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October 10th, 2022

To: Sheri Wahgren, Downtown Revitalization Manager
Urban Development Department, City of Salem

RE: Capital Improvement Grant Program Exception Request for Redevelopment Project Located at
455 Court St NE, Salem OR 97301

Dear Urban Development,

On behalf of W3RE, LLC, I would like to request an exception to the maximum funding amount for the Capital Improvement Grant Program.

Our proposed project to be redeveloped at 445 Court St NE is a mixed-use building comprised of 8 dwelling units (a variety of options – 2 studios, 4 one-bedrooms and 2 two-bedroom apartments) and approximately 13,000 square feet of commercial space. The site plan and façade improvements were presented to City Planning and the Historic Preservation Officer by way of a pre-application conference on Sept 8, 2022. Recently, the project was brought before DAB and received a positive, enthusiastic response. Prior to approval, the project will also be presented to the CANDO neighborhood association as well as have a public hearing as part of the Historic Landmarks Commission review process – both instances give ample opportunity for the community to weigh in on the changes and future of the resource.

Being such a large and drastically underused property in our downtown's core, we are excited to present the redevelopment of this project for your consideration. The mandatory requirements for an exception to grant approval are met with the following criteria:

Capital Improvement Grant Program Objectives

1.e) Expansion of existing business, retention or recruitment of new business that results in creating new jobs (before vacating, Whitlock's was one business with roughly 6 employees. This redesign will result in 3 new businesses employing approximately 20 people)

1.f) Upper floor renovations (the entire 2nd floor was only storage due to access and F/L/S issues. At completion it will meet all current codes with proper egress, ADA access and an elevator).

Proportionate Utilization of Funding Sources

2.) *4:1 leverage of private/public funds* (W3RE, LLC has contributed \$900,000 in cash and Pioneer Trust Bank has provided a construction loan for \$4,000,000)

"Other" Criteria

3c.) *Housing* (the 2nd floor will be converted into 8 dwelling units for various family sizes)

Our proposed site plan and building design seeks to create a variety of dwelling options to attract the widest audience of users offering modern conveniences, while still honoring the historic character of the building – the marriage of which is really the embodiment of the downtown core. These are not luxury units, nor are they micro concepts – they are 8 residences that will bring customers, employees and families closer to the downtown core, helping this sleepy section of Court St further contribute to the vibrancy of the area.

****Beyond meeting the standard criteria for an exception, this project also achieves additional objectives of the Capital Improvement Grant Program:**

1.b) *Mixed-use, including housing* (1 floor of housing, 2.5 floors of commercial)

1.c) *Alley improvement* (the rear of the building gets a face lift with security and access)

Our need is dictated by many factors: we have maximized the available loan amount based on appraised value. The site presents historic design constraints that had to be addressed with architectural and structural choices that increased build costs. And with ever-rising construction prices (not to mention the recent economic uncertainty presented by unprecedented inflation and lingering pandemic-imposed supply-chain issues), this project needs all of the help it can get to be financially feasible.

Because of the above, **we would like to request an exception amount totaling \$500,000.**

In closing, the members of W3RE, LLC are life-long residents of Salem/Keizer and are pleased to have this project be considered for your generous funds. It is a great joy to be able to contribute to the development of the City that we grew up in and the downtown area in which we live, work and play. Taking a substantially underutilized historic gem and creating a thoughtfully-designed, multi-story, mixed-use hub of activity will be a tremendous accomplishment and honor. We look forward to partnering with Urban Development in bringing this project to fruition.

Thank you for your time and consideration of our request,

A handwritten signature in blue ink, appearing to read 'Charles', with a long horizontal line extending to the right.

Charles Weathers, Member

W3RE, LLC