to rehabilitate and educate in order to stop the cycle and help the homeless re-join the workforce.

### **STAFF COMMENTS**

The next regularly scheduled meeting is June 18, 2019. The consultants for the Downtown Visioning project will report on the results of the May 6 Public Meeting. A discussion of the Tony's Building is also scheduled.

### **BOARD MEMBERS COMMENTS OR QUESTIONS**

In response to an inquiry, City Attorney Parker clarified that no amendments would be made to the original DDA.

### **ADJOURNMENT**

Chair Grossman adjourned the meeting at 6:18 p.m.

Respectfully Submitted  
Paula Webb, Community Development Secretary

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Gary Grossman, Chair



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COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

**AGENDA STAFF REPORT**  
**AGENDA LOCATION: VII. A.**

**DATE:** July 16, 2019

**TO:** Chair and Members of the Urban Renewal Agency Board

**FROM:** Steven Harris, AICP  
Urban Renewal Manager

**ISSUE:** **Consideration of Proposed Amendments to Property Rehabilitation Grant & Loan Programs Administrative Plan & Program Descriptions**

**BACKGROUND**

Current Program Guidelines date from June 2016, and reference the “Urban Renewal Advisory Committee” in the review of certain loan and grant applications. The Advisory Committee was dissolved along with the restructuring of the Agency Board in 2016, therefore staff recommends that the Program Guidelines be amended to reflect this change.

**DISCUSSION**

In addition to the deletion of references to the Agency Advisory Committee, staff recommends that the Board consider amendments which:

1. Add the City website where Program applications and guidelines are available to the public;
2. Designates staff representatives from the City Finance and Community Development Departments and the City Manager’s Office in the review of certain loan and grant applications; and
3. Prioritizes façade improvement grant application awards to applicants that have not received similar grant funding for the previous two (2) year period.

The following proposed amendments to the Program Guidelines are shown in “*italics*”, with the current language in ~~strikeout text~~. Page numbers cited are those of the marked up version of the Guidelines (07.02.19).

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Urban Renewal staff will make an annual report on all approved grants and loans to the ~~Urban Renewal Advisory Committee (hereafter, "Advisory Committee")~~ and Urban Renewal Agency Board (hereinafter, "Agency Board").

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**Historic Design and Restoration Program**

**Application and Design Review Process:**

4. If the application is denied, the applicant may ~~either~~ appeal to the ~~Advisory Committee~~ and Agency Board, or revise and resubmit for reconsideration.

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**Redevelopment of Unused and Underused Property Program**

**Application and Design Review Process:**

1. Applications and guidelines will be available at City Hall, *City website*, local banks, and Mid-Columbia Economic Development District.
4. If an application is denied after the initial screening, the applicant may ~~either~~ appeal to the ~~Advisory Committee~~ and Agency Board, or revise and resubmit for reconsideration.
5. All subsidy applications requesting \$50,000 or more in interest subsidies will require ~~review by the Advisory Committee~~ and approval by the Agency Board. All other projects will be reviewed and approved by a three-person staff design review team ~~appointed by the City Manager comprised of representatives from the City Finance and Community Development Departments and the City Manager's Office.~~
  - a. Applications denied by staff design review teams may ~~either~~ appeal to the ~~Advisory Committee~~ and Agency Board, or revise and resubmit for reconsideration.

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**Blighted Property Demolition Loan Program**

**Eligible projects:**

If the applicant can show that the building contributes to blight as defined above, and the Agency determines that the building contributes to blight, a loan may be made to pay for the cost of demolition of the building. All projects exceeding \$15,000 annual cost to the Urban Renewal program will require ~~review by the Advisory Committee~~ and approval by the Agency Board. All other projects will be reviewed and approved by a three-person staff design review team ~~appointed by the City Manager comprised of representatives from the City Finance and Community Development Departments and the City Manager's Office.~~

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**Civic Improvements Grant Program**

**Grant Process:**

2. The grant proposals will be reviewed by staff and ~~referred to the Advisory Committee at the first meeting in September or March, respectively.~~ *forwarded with a recommendation to the Agency Board for a decision at the meeting in September or March, respectively.*
3. ~~The proposal will be forwarded with the recommendation of the Advisory Committee to the Agency Board for a final decision at the first meeting in October or April, respectively.~~

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**Façade Improvement Grant Program**

Grants may be made to the Agency by a for-profit, non-profit, and civic organizations for projects within the boundaries of the Urban Renewal Area upon approval of application. Grants are awarded on a first-come first-served basis and are available to both property owners and business owners who provide written evidence of property owner authorization for the façade work. *Preference will be given to applicants that have not received grant funding within the previous two (2) years.* Grant awards are subject to available program funds. Priority is given to projects that meet the most goals of the Urban Renewal Area Plan.

