

URBAN RENEWAL AGENCY OF THE CITY OF SALEM

WEST SALEM URBAN RENEWAL AREA (URA) REDEVELOPMENT GRANT PROGRAM GUIDELINES

I. West Salem URA Redevelopment Grant Program

The purpose of the West Salem URA Redevelopment Grant Program (“Program”) is to make available grant funding as an incentive to increase the useable space of existing buildings and spur redevelopment in the West Salem URA. This Program is authorized by Section 700, 709, 710, 712, and 713 of the West Salem Urban Renewal Plan.

II. Definitions

As used in this Program, the following terms shall have the following meanings:

- (1)** "Agency" means the Urban Renewal Agency for the City of Salem, Oregon.
- (2)** "Applicant" means a person, partnership, Limited Liability Company, corporation, joint venture, cooperative or other entity in law or fact, applying for a grant from the Program.
- (3)** "Capital Improvement" means the addition of a permanent structural improvement or fixture, or the restoration of some aspect of real property or fixtures thereon, that will increase the overall value of the real property and increase useful life of the structure or improvement for a minimum of ten years.
- (4)** "Director" means the Executive Director of the Agency, or the Director's designee.
- (5)** "Eligible Project" means a Capital Improvement to be constructed in the West Salem URA that is: (a) a new industrial, commercial, or mixed use multi-family residential building or structure; (b) a permanent improvement that increases the useable space and utility of an existing industrial, commercial, or mixed use multi-family residential building or structure or; (c) a fixture and trade fixture that is permanently affixed to the building or structure, associated planning, architectural, engineering, and construction services. This definition includes Environmental Clean-Up, planning, architectural, engineering, and construction services associated with a Capital Improvement.
- (6)** "Environmental Clean-Up" means environmental assessment and remediation of hazardous substances to the extent required by State and Federal standards.

(7) Grant Commitment” means an agreement between the Applicant and the Agency wherein specified grant funds from the Program will be available to the Applicant to complete the Eligible Project within the required timeframe.

(8) “Grantee” means an Applicant to whom a Grant Commitment is made.

(9) “Investment” means the anticipated amount of private spending, at a minimum rate of four dollars to every one dollar sought from the Program.

(10) “Public Benefit” means the elimination of blight or the increase in property use and value within the West Salem URA, consistent with the West Salem Urban Renewal Plan.

III. Program Requirements

(1) Submittal Requirements. To be eligible for a grant under the Program, an Applicant shall submit the following.

- A. A completed application on the form provided by the Agency; and**
- B. All documents necessary to evaluate the Public Benefit of an Eligible Project. These documents include, but may not be limited to:**
 - i. Description of the Eligible Project, its Public Benefit, and details on how it meets or exceeds the minimum investment of four dollars of private investment to every one dollar sought from the Program;
 - ii. Architectural plans and elevations of sufficient detail to illustrate the Eligible Project, its location, and development density;
 - iii. Title documents that demonstrate ownership and encumbrances of the property located in the West Salem URA that is intended to be the location of the Investment;
 - iv. Evidence from the county assessor that the taxes on the subject property are paid and current;
 - v. City of Salem Planning Pre-Application Conference summary from City of Salem Planning, Public Works, Building and Safety, Fire Department, and other departments;
 - vi. Qualifications of the Eligible Project development team;
 - vii. Eligible Project cost estimate from a licensed and bonded Oregon-based contractor;
 - viii. Appraisal from a licensed commercial appraiser, broker appraisal of value, or real estate comparisons from an outside third party detailing the current value of the subject property and the anticipated value of the subject property with the construction of the Eligible Project;

- ix. Financial documents sufficient to determine the ability of the Applicant to fund the Investment;
- x. Eligible Project construction schedule;
- xi. Employment estimate that identifies the number of jobs anticipated through the construction and occupation of the Eligible Project;
- xii. Description of how the grant will meet a particular project financing need;
- xiii. Any other information deemed necessary by the Director to understand the details of the Eligible Project.

C. If the Agency determines an application is incomplete, the Agency shall notify the Applicant in writing that additional information is needed and identify any deficiencies in the application. The Applicant must submit the information necessary for the Agency to determine that the application is complete within thirty days after the date of notification or the application shall be denied.

