



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

**Columbia Gateway Urban Renewal Agency Advisory Committee
Special Meeting**

Monday, August 31, 2015

5:30 PM

City Hall Council Chambers

313 Court Street

The Dalles, OR 97058

Conducted in a handicap accessible room.

CALL TO ORDER

Chair Grossman called the meeting to order at 5:30 PM.

ROLL CALL

Members Present: Gary Grossman, Greg Weast, John Nelson, Linda Miller, Atha Lincoln, John Willer, Jennifer Dewey, Steve Kramer

Members Absent: Phil Lewis

Staff Present: Urban Renewal Manager Nolan Young, Project Coordinator Daniel Hunter, Administrative Secretary Carole Trautman

Others Present: Mid-Columbia Economic Development District (MCEDD) Loan Fund Manager Eric Nerdin; City of The Dalles Business Development Director Gary Rains; Main Street Director Matthew Klebes

PLEDGE OF ALLEGIANCE

Chair Grossman led the group in the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Weast and seconded by Kramer to approve the agenda as submitted. The motion carried unanimously; Lewis absent.

APPROVAL OF MINUTES

It was moved by Nelson and seconded by Weast to approve the July 14, 2015 minutes as submitted. Grossman, Kramer, Nelson, Miller, Weast, Willer and Dewey voted in favor; Lincoln abstained; Lewis absent. The motion carried.

PUBLIC COMMENT

None.

ACTION ITEM – Property Rehabilitation Façade Improvement Grant Requests for Residential Properties Within the Urban Renewal District

Project Coordinator Hunter highlighted the staff report. Hunter said MCEDD Loan Fund Manager Nerdin raised the question as to if the Agency should consider property rehabilitation façade improvements for residential structures. Hunter had spoken with both grant applicants with residential projects, and both applicants indicated they were tentatively considering using the structures as rentals, which Hunter felt would be considered business usages.

MCEDD Loan Fund Manager Nerdin stated that MCEDD was a service provider under contract with the Agency to review and analyze certain requests for urban renewal funding. MCEDD analyzes how applications match criteria set forth by the Agency, and they are asked to make recommendations to the Agency as funding is considered. Nerdin said MCEDD had an obligation to develop sound recommendations that maintained the intent of the fund use. With the residential façade improvement applications, Nerdin said he sought clarification from City staff as to the intent of recent changes to criteria. Nerdin said MCEDD was concerned with how the inclusion of residential properties—without parameters and additional criteria—could quickly deplete funding and not necessarily allow for strategic investments. MCEDD wished to verify the intent of urban renewal in the recent policy modifications, MCEDD would seek to support the Agency as stewards of the Urban Renewal Agency funds and would develop recommendations that met the intent of its funding criteria.

Miller asked Alan and Bev Eagy, residential façade improvement grant request applicants, what their intentions were for their structure after improvements were made. Mrs. Eagy said their structure would mainly be used for a vacation rental or a Bed and Breakfast rental. Nerdin indicated that of the two residential applications, one was submitted by a business, and one was submitted by a sole proprietor. He cautioned that the use of a property could make an impact, and unless certain criteria were identified in the grant process, an historic house could turn into a “flipped” house. Nerdin stated that even if an historic house was flipped, a good result would be an increase in property value, and the Urban Renewal Agency had done that in the past through the interest loan subsidy program.

Nerdin said that in previous discussions with both applicants, both structures would be rentals, one a short term rental, and one possibly a longer term rental. The other applicant had an LLC status, and the loan they obtained was not traditional financing. He said LLC applicant had a history of renovating historic homes.

Dewey commented that there were empty buildings in the downtown area that were up for rent and not occupied, and if residential façade improvement applicants turned their projects around for business rentals and could not keep a business in the rental structure, it would be a concern to her. Nerdin stated that the downtown rentals were for businesses, and the residential renting was for housing, which was needed in The Dalles. It would not necessarily compete with the commercial renting in the downtown area. Dewey read the Columbia Gateway Urban Renewal Agency Mission Statement. Part of the mission statement stated that the Agency would fund projects for job-producing private investors, and she did not feel funding residential rentals met the standards of the mission statement. Dewey said that there were other avenues of funding for

the purpose of creating nice rentals. Miller said the façade improvement program does not produce jobs. Weast said it helps maintain jobs.