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**Fire Suppression System Grant**

**Grant Process:**

2. The grant application will be reviewed by staff and referred to the Historic Landmarks Commission (if required) ~~or Urban Renewal Advisory Committee~~ at the next available meeting.
3. The application will be forwarded with the recommendation of the ~~Advisory Committee~~ *Historic Landmarks Commission (if required)* to the Agency Board for a ~~final~~ decision at the next available meeting.

**STAFF RECOMMENDATIONS**

1. Staff recommendations: *Move to approve the amendments to the Property Rehabilitation Grant and Loan Programs Administrative Plan and Program Descriptions as recommended by staff.*
2. Approve other amendments to the Property Rehabilitation Grant and Loan Programs Administrative Plan and Program Descriptions as the Board deems appropriate.
3. Decline and direct staff as appropriately.

**Attachments**

Marked up version of Program Guidelines (07.02.19)

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## COLUMBIA GATEWAY URBAN RENEWAL AGENCY

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### CITY OF THE DALLES

## **Property Rehabilitation Grant and Loan Programs Administrative Plan and Program Descriptions**

The Columbia Gateway/Downtown Urban Renewal Plan and Report (as amended) allows for a variety of projects and activities including Property Rehabilitation Grant and Loan Programs. This administrative plan outlines the program descriptions, guidelines, and procedures to implement this program.

The Administrative Plan consists of five parts:

- (I) The Historic Design and Restoration Program
- (II) The Redevelopment of Unused and Underused Property
- (III) The Civic Improvements Program
- (IV) Façade Improvement Grant Program
- (V) Fire Suppression System Program

The Historic Design and Restoration Program consists of grants for professional services through the Architectural and Engineering Services Grant program.

The Redevelopment of Unused and Underused Property Program has two elements; (A) a Redevelopment and Restoration Loan Interest Subsidy program and (B) a Blighted Property Demolition Loan program.

The Civic Improvements Grant program provides grants to community groups to pursue civic-oriented projects.

The Façade Improvement Grant Program provides grants to commercial (for-profit and non-profit) as well as civic organizations for building façade improvements. Some residential structures may qualify for a façade improve grant (see specific requirements and limitations). All improvements will be maintained for the reasonable life of the improvements as identified in the agreement for each grant.

The Fire Suppression System Program provides grant funds to upgrade or retrofit fire suppression systems in multi-story mixed use buildings. Funds must be directed at the fire suppression systems for residential development of the property. This grant does not cover fire suppression system on property where commercial operations are the sole use. All improvements will be maintained for the reasonable life of the improvements as identified in the agreement for each grant.

Priority for funding will generally be given to loan programs over grant programs with loan programs for landmarked buildings having priority over non-landmarked buildings. Urban Renewal staff will make an annual report on all approved grants and loans to the ~~Urban Renewal Advisory Committee (hereafter, "Advisory Committee")~~ and Urban Renewal Agency Board (hereinafter, "Agency Board"). To participate, the applicant must be, or have approval of the property owner.

## **I. Historic Design and Restoration Program**

The Urban Renewal Agency (hereinafter, "Agency") will provide grants for Architectural and Engineering design services to assist in the restoration and renovation of historic buildings and buildings located in the Historic Districts within the Urban Renewal Area up to \$3,000. The intent of the Agency is to encourage property and business owners to pursue restoration projects that return exterior facades of the buildings to their original design and character or to a compatible design. The program also supports other qualified work, which will increase the value and use of historical buildings. These grants seek to upgrade the physical characteristics of the city and improve the value of buildings by preserving the thriving historic character of the downtown and other historic districts.

