

AGENDA

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

March 15, 2022

5:30 p.m.

VIA ZOOM

<https://us06web.zoom.us/j/86259459367?pwd=Z0Nnd3E4bkxBUVhXQkRKkTkJCdEJ6QT09>

Meeting ID: **862 5945 9367** Passcode: **292293**

Dial: 1-669-900-6833 or 1-253-215-8782

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. PUBLIC COMMENT – During this portion of the meeting, anyone may speak on any subject that does not later appear on the agenda. Five minutes per person will be allowed.
6. STAFF COMMENTS / PROJECT UPDATES
7. BOARD MEMBER COMMENTS / QUESTIONS
8. ACTION ITEM
 - A. Proposed FY 2022-2023 Urban Renewal Goals and Priority Projects
9. DISCUSSION ITEM
 - A. Review and discussion of a proposed draft Urban Renewal Incentive Program, based on Board feedback and discussion of the current incentive program at the January 18, 2022 meeting.
10. ADJOURNMENT

This meeting conducted via Zoom.

Prepared by/
Paula Webb, Secretary
Community Development Department



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT
AGENDA LOCATION: 9. A.

DATE: March 15, 2022

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Alice Cannon, Community Development Director/Urban Renewal Manager

ISSUE: Proposed Urban Renewal Goals and Priority Projects for FY 2021-2022

BACKGROUND

At the February 15, 2022 meeting, the Board heard a summary from consultant Tiberius Solutions of the recently-completed Agency Comprehensive Financial Plan. The Board learned that the Agency has used approximately 80% of its \$29.1M debt/capital project capacity. This leaves approximately \$8.9M of future project capacity remaining.

In fall 2021, the Board started a Strategic Planning effort. This project has been delayed since November due to the fact that the Urban Renewal Manager is currently leading the City Council's Community Vision project. The Community Vision will be completed in May 2022 and will help inform the URA's Strategic Plan.

The Proposed Annual Goals are written prior to completion of the Strategic Plan and are intended to guide the activities of the Board until the Board completes this larger effort. The proposed goals will also help the URAB and URA Budget Committee when making decisions on the Agency's proposed budget in April 2022.

Staff has identified the following highlights from fiscal year 2021-2022, followed by a list of draft goals for FY 2022-2023. Staff invites Board feedback, discussion and acceptance of the goals:

2021-22 Highlights and Accomplishments

- Monitored progress and supported Recreation Building developers to rebuild two new storefronts on Agency-owned property located at 215 and 219 E. Second

Street. Redevelopment is now complete. The Agency is slated to sell the property to developers by mid-April 2022.

- Completed 95% engineering design and started required environmental evaluation for the First Street/Riverfront Connection project. This project will rebuild First Street between Union and Laughlin Streets, including the installation of new utility lines, new pavement, sidewalks, and street furniture.
- On the Agency-owned Tony's Building property located at 401-407 E. Second Street, obtained Federal Environmental Protection Agency grant funding to complete a Phase I Environmental Assessment and underground storage tank removal. These environmental efforts prepared the building site for demolition in FY 2022-2023. Demolition will make way for a shovel-ready redevelopment site at a prime corner in downtown.
- Budgeted and reserved up to \$300,000 of matching funds toward a North Wasco Parks and Recreation-sponsored State grant application for design and construction of the Mill Creek Greenway trail.
- Updated the Comprehensive Finance Plan for the Agency.
- Started a URA Strategic Planning effort to guide remaining Agency activities through 2029.

2022-23 Goals and Priority Projects

- Complete strategic planning, in response to the publication of the February 2022 Comprehensive Finance Plan for the Agency. This strategic plan will guide future investments, projects and activities of the Agency through its projected closure in 2029.
- Sell the third and final Agency-owned storefront property to the Recreation Center developers, following completion of the proposed indoor/outdoor restaurant storefront concept, located at 213 E. Second Street.
- The First Street/Riverfront connection Project will rebuild First Street from Union to Laughlin Streets, adding upgraded sidewalks, ADA ramps, new water/sewer/storm water lines, asphalt and street furniture. Complete design, right-of-way/easement acquisition, and advertise an opportunity for contractors to bid on the project in 2022-2023.