Nelson said he found language in the Urban Renewal Plan that was applicable to improving residential properties in the downtown core area. Under “Specific criteria: enhances opportunities for business, civic, residential, cultural and tourist-related property to be developed, redeveloped, improved, rehabilitated or conserved... Assist property owners with the rehabilitation of their buildings and property... Promotes housing opportunities in the downtown area.” Both residential structures were in the core area, Nelson said.

Under a portion of the General Criteria section of the plan, “selective projects must in aggregate increase property values and tax collections that will create a reasonable return of the Urban Renewal contribution.” Nelson thought core residential improvements may be a little weak in this area.

Dewey was concerned there would be numerous residential applications to fund to the point of not having enough funds for commercial applications. Nerdin said the percentage of residential structures in the core area was probably a low percentage.

Urban Renewal Manager Young suggested that some criteria that could be added, such as the blight of the building—whether or not it was vacant property, or limit the residential improvements to those that were located more specifically in commercial areas in nature. Miller stated she felt good about Eagys’ short term rental project, because it would bring people to the community. Nelson said Eagys would be rehabilitating an historic home that was a blighted spot, and it would improve that part of that block immensely. Dewey said the two applications had separate issues. Eagys would be living on the premises, and it would be a business. The other project application would be for the purpose of supplying a rental house.

Weast said that if the Agency approved both applications, he hoped the Agency would set some time limit that if the property was sold; the Urban Renewal funds would be refunded.

Young asked if the Committee wanted different criteria for residential façade improvement and commercial façade improvement.

Kramer said he wanted to know the definition of “façade” on residential property and what the criteria would be for residential grant matching funds. Willer said he had no problem funding façade improvement grants that met criteria, whether commercial or residential, because it all spoke to the downtown historic nature. Dewey said she would like to see two separate applications, commercial and residential, in order to sustain UR funds and to encourage growth in the downtown area. Miller and Lincoln agreed with Dewey.

Nelson asked if there was a difference between second story rehabilitation housing and single family home rehabilitation. He said if they were similar, caution must be taken to not treat them differently. Young said the Committee may want to look at whether or not the entire structure would be residence. In the downtown area, Urban Renewal was trying to get a

residence/commercial mix. Weast was not in favor of funding residential façade improvements, because it would open up a lot of issues.

The Committee reviewed staff's options, and Committee members and staff made the following individual comments:

- Option #2 – Limit to historic buildings only: Comments – Do not limit to historic only, because there were old buildings that needed renovation that are not historic. It was the general consensus of the Committee to not limit the residential façade improvements to historic buildings only.
- Option #3 – Allow residential façade grants that will be used for commercial purposes: Comments – A residential façade improvement project must have a commercial component to it. It could include a provision that residential applications were restricted to commercial use only, including bed & breakfast, vacation rentals, etc. Consider part commercial, part residential usage for those structures that could have a living quarters/commercial usage. There was a difference between short term rentals and long term rentals as far as job creation was concerned. It was the general consensus of the Committee to leave the option language “as is.” However, the term “commercial” needed to be defined. Suggestions from the Committee and others were: 1) to use the word “retail;” 2) restrict the criteria to an owner-occupied commercial usage where the applicant must occupy a portion of the building; 3) use the phrase “ the primary use of the space is commercial,” and the applicant can declare that on the application.
- Option #4 - Limit to only exterior building improvements – Comments: Committee should consider if improvements should be façade only, or exterior to include 4 walls, roof, etc.
- Option #5 – Limit residential façade grants to the last 6 months of the UR budget year: Comments – not in favor of this restriction because of a potential for applicants to lose out on other grant opportunities because of the Agency's restrictive timeline. It was the general consensus of the Committee to not limit residential façade improvement applications to the last 6 months of the UR budget year.
- Option #6 – Refer to Option #3.