### **Architectural and Engineering Services Grant:**

The Agency will provide a one-time grant of up to \$3,000 for professional architectural and engineering design services for restoration activities meeting historically compatible requirements and other City regulations. These grants are intended to assist applicants demonstrating a willingness and an ability to complete historic restorations in obtaining preliminary designs and cost estimates prior to starting a project. After receiving approval from the Agency, recipients will be reimbursed for expenses incurred in procuring authorized services. Recipients of historic design grants are also eligible to receive a loan interest subsidy from The Agency through the Redevelopment and Restoration Loan Interest Subsidy program.

### **Eligible projects:**

This program supports professional architecture and engineering services in the planning of projects that will restore facades, exteriors, and some types of interior work to historical designs and character. The Project must be located inside the Historic Districts and the Urban Renewal Area, or must be designated as an historic building and within the Urban Renewal Area. The following list is not exhaustive, but covers the majority of eligible design projects:

1. Replacement, repair, or alteration of building exteriors (facades) or elements such as doors, windows, porches, balconies, etc.
2. Repair or replacement of awnings, cornices, or decorative details.
3. Exterior painting and cleaning (major, not maintenance).
4. Masonry repair or cleaning.
5. Sign repair, replacement, or removal.
6. Rehabilitation of interiors of second stories or above to make the space usable if not currently in use or to allow for a higher and more valuable use.
7. The following interior work may be eligible only if done in conjunction with, and as an integral part of, an overall qualifying project:
  - a. General access to building and elevators to access upper floors
  - b. ADA access projects including ADA restrooms
  - c. HVAC
  - d. Major commercial kitchen construction and fixtures (not stand alone equipment)
  - e. Major building code compliance

**Ineligible activities:**

1. Cleaning
2. Property maintenance
3. Building interiors other than those specifically allowed in number 6 and 7 above
4. Building acquisition
5. Refinancing of existing debt. \*See #5 below in Conditions and Considerations
6. Inventory or other working capital
7. Administrative costs or payments to borrower

**Design services program description**

The applicant will contract with architects and engineers to provide professional architectural and engineering design services for restoration projects meeting historically compatible requirements.

1. The Agency will pay up to \$3,000 for qualified design work as outlined above.
2. The architects or engineers must have a working knowledge or ability to gain knowledge of the requirements of The Dalles Historic Landmarks Commission.
3. The project design must seek to restore the buildings to historic conditions or to a compatible design.
4. All proposed improvements and final designs will be reviewed by Agency Staff for compliance with the Secretary of the Interior's Standards for Rehabilitation Guidelines and the Dalles Historic District Guidelines.
5. Projects assisted by this program are to be exterior rehabilitation and/or renovation projects showing significant aesthetic improvement to the property or qualifying interior projects that provide significant increase in value of the property and its use.
6. The awarding of grants is subject to the availability of program funds.

**Application and Design Review Process:**

1. Applications and guidelines will be available at City Hall.
2. Applicants for the design grant will submit an application and attach a project overview, initial project concept, intent of the design services, proposed architect or engineer, proposed project timeline, and documentation from a financial institution demonstrating a reasonable ability to pursue the project.
3. Upon receipt of a complete application, Urban Renewal staff will review the application for eligibility and satisfaction of the application requirements. If the application passes review and funds are available, Agency staff will issue a commitment to fund the grant.
4. If the application is denied, the applicant may ~~either~~ appeal to the ~~Advisory Committee and~~ Agency Board, or revise and resubmit for reconsideration.
5. Upon submission of final designs, plans, specifications, cost estimates, and any other relevant documentation, the Agency will reimburse up to \$3,000 for eligible expenses.

## **II. Redevelopment of Unused and Underused Property Program**

In order to facilitate the redevelopment of unused and underused land and buildings, the Agency will provide interest rate subsidies and demolition grants for qualifying projects. Loans and grants will be made for exterior rehabilitation and/or renovation projects showing significant aesthetic improvement to the property or qualifying interior projects that provide significant increase in value of the property and its use and for demolition if new construction is planned. The improvements must be designed to be compatible with surrounding property, to upgrade the physical characteristics of the City, and to improve the value of buildings. If the property is landmarked or located within an historic district, the project will be subject to review and approval by the Historic Landmarks Commission.