- Initiate demolition of the Agency-owned building at the northeast corner of Second/Federal Streets to make way for a development-ready site in downtown. This building is locally known as the “Tony’s Building.” Site redevelopment will create space for new housing units and either retail, restaurant or office on the ground floor along the prime corner of Second and Federal streets. In FY 2022-2023, the URA is likely to be awarded an Oregon Brownfields Cleanup Fund in excess of \$250,000 to remove asbestos from the building prior to demolition. Following demolition, staff will begin a public/private process to offer the vacant site for redevelopment.
- Market newly adopted Urban Renewal incentive and Vertical Housing programs to developers who need financial support with redeveloping blighted and underused properties in the UR District.
- Collect payments and track progress on outstanding URA loans for the Honald Building, Gayer Building and Commodore II Building.

BOARD ALTERNATIVES

1. **Move to accept the FY 2021/2022 highlights and FY 2022/2023 goals as written.**
2. Amend the draft highlights and goals/project priorities.
3. Do not adopt highlights or goals/project priorities at this time.



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT
AGENDA LOCATION: 10. A.

DATE: March 15, 2022

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Alice Cannon, Community Development Director/Urban Renewal Manager

ISSUE: **Review and Discussion of a Proposed Draft Urban Renewal Financial Incentive Program**

BACKGROUND

At the January 18, 2022 meeting, the URAB reviewed the existing URA Financial Incentive Program, reviewed other Oregon URA Financial Incentives, and offered feedback/ideas to urban renewal consultant Deb Meihoff from Communitas, LLC. Ms. Meihoff agreed to be back to a future URAB meeting with a newly revised Financial Incentive program for URAB review and discussion.

The meeting minutes from the January 18, 2022 discussion were extracted and included in Attachment “A.” The revised URA Financial Incentive Program is included as Attachment “B.” Community Development Director/Urban Renewal Manager Alice Cannon and Ms. Meihoff will walk through the proposed DRAFT and take note of feedback during the March 15, 2022 meeting.

Staff shared an early draft of this proposal with four current URA property owners who are hoping to invest in their properties in the next 12-18 months. Their comments were addressed and incorporated into this draft for your review and discussion.

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DISCUSSION ITEMS

Board review and discussion of existing Urban Renewal Financial Incentive Programs
Manager Cannon introduced consultant Deb Meihoff, Communitas LLC. Ms. Meihoff provided an overview of current incentive programs with questions for consideration by the Board, Exhibit 1.

Board Member Richardson stated his support for incentives that clearly or energetically support redevelopment. The Board might gain additional insights from interviews with property owners.

- 1) Property owners with buildings that need redevelopment – request their thoughts on why the current situation is acceptable or best suited to them without taking action.
- 2) Property owners who have redeveloped properties – query them about challenges they have met, hurdles they felt might be lowered, or things that worked well that the City could reinforce.

Board Member Fredrick also suggested discussion with property managers. Fredrick said there is no market that drives owners to make repairs; many owners are sitting on properties because they do not have the resources to redevelop. Property owners with resources to redevelop know

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they will not get their investment back in the current real estate market. There needs to be a discussion of the costs to the property owner and the reasons improvement has not happened.

Chair Long stated the assessment did not specifically mention blight, a main focus of the Urban Renewal district. It is often mentioned The Dalles is not very inviting from the freeway. Long would like consideration of incentives to assist in this area.

Chair Long noted under the “Policy Guidance” section, the City’s Transportation Plan, which includes the parking plan, should be added. Downtown parking has long been an issue.

Mayor Mays was intrigued by the Redmond Housing SDC (System Development Charge) buy down. Mays asked Manager Cannon if there had been a review of SDC charges at the staff level. If so, perhaps during the review consideration could be given to the downtown area.

Manager Cannon stated the current SDC costs per unit is between \$8,000 and \$12,000. SDC subsidies would be fairly easy to administer, create a budget and forecast. A cap could be set, also. This is a good idea given the policy direction the Board has undertaken.

