

## ATTACHMENT 1

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November 13th, 2023

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

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

Dear Urban Development,

On behalf of ASM9, 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 236 Commercial St NE is a combination of mixed-use remodel and alley new construction totaling 16 dwelling units (a variety of options – studios, one-bedroom and two-bedroom apartments) and approximately 4,200 square feet of commercial space. The site plan and façade improvements were presented to City Planning and the Historic Preservation Officer in late October. Site plan approval was received on Nov 9<sup>th</sup> and Historic Landmarks Commission has a hearing set for Nov 16<sup>th</sup> – staff's report recommended that the project be approved. Recently, the project was presented to the CANDO neighborhood association and received a favorable response as well as a letter of support. Soon the plans will be brought before the Downtown Advisory Board with the anticipation of a similarly positive outcome.

Now that Green Thumb has vacated the premises and such a large and drastically underused property in our downtown's core sits vacant, 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, Green Thumb was one business with roughly 3 employees. This redesign will result in 2 new businesses employing approximately 12 people).

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

### Proportionate Utilization of Funding Sources

2.) *4:1 leverage of private/public funds* (ASM9, LLC has contributed approx. \$900,000 in cash and Bank of the Pacific has committed to a construction loan for \$2,950,000)

### "Other" Criteria

3c.) *Housing* (the 2<sup>nd</sup> floor will be converted into 4 dwelling units and the alley structure will be rebuilt into 12 units for various family sizes)

Our remodel plan and new 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 16 residences that will bring customers, employees and families closer to the downtown core, helping this recently-activated alley 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.a) *New construction* (the rear "shed" will be demolished to make room for a new 3-story apartment)

1.b) *Mixed-use, including housing* (multiple floors of housing, 1.5 floors of commercial)

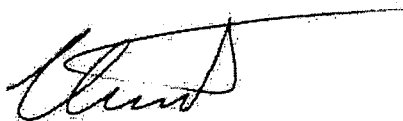
1.c) *Alley improvement* (the true rear of the building gets exposed and new construction fills out the lot)

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 and labor shortage issues), this project needs all the help it can get to be financially feasible.

**Because of the above, we would like to request an exception amount totaling \$600,000.**

In closing, the members of ASM9, LLC are long-time 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,



Charles Weathers, Member