### **A. Redevelopment and Restoration Loan Interest Subsidy Program**

The Agency will subsidize interest on loans used to pay for eligible redevelopment and restoration work according to the approved designs and the conditions, restrictions, and qualifications set out below.

#### **Eligible projects:**

The program covers a wide variety of activities providing quality exterior improvements or rehabilitation intended to restore or improve facades and exteriors. The program also covers some types of interior work. See the lists in Section I for a no exhaustive list of eligible and ineligible projects. The Project must be located inside the Urban Renewal Area. Landmarked properties and properties within a historic district are also subject to the considerations for eligible projects set out above in Section I.

#### **Conditions and Considerations:**

1. Projects assisted by this program are to be exterior rehabilitation and/or renovation projects showing significant aesthetic improvement to the property or other qualifying projects that provide significant increase in value of the property and its use.
2. To be eligible for an interest subsidy, the project must meet design standards that will make the property compatible with surrounding property and upgrade the physical characteristics of the city and improve the value of buildings.
3. Participating commercial banks will make the loans under this program. Loan decisions, underwriting standards, loan terms, and collateral requirements will be entirely at the discretion of the bank. Obviously, the project must be feasible and have an acceptable prospect of repayment.
4. If the bank requires the refinancing of existing debt to obtain a first lien position in the collateral in order to approve the financing, the Agency will only pay the interest rate subsidy on the portion of the loan which was actually used for the eligible improvements.
5. Only applicants able to obtain loans at an interest rate below the Wall Street Journal prime rate plus 6 percentage points or 12% (whichever is lower) are eligible for a loan subsidy.
6. At any point during the duration of the loan subsidy, the Agency holds the option to buy points on the loan subject to approval by the Agency Board.
  - a. If points are purchased, the value of the points purchased shall be an amount that produces a savings to the applicant in the amount of awarded subsidy inclusive of any interest payments made by the Agency prior to

exercising the option to buy points and not the nominal value of the subsidy award.

7. Recipients are obligated to refinance loans subject to an interest subsidy upon request and at the expense of the Agency (limited to bank fees and charges).
8. Unless the Agency exercises its option to buy points on the loan, loan subsidy payments shall occur for the lesser of ten years or the life of the Agency.
9. Awards made under this program are subject to the availability of program funds.

**Maximum Subsidy Award:**

The maximum value of any loan subsidy awarded will be the lesser of \$400,000 or a percentage of the loan principle based on the following table. The Agency reserves the right to award a lesser amount.

Amount of Loan Principal	Max Value
1. <\$50,000	28%
2. \$50,001 to <\$100,000	27%
3. \$100,001 to <\$200,000	26%
4. \$200,001 to <\$500,000	25%
5. \$500,001 to <\$1,000,000	23%
6. \$1,000,001 to \$1,750,000	20%
7. \$1,750,001 to \$3,000,000	19%
8. >\$3,000,001	18%

**Application and Design Review Process:**

1. Applications and guidelines will be available at City Hall, [City website](#), local banks, and Mid-Columbia Economic Development District.
2. Applicants should fill out the applicable portions of the application and include, at a minimum, a detailed project overview, initial concept sketches, a proposed timeline, proposed contractors (including engineers, architects, and general contractors), preliminary cost estimates, amount of loan principal sought, amount of subsidy requested, and three interest rate quotes and/or loan approvals that reasonably demonstrate the applicant can complete the project.
  - a. More finalized plans, designs, and estimates are preferred
3. Upon receipt of a complete application, Urban Renewal staff will do an initial screening for program eligibility.
4. If an application is denied after the initial screening, the applicant may ~~either appeal to the Advisory Committee and Agency Board, or~~ revise and resubmit for reconsideration.
5. All subsidy applications requesting \$50,000 or more in interest subsidies will require ~~review by the Advisory Committee and~~ approval by the Agency Board. All other projects will be reviewed and approved by a three-person staff design

review team appointed by the City Manager *comprised of representatives from the City Finance and Community Development Departments and the City Manager's Office.*