Vice Chair Schwartz said this is a well-known incentive. She asked what incentives are currently offered. Ms. Meihoff replied:

- Historic District Design and Restoration Program
- Redevelopment of Unused and Underused Property (sub-programs of Redevelopment and Restoration Loan Interest Subsidy, Blighted Property Demolition Loan)
- Civic Improvements Grant Program
- Façade Improvement Grant Program
- Fire Suppression Grant

Ms. Meihoff stated these boutique programs are more easily administered in one program. Boutique programs are difficult to market.

Manager Cannon said that in looking at the program, there is a preponderance of loans. Loans are difficult to administer. Current programs seem outdated. In the latter years of the Agency, grants are preferable. Manager Cannon will update the Board with a list of remaining loans.

Board Member Fredrick stated any further discussion must define “affordable.” Vice Chair Schwartz replied there is a definition used by the Mid-Columbia Housing Authority (MCHA). Fredrick replied the MCHA subsidizes housing; it is not affordable, the taxpayers are paying the bill.

Manager Cannon stated the Plan established in 1990 did not include many social goals such as affordable housing. Goals included programs to raise property values, tax revenue and prosperity for property owners in the community. Board leadership is necessary to add this as a goal. Manager Cannon noted the Agency should take care before adding too many properties that do not pay taxes.

Vice Chair Schwartz clarified that SDC charges are an effective way to get affordable housing built, but she is not advocating without a full Board discussion.

The Board responded to the following questions:

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Is there an example that strikes the best balance between effectiveness and efficiency?

Board Member Coburn preferred fewer application processes. Large versus small projects would be simpler and more user friendly, while allowing flexibility.

Is there a policy basis to limit which development types – residential, mixed-use, etc. – are eligible for incentives?

Board Member Richarson said we should incentivize more than just housing.

Should all incentives be available area wide?

Chair Long stated the focus should be area wide. The urban renewal area extends well beyond the downtown area. There is quite a bit of area that could use improvement and development. Vice Chair Schwartz is in favor an area wide focus. Board Member Dugick added that if appearance from the highway is a concern, we should not limit the incentive to downtown.

What do you think of limiting eligibility of tax-exempt projects, even if it means needed workforce housing may be ineligible?

Board Member Fredrick stated the purpose of urban renewal is to return property to the tax roll. Vice Chair Schwartz agreed with the statement, noting there are other options available to assist with housing. She did not view this as part of the Board's mission.

Todd Carpenter, 216 E. Fifth Street, The Dalles

Mr. Carpenter said he would like the Board to consider workforce housing as a portion of the property. He would like an effort of all the different agencies, NWC PUD, Wasco County, the City and Urban Renewal, to create a blueprint for property owners explaining the inclusion of affordable housing could result in incentives for the property owner.

Vice Chair Schwartz stated the Board should advocate for SDC subsidies; it is a great idea.

Manager Cannon noted the City has a vertical housing tax abatement program. Local rules have been enacted to allow the City to administer the program. The program has a time limit on tax abatement, effective only under certain conditions such as mixed-use development. Manager Cannon noted this program will be added to Ms. Meihoff's assessment; staff will return with a summary of the program.

Chair Long asked if there was a program to assist with elevators. Ms. Meihoff replied there was nothing specific; other communities probably include elevators within a larger grant.

Chair Long stated now that Urban Renewal is separate from the City, the Board should consider partnering with the City to look at the possibility of using new tax revenue or monies coming in from Google to incentivize downtown housing.

Board Member Richardson suggested letting the developer decide how to best use the incentive, rather than the Agency. Ms. Meihoff agreed.

Chair Long asked if the Community Vision Plan would effect changes in the UR Strategic Plan. Manager Cannon replied it might. The goals of the UR Plan may be general enough that nothing would change.

Manager Cannon stated her goal is to have a new incentive program in spring.

Board consensus directed Manager Cannon to return next month with a proposal for an incentive program. Manager Cannon did not expect the incentive program to affect the budget, but stated a supplemental budget could be implemented.

In February, Manager Cannon will bring the audit and annual financial report to the Board. In March, she will return with a goal setting session or another installment on Strategic Planning.

BOARD MEMBER COMMENTS / QUESTIONS

Board Member Fredrick stated in his time on the Board, this is the first open discussion the Board has had. He thanked Manager Cannon for the information she provided, and stated Chair Long ran a great meeting.

