

## Hillcrest Youth Correctional Facility Potential Acquisition

The Hillcrest Youth Correctional Facility located at 2450 Strong Road SE is a 44.6 gross acre site currently marketed for sale by the State of Oregon for \$5,600,000.

**Appraised Value.** The \$5,600,000 appraised value is as a developed site. The appraisal does not reflect cost estimates for demolition, potential development or redevelopment costs, or environmental remediation. While some of the buildings have undergone environmental remediation, not all have. Utilities provided to the property include natural gas, electricity and city sewer, however new investment in city water infrastructure will be needed to serve most of the site

### Site Map



**Site.** The property includes 17 buildings constructed between 1923 and 2003 with 207,263 SF of gross building area. The appraisal breaks the property into four distinct parts and appraises each separately as if not developed and with no value attributed to the existing structures, with one exception. The area referred to as the “developed campus” includes most of the buildings and consists of 23.79 acres valued at \$2,140,000 (no value in the buildings). The remaining 20.81 acres includes nine acres of “flat lowland area” adjacent to Reed Road valued at \$950,000 and 11.81 acres of “treed slope area” valued at \$1,060,000. Additionally, “Scott Hall” is valued separately from the rest of the developed campus at \$620,000. The difference between the two types of valuation, land vs. developed, is \$830,000, which implies the property may be purchased for less than \$5,600,000.

**Condition.** The property is currently zoned Public Health and is built out as a correctional facility with multiple buildings, including:

- Scott/Iota Hall: Residential halls with catering facility, medical facility, main security office, cell area
- Norblad Hall: Dormitory with kitchen and dining area
- Zeta Hall: Holding cell area
- Administrative Building: Main reception area and main parking lot for the site around the building. The building has gardens and raised bedding sections
- Farrell School: Formerly used as a high school with classroom space, gymnasium, and outdoor swimming pool with changing facilities.

**Zoning and Funding Possibilities.** The property is located within one of Salem's four newly-created federal Opportunity Zones, which provide potential relief from capital gains tax. It is not within an urban renewal area, but could possibly be added to the Mill Creek Corporate Center. This action would require approval from Marion County, the City of Salem, and the Salem-Keizer School District and funding for acquisition or improvements would have to be considered in the context of existing funding obligations at Mill Creek.

**Possible Uses.** The site as a whole is too large to operate and manage efficiently or effectively for shelter use or for transitional housing. The dormitory buildings are extremely large and of an older construction type that would be expensive to heat and cool as well as to monitor and secure. Kitchen and dining facilities are in a different building, and restrooms are designed in an open locker room style. ADA and other building code improvements would likely be needed. The Administrative Building appears to be the most feasible option for converting to transitional single room occupant housing with shared communal living, kitchen and restroom facilities. It would require restroom and kitchen improvements and may require other, currently unknown improvements to convert the building to residential use. This building is located outside of the fenced, secured campus. If the City were to acquire the entire site, one or more buildings could be reserved to support housing needs and a request for proposals for redevelopment could be issued seeking a developer/investor who could benefit from the opportunity zone designation.

**Additional Questions and Considerations.** Prior to undertaking a more detailed analysis to gauge cost-benefit and feasibility, a number of questions should first be addressed, such as:

- What specific needs does the City wish to address with this site?
- Given the site's features, what type of uses (housing, sheltering, services, commercial uses) are best-suited?
- What would the cost be to fully remediate hazards and renovate some or all of the existing structures for adaptive reuse?
- What would remediation and demolition of the existing structures cost?
- What would energy and maintenance costs be for one or more of the buildings?
- What partnership opportunities exist for additional funding?
- What is the capacity of potential service providers to utilize the site?