- a. Applications denied by staff design review teams may either appeal to the ~~Advisory Committee and~~ Agency Board, or revise and resubmit for reconsideration.
6. After final review and an award decision, a certificate stating the awarded amount will be issued by the Agency.
7. The applicant will take the application and certificate of approval to the bank of their choice for consideration. Loan decisions, underwriting standards, collateral requirements, and terms will be entirely at the discretion of the bank.
8. When the design process is complete and financing has been secured, the applicant will provide the Agency with a complete set of plans and specifications, contractor cost estimates and bids, documentation of building permits and other required permits/approvals, and a copy of the loan approval for final eligibility review.
- a. Landmarked properties and properties located within historic districts must obtain approval from the Historic Landmarks Commission.
9. After final eligibility review, the recipient will sign a redevelopment agreement that commits the recipient to completing the proposed improvements, adhering to any terms and conditions imposed by the Agency, and pledging to maintain the improvements for twenty years. Violation of the terms of the agreement may result in the recipient refunding any monies received from the Agency.

#### **Loan Application:**

The loan application requires, at minimum, the following:

1. Certificate of approval from Agency
2. A summary of the project outlining the work to be done
3. Complete plans and specifications
4. Contractor cost estimates or bids
5. Evidence that building permits or any other required permits are in place
6. Preliminary commitment of any other funds to be used in the project
7. Amount of loan requested and proposed terms being requested
8. Bank's loan application and any other information the bank requires, such as current financial statements, including Balance sheets and Income statements

#### **Other program considerations:**

1. The applicant (borrower) must provide the bank with any collateral required by the bank.
2. The borrower must provide the bank with evidence of completion of the work as specified and approved, or the bank will be required to declare the loan in default.
3. If the loan is in default for the above or any other reason:
  - a. The entire loan will become immediately due and payable.

- b. The bank may take any actions allowed by law, such as repossession of collateral, etc.

**Participating Banks:**

Loans qualifying for the Agency interest subsidy program may be obtained through any federally regulated and insured financial institution, including credit unions, savings and loans, thrifts, and finance companies.

**Agency Responsibility:**

When an application for funding through this program is received the Agency will:

1. Screen the application for completeness and initial eligibility.
2. When approval is obtained from the design review team or the Agency Board (see #5 above under Application and Design Review Process), a certificate of approval will be issued authorizing the applicant's bank of choice to proceed with processing the loan request under the program.
3. Screen the application for final eligibility.
4. After completion of the construction, certify that the project has been completed according to the approved plan and authorize the bank to put the permanent financing in place. If not certified as completed as authorized, the entire construction loan will become due and payable.
5. The Agency will then reimburse the entire interest portion of the recipient's monthly payment until the award amount or time limit has been reached.
  - a. The Agency reserves the right to make an alternative arrangement in the best interests of the Agency.
  - b. The applicant will bring a monthly receipt (proof of payment) to the City Manager's office at City Hall showing the monthly payment's allocation to interest and principal. Staff will copy the receipt and generate a check request, properly authorized with the attached documentation, for the appropriate amount of the interest to be reimbursed. Within ten (10) business days of receipt of the check request by the A/P Clerk in the Finance Department, a check will be generated for the amount of the reimbursement and mailed to the applicant. The mailing will also include the balance of the award amount.
  - c. If the Agency elects to purchase points, the Agency shall purchase a sufficient amount of points on the loan to provide a total value to the recipient of the amount awarded by the Agency inclusive of any interest paid prior to the Agency exercising its option.

**Bank Responsibility:**

When processing a loan request under this program, the bank will:

1. Ensure that the applicant has provided the following:
  - a. Certificate of approval from Agency
  - b. A summary of the project outlining the work to be done
  - c. Complete plans and specifications
  - d. Contractor cost estimates or bids
  - e. Evidence that building permits or any other required permits are in place

- f. Preliminary commitment of any other funds to be used in the project
- g. Amount of loan requested and proposed terms being requested
2. Retain the above in the bank's files.
3. Obtain any information required by bank such as bank's loan application, current financial statements, including Balance sheets and Income statements, etc.
4. Loan decisions, underwriting standards, loan terms and collateral requirements will be entirely at the discretion of the bank.
5. If declined, send a copy of decline letter to the Agency.
6. If approved, set the annual interest rate at 12 points below the standard rate for similar loans (in agreement with Agency).
7. After the construction loan is disbursed, and upon receiving certification from the Agency that the work was completed as authorized, put the permanent financing into place.
8. If the borrower does not receive certification from the Agency, the loan will be in default and become due and payable.