ADJOURNMENT

Being no further business, the meeting adjourned at 7:11 p.m.

Submitted by/
Paula Webb, Secretary
Community Development Department

SIGNED: _____
Darcy Long, Chair

ATTEST: _____
Paula Webb, Secretary
Community Development Department

Columbia Gateway Urban Renewal Agency | The Dalles Incentive Program for Property Reinvestment and Redevelopment

GOALS AND FUNDING PRIORITIES

Columbia Gateway / Downtown Urban Renewal Plan Goals

The Columbia Gateway Urban Renewal Agency of The Dalles has funding available for building and property owners who seek to improve and develop properties that meet community goals. The Agency is specifically seeking to incent redevelopment of unused and underused land and buildings, to meet the goals of the urban renewal plan, including investments that:

- Increase value of properties.
- Place unused and underused properties in productive condition.
- Assist with opportunities for business, civic, residential, cultural, and tourist-related property to be developed, redeveloped, improved, rehabilitated and conserved.
- Support development or redevelopment projects to construct, install or replace publicly owned utility systems such as water, storm drains, and sanitary sewers where existing facilities are inadequate, undersized or otherwise substandard.
-

NEW INCENTIVE GRANTS [draft proposed]

Commercial Project Grants | up to \$50,000

Matching grants to fund smaller building upgrades, tenant improvements, and similar types of rehabilitation projects that build community vitality and prosperity.

- ▶ 50% matching grant, up to \$50,000, to reimburse for construction of real physical improvements that meet Agency priorities, Plan goals, and program eligibility specifications outlined here.

Mixed-Use Project Grants | up to \$150,000

Matching grants to fund transformational mixed-use redevelopment and reinvestment in underused or vacant properties.

- ▶ 70% matching grant, up to \$150,000, for larger and more transformational mixed-use projects that construct real physical improvements that meet Plan goals, Agency priorities and program eligibility specifications outlined here.

New Residential Project Grants | \$10,000 per new housing unit

SDC credits to assist with costs of building new housing in the area.

- ▶ Urban Renewal Agency will pay Systems Development Charges for projects adding new housing units (net increase) of up to \$10,000 per new unit, Approved SDC credits will be applied at time of building permit and will have the same terms and expiration date.

ELIGIBLE INVESTMENTS AND FUNDING PRIORITIES

REQUIRED FOR ELIGIBILITY: Building rehabilitation, property reinvestment, and/or redevelopment that meets Plan goals and at least one of the Funding Priorities (noted below). Applicants that address more than one priority may have a greater likelihood of funding.

In addition to the urban renewal goals, the Agency has established the **2022-23 incentive funding priorities - projects must comprise one or more of the following:**

- Restoration, reuse, or upgrades to historic buildings, including adapting historic or culturally significant existing buildings to new uses
 - Improvements leading to use and activation of ground-floor storefronts, which could include tenant improvements / build out, as well as core building improvements
 - Permanent improvements for upper floors of downtown buildings to make the space usable (if not currently in use) or to allow for a higher and more valuable use
 - New mixed-use development that incorporates housing units
 - Safety and accessibility improvements in combination with other reinvestment activities that will add value to the area, such as installation of fire suppression and seismic reinforcement systems, ADA access improvements, elevator installation, architectural lighting
 - Infrastructure upgrades (in association with other permanent building improvements) that support the City's environmental / sustainability goals and add property value to the Area
 - Quality exterior improvements or rehabilitation intended to restore or improve building exteriors and façade elements such as doors, windows, porches, balconies, etc.
- Demolition and redevelopment of blighted properties
- Other permanent improvements and redevelopment aligned with Area and Agency goals, and as approved by Agency staff and Board

WHO CAN APPLY

- Owners of property within the Columbia Gateway / Downtown Urban Renewal Area that are current on their property taxes. If primary Applicant is not the current owner, application must also be signed by the property owner, providing approval for the Applicant to proceed.
- Projects pursuing property tax abatements are ineligible, except those developments receiving abatement from the The Dalles Vertical Housing Zone are also eligible for any of the Incentive Program Grants outlined herein.