(2) Evaluation Approach. Grants will be processed accordingly:

- A. Agency staff shall review all complete applications.
- B. The Director shall issue a decision and cause a Grant Commitment to be sent to all successful Applicants.
- C. Applicants must execute the Grant Commitment and return it to the Agency within the time stated in the Grant Commitment or the award may be revoked.
- D. A fully executed Grant Commitment shall bind the Applicant to complete the Eligible Project within the required timeframe or the Grant Commitment will be nullified and the Applicant will be required to completely repay any expended grant funds.

(3) Grant Conditions. Each grant shall be subject to the following conditions:

- A. The Program must have or will have money available to fund the grant on or before the grant award date.
- B. No grant may exceed \$300,000.
- C. Grant funds may only be applied to costs incurred in the design and construction of an Eligible Project in the West Salem URA.
- D. Grant funding.
 - i. Where the grant award is \$100,000 or less, the grant funds will be disbursed to the Applicant upon: (1) the submission of a detailed contractor invoice with demonstrated evidence that the Grantee has paid at least fifty percent of the invoice; and (2) the completion of a satisfactory onsite inspection by Agency staff of the construction progress noted in the invoices. Grant funds will be disbursed at

a rate of fifty percent of the paid invoice amount, up to ninety percent of the total grant amount. The remaining ten percent of the grant award will be disbursed upon: (1) completion of the Eligible Project; and (2) where applicable, after a certificate of occupancy has been issued by the City of Salem.

ii. Where the grant award is over \$100,000, the Grant Commitment will specify one of the following methods to mitigate risk to the Agency:

1. By the disbursement of one hundred percent of the grant award upon: (1) completion of the Eligible Project; and (2) where applicable, after a certificate of occupancy has been issued by the City of Salem;
2. In instances where the Grantee has expressed the need for grant funds to be disbursed during the construction of the Eligible Project, a performance and payment bond for an amount adequate to cover the entire grant award will be required to ensure the completion of the Eligible Project; or
3. In instances where the Grantee has expressed the need for grant funds to be disbursed during the construction of the Eligible Project and the performance and payment bond is not the preferred approach, a restrictive covenant must be placed on the property where the Eligible Project is located. The restrictive covenant must specify that, in the event the Grantee breaches the Grant Commitment, the sale, transfer, or use of the property is prohibited until any expended grant funds have been repaid.

E. The Eligible Project must be maintained in the West Salem URA for at least ten years or may be replaced with something of equal or greater value, subject to approval of the Director.

F. The construction of the Eligible Project must commence within six months of the Grant Commitment and the Eligible Project must be completed within two years of the Grant Commitment date;

G. Removal of the Eligible Project, for which grant funds were received, prior to the required ten years without replacement of something of equal or greater value or the inability to complete the Eligible Project before the required two years will result in the repayment of any expended grant funds.

H. In the event that eligible applications exceed the available funds, the Director may give preference to an Applicant that demonstrates the highest degree of Public Benefit.

I. Applicant or Grantee must remain compliant with all Federal, State, and City codes and the Applicant or Grantee must be current on all payments due to the City of Salem and the Agency. Any non conformance to these codes or outstanding balances owed to the City or Agency may result in the Applicant's ineligibility for a grant from the Program or may result in the delay of grant funds to the Grantee.

IV. General Program Guidelines.

- (1)** The Director may, pursuant to these guidelines, approve or deny the application without need for further Urban Renewal Agency Board approval.
- (2)** Misrepresentation, falsification of information, or fraud on an application or in the performance of the Grant Commitment shall be deemed a breach of contract and any funds that have been disbursed shall be immediately repaid to the Agency along with a five percent penalty fee.
- (3)** Any breach of contract may result in the legal recourse necessary to satisfy paid grant funds along with associated recovery costs, and may result in the Applicant's disqualification from further eligibility for grants or loans.
- (4)** Compliance with all applicable Federal, State, and City codes and all necessary permits must be obtained prior to the disbursement of any grant funds.
- (5)** Grantee may request one extension to the two-year project completion date. The extension must be requested at least one month in advance of the project completion date and the extension will be for a maximum of six months beyond the project completion date.
- (6)** If construction progress with the Grantee's project does not occur within six months of the Grant Commitment date, the Director may terminate the Grant Commitment.
- (7)** Grantee may be eligible to apply for another grant from the Program after a minimum of five years from the Grant Commitment date of any West Salem URA grant program.