#### **B. Blighted Property Demolition Loan Program**

The Agency will provide loans for the demolition of buildings contributing to blight if the demolished building is to be replaced by a new building with a design approved by the design review team or the Agency.

Blighted Areas are defined in the Urban Renewal Plan in section 203. As part of that definition, one of the conditions that characterize a blighted area is defined as follows:

- A. *The existence of buildings and structures, used or intended to be used for living, commercial, industrial or other purposes, or any combination of those uses, which are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:*
  1. *Defective design and quality of physical construction*
  2. *Faulty interior arrangement and exterior spacing*
  3. *Overcrowding and a high density of population*
  4. *Inadequate provision for ventilation, light, sanitation, open spaces, and recreational facilities*
  5. *Obsolescence, deterioration, dilapidation, mixed character or shifting of uses*

#### **Eligible projects:**

If the applicant can show that the building contributes to blight as defined above, and the Agency determines that the building contributes to blight, a loan may be made to pay for the cost of demolition of the building. All projects exceeding \$15,000 annual cost to the Urban Renewal program will require review by the ~~Advisory Committee~~ and approval by the Agency Board. All other projects will be reviewed and approved by a three-person staff design review team appointed by the City Manager **comprised of representatives from the City Finance and Community Development Departments and the City Manager's Office.** The project must meet the following qualifications:



1. The cost of renovating the existing building is more than the cost of replacing the building.
2. The applicant plans to replace the building with a new structure.
3. The design for the new building is approved by the Agency.
4. If new construction is not planned immediately after demolition, the property must be leveled and cleaned so as not to continue to contribute to blight.
5. If this program is used to subsidize the demolition, the new construction is not eligible for interest subsidy under the Redevelopment Loan Program.
6. The building to be demolished cannot be designated as an historic building in an historic district unless the demolition is approved by the Historic Landmarks Commission.
7. The Project must be located inside the Urban Renewal Area.

#### **Loan Terms and Conditions**

1. The loan will have a term of not more than three years with a single payment due of principal and interest at the due date.
2. The loan will have a fixed interest rate equal to two points less than the prime rate at the date of the loan.
3. A mortgage will be placed on the property to secure the loan.
4. If the new building construction is complete and certified for occupancy or use within three years of the date of the approval of the loan, the loan principal will be forgiven, and only the interest will be due.

### **III. Civic Improvements Grant Program**

Grants may be made by the Agency to public, non-profit or civic organizations for projects within the boundaries of the Urban Renewal Area that serve a public purpose by meeting the selection criteria. Grants will be awarded semi-annually on a competitive basis and based on the selection criteria. Grant awards are subject to availability of program funds. Priority will generally be given to loan program funding requirements.

#### **Eligible projects:**

The program covers a wide variety of activities providing quality exterior improvements or rehabilitation intended to restore or improve facades and exteriors and some types of interior work. See the lists in Section I for a guide to eligible and ineligible projects for this program. The Project must be located inside the Urban Renewal Area.

#### **Grant Process:**

The Grant process under this program will follow the following timeline:

1. Grant applications must be received by July 31 or January 31 for consideration in that semi-annual grant cycle.
2. The grant proposals will be reviewed by staff and referred to the Advisory Committee at the first meeting in September or March, respectively. **forwarded with a recommendation to the Agency Board for a decision at the meeting in September or March, respectively.**

- ~~3. The proposal will be forwarded with the recommendation of the Advisory Committee to the Agency Board for a final decision at the first meeting in October or April, respectively.~~
4. Grants funds will be disbursed on a reimbursement basis with documentation of expenses required.
5. As a condition of approval for a grant under the Agency's program to assist public non-profit and civic organizations who wish to make improvements to their property, the applicant organization will be required to execute a redevelopment agreement, and a grant assurance agreement which will be recorded with the County Clerk at the organization's expense.