APPLICATION AND APPROVAL PROCESS

1. Contact Agency staff to determine eligibility and funding availability, and to discuss potential project.
2. Identify overall development program, project elements, scope of work, and estimated costs.
3. Complete application and submit to Urban Renewal Agency.
4. Agency staff will screen for eligibility and clarity of the application.
5. For all eligible applications, a panel will be assembled to review and score the application, with recommendations to Executive Director and Urban Renewal Board.
6. All Grants [over \$25,000] will be reviewed publicly at a meeting of the Urban Renewal Agency Board.
7. It's the intent of the Agency to screen, review, and score applications within 30 days of receipt.
8. Successful applicants will receive a letter of grant award and grant contract establishing the grant amount, performance requirements, specific conditions and requirements for reimbursement or SDC credit, and the anticipated grant disbursement schedule.

Additional Incentive Grant Program Details and Restrictions:

- **Agency's commitment to service.** Agency staff are committed to facilitating high quality reinvestments in the Area by providing customer service and partnership with the development community. We welcome inquiries and can offer information and insights on elements of a successful application.
- **Funding availability.** Incentive Grants will be available on a first come, first served basis. The Agency will publish the annual budget for the program no later than July 1 of each year. The Agency reserves the right to withhold release of some or all of the available funding until later in the fiscal year to allow more flexibility for applicant readiness.
- **Funding limits:** Incentive Program funds can be combined with other public programs, but no project can receive greater than \$700,000 from the City of the Dalles and/or its Urban Renewal Agency. Funds from any other Urban Renewal program may not be used to satisfy the matching funds requirement.
- **Match required for Commercial and Mixed Use Grants.** The Commercial and Mixed Use development incentives require the applicant to invest at least 50% of the improvement costs for Commercial Grants and 30% for Mixed Use Grants.
- **Reimbursement basis.** Incentive Program funds can be used only for costs incurred *after* the grant is awarded and grant contract signed by the Agency and Applicant. Any costs that precede grant award will be ineligible for reimbursement.
- **Ineligible improvements:** Urban renewal funding must go toward permanent, physical improvements and design or engineering work leading to physical improvements. Examples of expenditures ineligible for urban renewal funding include but are not limited to: general cleaning and maintenance, property acquisition, financing costs or debt, and other similar operating expenses.
- **10-year restriction on property tax abatements or credits.** With the exception of development under The Dalles Vertical Housing Zone, projects pursuing property tax abatements or credits are ineligible for the Incentive Program, including but not limited to projects pursuing Low Income Housing Tax Credits or abatements tied to non-profit status of users. Developments receiving benefits from the Vertical Housing Zone will remain eligible for any of the Incentive Program Grants. For all other types of development, properties that receive Incentive Program funding are restricted from receiving property tax abatements or credits for ten (10) years after grant funds are disbursed. Concurrent with paying out grant funds, the City of

The Dalles will lien the property for the grant amount. Applicant will refund the Agency the full amount of grant funding disbursed if the property receives a property tax abatement or tax credit within the ten (10) year restriction period. Payment will be due and payable to the Agency immediately upon receipt of the property tax abatement or credit notification. The lien will be released ten (10) years after project completion.

- **Required maintenance of improvements:** Properties receiving funding through the Incentive Program are expected to keep and maintain the improvements in good condition for a period of at least ten (10) years from the date of Certificate of Occupancy. Concurrent with paying out grant funds, the City of The Dalles will lien the property for the grant amount. Applicant will refund the Agency the full amount of grant funding if the building is sold or if the property is significantly modified. The lien will be released ten (10) years after project completion. See also limitations of projects with tax abatement / credits.
- **Required compliance with land use and building codes.** Applicant projects must comply with the City's zoning, design, land use, historic review (as applicable), and code requirements; Applicants cannot simultaneously seek zoning and/or land use amendments for the property or project in question.
- **Investment readiness.** Property owners / Applicants must be current on their property taxes to be eligible for Incentive Program grants. The Agency may request a title report on the property, which will be subject to attorney review. The Agency may deny grant funding based on the title report and/or the number of liens on the property. Recipients of grants will be required to complete a W-9 form as a vendor of the City / Agency and are fully responsible for any and all taxes associated with the grant.