

RESOLUTION NO. 16-3 URA

A RESOLUTION APPROVING AMENDMENTS TO THE NORTH GATEWAY URA INTERIOR/EXTERIOR GRANT PROGRAM POLICIES

Whereas, Section 609 of the North Gateway Urban Renewal Plan (the Plan) allows the Urban Renewal Agency of the City of Salem to promulgate rules, guidelines and eligibility requirements for the purpose of establishing a grant award program and other financial incentives to advance the goals and objectives of the Plan; and

Whereas, a grant program has been established to advance the goals and objectives of the Plan, as provided by Section 609 of the Plan; and

Whereas, the North Gateway Redevelopment Advisory Board (NGRAB), at its June 2, 2016 meeting considered and adopted a recommendation for changes to the grant program; and

Whereas, the Salem Urban Renewal Agency Board (Agency Board) has considered the recommendations of the NGRAB, and wishes to make the recommended changes to the grant program which are embodied in the "North Gateway URA Interior/Exterior Grant Program Policies," which are attached hereto as "Exhibit A," and incorporated herein by reference;

NOW, THEREFORE, THE BOARD OF THE URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON, RESOLVES AS FOLLOWS:

Section 1. Exhibit A, the North Gateway URA Interior/Exterior Grant Program Policies is hereby adopted as the policy for the North Gateway Urban Renewal Area.

Section 2. This resolution is effective upon adoption.

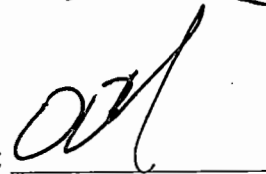
ADOPTED by the Urban Renewal Agency Board this 27th day of June, 2016.

ATTEST:



Clerk of the Board

Approved by City Attorney:



Checked by: M. Metzger

EXHIBIT A

North Gateway Urban Renewal Interior/Exterior Grant Program Policies

1. AWARD TERMS

- A. The maximum grant award is up to \$300,000.
- B. Each dollar in grant funds must be matched by a dollar in applicant funds. Grant funds and matching dollars must be used for eligible costs. Applicant expenditures for ineligible costs may not be applied as grant match.
- C. Grant funds may not be applied to costs incurred prior to the grant award.
- D. An applicant is limited to one grant award every three years per project location. The applicant is eligible for additional grants supporting projects at other locations within the URA. Phased projects may be approved as a single grant, The maximum award for a phased project shall not exceed \$300,000.

Example: a company envisions the phased installation of equipment and related upgrades in their electrical systems, totaling \$300,000. If the company describes the overall plan for the improvements with a timeline for completion, that project may be counted as a single grant award, even though the dispersal of funds may occur in phases.
- E. Grant awards may be combined with a loan award for a single project, but a loan award may not be used to satisfy the grant match requirement for grant awards.
- F. Other terms may be required for award to comply with law, or URA rules and regulations.

2. ELIGIBLE RECIPIENT

- A. The grant recipient may be the owner of the property (fee title or executed land sale contract evidencing right to perform improvements) or a tenant with an executed lease and written consent from the property owner to make the proposed improvements.
- B. A "recipient" includes all legal entities where the recipient has a membership, shareholder, or ownership interest. Non-profit entities are not eligible for grants.
- C. Grantees awarded funding prior to July 1, 2014 who apply for funding after June 27, 2016 will be considered a new applicant and if eligible, considered for up to \$300,000. Individuals awarded North Gateway URA funding after July 1, 2014 will be eligible to apply for the balance of their previous award, up to \$300,000. The same eligibility requirements and Program Policies apply to all applicants, regardless of whether they have received previous grants.

3. ELIGIBLE PROPERTY

- A. Properties must be located within the North Gateway Urban Renewal Area.
- B. Properties must be appropriately zoned for the use of the site.