**Project Selection Criteria:**

Priority consideration will be given to each proposed project. Points will be allowed for factors indicated by well-documented, reasonable plans, which, in the opinion of the Agency, provide assurance that the items have a high probability of being accomplished. If an application does not address one of the categories, it receives no points for that category. The possible points are listed for each.

1. The project contributes in the effort to place unused or underused properties in productive condition and eliminates blighted conditions. **(10 points)** Blighted Areas are defined in the Urban Renewal Plan in section 203 with characteristics of blight cited above in Section II(B).
2. The project develops, redevelops, improves, rehabilitates or conserves property in ways which will:
  - A. Encourage expansion and development of jobs, **(20 points)**
    - 1 job per \$10,000 or less granted – (20 points)
    - 1 job per \$10,001 to 20,000 granted – (15 points)
    - 1 job per \$20,001 to 35,000 granted – (10 points)
    - 1 job per \$35,001 to 50,000 granted – (5 points)
  - B. Increase property values and tax base, **(15 points)**
    - Increase taxable value by \$50,000 or more – (15 points)
    - Increase taxable value by \$25,000 to \$49,999 – (10 points)
    - Increase taxable value by \$5,000 to 24,999 – (5 points)
  - C. Conserve historically significant places and properties, **(15 points)**
  - D. Make The Dalles a more attractive and functional city in the following ways:
    - i. Shows significant aesthetic improvement to the property **(20 points)**
    - ii. Provides needed services or community function **(10 points)**
    - iii. Serves a significant portion of the community **(10 points)**
    - iv. Enhances the quality of life for residents of the city **(10 points)**
3. The project leverages other public and/or private sources of funding. **(15 Points)**
  - \$1 Urban Renewal grant to \$3 (or more) other funding – (15 points)
  - \$1 Urban Renewal grant to \$2 other funding – (10 points)

\$1 Urban Renewal grant to \$1 other funding – (5 points)

4. The borrower shows that it is financially stable and able to complete the project and maintain the property for the foreseeable future. **(10 points)**
5. Administrative – The Agency may assign additional points for project considerations which do not fit into one of the above categories, but which provide compelling evidence that the project will further the goals of the Agency; or, if the project meets one or more of the above factors in a way that is far beyond the norm for that category. The assignment of points in this category will be by memorandum stating the reasons and will be maintained in Agency files. **(25 points)**

#### IV. Façade Improvement Grant Program

Grants may be made to the Agency by a for-profit, non-profit, and civic organizations for projects within the boundaries of the Urban Renewal Area upon approval of application. Grants are awarded on a first-come first-served basis and are available to both property owners and business owners who provide written evidence of property owner authorization for the façade work. *Preference will be given to applicants that have not received grant funding within the previous two (2) years.* Grant awards are subject to available program funds. Priority is given to projects that meet the most goals of the Urban Renewal Area Plan.

For the purpose of this program, “Façade” is defined as:

*Façade includes the exterior face of a building including cornice, roof gable face, skirting, and porches. It includes all sides of the building within public view. It does not include the foundation or the roof.*

Residential structures: To be considered under the amended Façade Improvement Program, a property originally designed as a residence must be the site of commercial activity that occupies at least 30% of the structure for a minimum of three (3) years after award.

*Commercial Activity is defined as: The act of selling or trading a good or service for the primary purpose of making a profit.*

To be considered under the amended Façade Improvement Program, a property originally designed as a residence must be located in both the Trevitt’s Historic District and the Central Business Commercial District.

##### **Program Limitations:**

Projects funded by this program are limited to restoration and/or renovation of any exterior face of a building that is within public view, including ADA accessibility, awnings, exterior lighting, permits, windows and façade. Granted funds must be used within one year of approval. Approval for grant funds may be delayed for up to 6 months if another project meeting more Urban Renewal Area Plan criteria applies for funding. Applicant must provide for matching contribution as indicated below. If a contractor needs funds to purchase materials to start a project, funds may be granted after written request has been received and approved by the City Manager.