Carolyn Wood, The Dalles, Oregon, suggested the Committee go back to the intent of Urban Renewal—to improve the downtown and Urban Renewal area properties. The houses, Wood said, were zoned in a commercial area. She said it would not take much to turn a residential structure into an office. Either option, residential usage or commercial usage, would be good, because they would improve the tax base, she said. All of the houses on Second Place were historical, and many Original Courthouse tourists come to the neighborhood. Weast asked Ms. Wood if the Agency should help fund a residential project where the applicant came in and renovated the structure then turned around and sold the property for gain. Wood said if it was an historic building, and the applicant helped restore the building back to some of its original nature, then the property would be valuable and the project would be worthwhile. Weast said, from his perspective, that case scenario appeared to be helping a gentleman to make money. Wood said that, in a sense, the same process happens with the downtown buildings. Weast said he didn't think flipping houses was a good business to subsidize. Willer said he didn't have a problem with flipping houses, let's clean the place up, but place a restriction on the turnaround sell time of three years.

Chair Grossman categorized the three basic levels of residential applications the Committee had addressed: 1) the short term rental; 2) the long term rental; and 3) flipping houses. He agreed with Willer, let's clean the place up, but he suggested there needed to be some restrictions on flipping houses. Miller said the main objective of the façade improvement program was to improve properties in the core area. Dewey added that part of the Mission Statement was to generate income and jobs. Miller said jobs were created through renovation—contractors.

Nelson said the façade improvement program spoke to the look of the general downtown décor and generated dollars. He said it didn't get into micro-managing the funding of the business. The aim was to improve the look of the downtown core area which included commercial and residential. Miller and Nelson suggested dropping Option #3, to restrict residential façade improvement to commercial purposes.

Kramer felt the Committee needed to address the definition of "façade." He said that, in general, residential façade improvement funding would bring out many issues.

It was the general consensus of the Committee to task staff to formulate a summary of options based on the Committee's comments. Staff will prepare a recommendation with 2 or 3 options for next month's meeting.

ONGOING URBAN RENEWAL PROJECT UPDATE:

Project Coordinator Hunter gave the following updates on the Façade Improvement Program:

- Columbia Gorge Realty – project completed
- Windermere Realty project work continues
- Petite Provence – Received structural permitting from the building codes agency, and the Agency's Notice to Proceed should go out soon. The project should take two months to complete.

Hunter reported that the Lewis & Clark Fountain project was progressing. The foundry received the shipment of the forms for the paddle and rifle late. They completed the canoe and are currently working on the figures. Completion will probably be a few weeks out.

Nelson asked if a notice had been prepared that would go to UR grant recipients asking them to be responsible business/property owners and keep their exterior areas clean and presentable. Hunter will provide a copy of the notice to the Committee.

Nelson asked about the Washington Street Tunnel project. Urban Renewal Manager Young said the City had an ongoing dialogue with the Oregon Department of Transportation on the project.

Nelson asked for a status on the IOOF building demarcation repair. Main Street Director Klebes reported that IOOF had contracted with D&R Masonry for the cleaning, and it should be completed by October 3, 2015.

Michael Leash, Rapoza representative, gave the following update on the Granada Block Redevelopment Project:

He was working on compliance issues to fill in the deficiencies that were in default for the July 30, 2015 deadline. About half of the deficiencies were completed. They were working through the architectural and design group on a couple of things for the application to proceed.

Business Development Director Gary Rains gave the following updates on business development projects:

- Freebridge Brewing – Developers have purchased The Mint Building and are seeking business financing. They may ask for a Façade Improvement grant in the future. Probably open this fall.
- Craig Building – Financing was approved. MCMC working on finalized lease signing. Could ask for a Façade Improvement grant in the future.
- Elks Building – The building renovation was progressing. There had been several meetings with potential contractors. The architects were hired to work on the interior design.
- Asian Grocery (downtown) – They received funding, and may ask for a Façade Improvement grant. Located on East Second Street in the Old Optimist Printer building.
- Defiance Brewery – Working on opening
- Granada Block Redevelopment – Rains has worked with Rapoza, everything had been positive.

Main Street Director Klebes reported that there could be a lull in Façade Improvement grants. Waiting on some bids, possibly 5 or 6 property owners had expressed an interest.

FUTURE MEETING

September 29, 2015

ADJOURNMENT

Chair Grossman adjourned the meeting at 6:47 PM.

Respectfully submitted by Administrative Secretary Carole Trautman.



Gary Grossman, Chairman