1. Grant request for up to \$20,000 require a 50% match  
(e.g., \$12,000 grant request, requires a \$6,000 match)
2. Grant request for \$20,001-\$40,000 require a 100% match  
(e.g., \$30,000 grant request, requires a \$30,000 match)

## V. Fire Suppression System Grant

Grants may be made by the Agency to a licensed contractor under contract with the applicant to perform the work of installation or upgrade of fire suppression systems for projects within the boundaries of the Urban Renewal Area upon approval of application. Grants are awarded on a first-come first-served basis and are available to both property owners and business owners who provide written evidence of property owner authorization for the fire suppression system work. Grant awards are subject to available program funds. Priority is given to projects that meet the most goals of the Urban Renewal Area Plan.

1. Grants awarded require matching funds at 50% of the grant request.
2. The maximum grant award under this program is \$20,000.
3. Application must include an estimate from a licensed contractor, licensed in the State of Oregon to install, and/or modify Fire Suppression Systems.

### Grant Process:

1. Grant applications will be considered as they are received.
2. The grant application will be reviewed by staff and referred to the Historic Landmarks Commission (if required) ~~or Urban Renewal Advisory Committee~~ at the next available meeting.
3. The application will be forwarded with the recommendation of the ~~Advisory Committee~~ **Historic Landmarks Commission (if required)** to the Agency Board for a final decision at the next available meeting.
4. Grant assurance agreement prepared by City Attorney is signed by applicant and Agency representative, executed copy is sent to applicant.
5. Issuance and distribution of Notice to Proceed by Agency Staff.
6. Grants funds will be paid to the licensed contractor upon receipt of an invoice detailing work completed, costs and previous payments. Contractor's pre-payment for construction materials prior to the start of the project may be approved. Requests for prepayment require City Manager or designated staff approval.
7. Contractor invoices to City Project Coordinator.

Funds from any other Urban Renewal Program may not be used to satisfy the matching funds requirement.



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

## **AGENDA STAFF REPORT**

**AGENDA LOCATION: VII. B.**

**DATE:** July 16, 2019

**TO:** Chair and Members of the Urban Renewal Agency Board

**FROM:** Steven Harris, AICP  
Urban Renewal Manager

**ISSUE:** **Tony's Department Store Building**  
**(401-407 East 2<sup>nd</sup> Street, Tax Lots 1N 13E 3BD 2200, 2300)**

### **BACKGROUND**

As previously reported out to the Urban Renewal Agency Board, the state Bureau of Labor and Industry (BOLI) denied the Agency's appeals of the prevailing wage determination pertaining to Tokola Properties' mixed use development proposal for the Tony's Building site. Tokola has informed Agency staff that they are no longer interested in pursuing the project and are formally withdrawing from the Development and Disposition Agreement (DDA).

### **DISCUSSION**

The issue now before the Board is the disposition of the property. Following acquisition of the property in 2015, at a cost of \$450,000 (exclusive of closing costs), a Request for Qualifications (RFQ) for a mixed used vertical housing project was circulated. Tokola Properties was the only response received. The 2015 RFQ is attached for the Board's information.

In recent weeks staff has been informally contacted by several parties that have expressed an interest in acquiring and/or leasing the property. The interests have varied from redeveloping the site with a mixed use (residential/commercial) project similar to that proposed by Tokola, to a retail/arcade type re-purposing of the building. No formal letters of intent have been submitted, as of this writing. Staff informed the individuals that the property would be a discussion topic on the June 18<sup>th</sup> Agency meeting agenda.

## **STAFF RECOMMENDATIONS**

Staff is requesting direction from the Board on disposition of the property. Among the various options available to the Agency, staff is suggesting the following be included in the discussion:

- Circulate an updated RFQ for a mixed-use (commercial/residential) vertical housing development opportunity on the property.
  - Direction requested to limit development footprint to the site only, or to include potential abandonment of alleyway and inclusion of public parking lot on 1<sup>st</sup> Street.
- Circulate an updated RFQ for a non-specified redevelopment opportunity.
- Market the building for sale or lease, as is.
- Clear the site (demolish the building, stub utilities, etc.) and market the vacant property for development.
- Clear and retain the site, for other public purposes.

Staff recommends that the Board discuss and direct staff as appropriate.

## **Attachments**

- RFQ – Mixed Use Vertical Housing Development Opportunity (2015)