4. ELIGIBLE GRANT ACTIVITIES

- A. Restoration or rehabilitation to the face of a building that is in public view, including installation, repair or replacement of: Awnings, Canopies, Exterior Lighting, Roofing, Gutters, Painting, Signs, Windows, Doors, and other facade improvements.
- B. New construction or redevelopment of commercial, industrial, mixed-use, and multi-family housing properties.
- C. HVAC, electrical, plumbing renovation or replacement.
- D. Roof replacement when needed to prevent further deterioration of a commercial or industrial building.
- E. ADA Accessibility Improvements.
- F. Environmental remediation.
- G. Site plan review, building permit, and design review fees (not exceeding \$5,000 total).
- H. Renovation or replacement of items required to address zoning, building, fire code, or seismic deficiencies.
- I. Demolition in conjunction with an approved project.
- J. Purchase of capital equipment as a business investment or to expand job opportunities. Equipment purchased with URA funds shall remain with the building for a period of 10 years. Should the equipment be moved outside of the North Gateway URA, the grant funds used to purchase the equipment shall be reimbursed to the Urban Renewal Agency on a proportional basis related to the time remaining on the 10-year commitment.

Example: a company that purchases equipment with URA funds, leaves the URA in 8 years (two years short of the 10 year commitment) shall reimburse the City for 20 percent of the original grant award.

5. CONDITIONS

- A. Applicant shall maintain the improvements funded by the grant in good order for a period of at least five (5) years and be dutiful about removal of graffiti and repair of

vandalism. Capital equipment purchased with grant funds shall be maintained in good working order and must remain in the URA for a period of 10 years per Section 4. J.

B. If required, work shall be done under a building permit issued by the City of Salem.

C. Agency shall not reimburse more than 50 percent of all submitted receipts.

D. Taxes or fees assessed by the City must be current.

E. Evidence of property insurance.

6. ADMINISTRATION

A. The Urban Development Director has the authority to develop procedures and future required administrative changes to implement the program.

B. Comments from the North Gateway Redevelopment Advisory Board will be considered prior to major program policy changes such as maximum grant amounts.

RESOLUTION NO. 16-3 URA

Amending The North Gateway URA Interior/Exterior Grant Program Policies

Adopted: June 27, 2016
Effective: June 27, 2016
Copy to :

Board Vote	Yes	No
Chair Peterson	X	
Bennett (Ward 1)		A
Andersen (Ward 2)	X	
Nanke (Ward 3)	X	
McCoid (Ward 4)	X	
Dickey (Ward 5)		A
Benjamin (Ward 6)	X	
Bednarz (Ward 7)	X	
Lewis (Ward 8)	X	

*A = Absent



CITY OF SALEM

555 Liberty St SE
Salem, OR 97301

Staff Report

File #: 16-087
Version: 1

Date: 6/27/2016
Item #:

TO: Urban Renewal Agency Board
THROUGH: Steve Powers, Executive Director
FROM: Kristin Retherford, Director, Urban Development Department
SUBJECT:

North Gateway Urban Renewal Area Interior/Exterior Grant Policy Amendments

Ward(s): Ward 5
Board Member(s): Dickey
Neighborhood(s): Northgate

ISSUE:

Should the Agency Board adopt Resolution No. 16-3 URA approving revisions to the North Gateway Urban Renewal Area Interior/Exterior Grant Program Policies to:

- (1) Increase the maximum grant award from \$25,000 for interior improvements and \$25,000 for exterior improvements to \$300,000 for all improvements;
- (2) Expand the use of urban renewal funds to include multi-family housing and capital equipment; and
- (3) Make changes aimed at more efficiently administering the program?

RECOMMENDATION:

Adopt Resolution No. 16-3 URA approving revisions to the North Gateway Urban Renewal Interior/Exterior Grant Program (North Gateway Grant Program) Policies to:

- (1) Increase the maximum grant award from \$25,000 for interior improvements and \$25,000 for exterior improvements to \$300,000 for all improvements;
- (2) Expand the use of urban renewal funds to include multi-family housing and capital equipment; and
- (3) Make changes aimed at more efficiently administering the program.

SUMMARY AND BACKGROUND:

The recently adopted Portland Road Corridor Action Plan (Action Plan) recommends restructuring existing financial incentives within the North Gateway Urban Renewal Area Plan (North Gateway URA Plan), including modifications to the North Gateway URA Grant Program that expand eligibility and increase funding availability (Attachment 1).

With the Agency Board's approval of the Action Plan on March 28, 2016, staff was directed to "identify and prepare those measures needed to implement the Action Plan for Agency Board review." The proposed amendments to the North Gateway Grant Program Policies (Grant Policies) are required to implement the Action Plan.

Market conditions in the Portland Road Corridor remain challenging. Several properties remain vacant and underutilized, and many buildings are in poor condition. Since creation of the North Gateway Grant Program in 2008, approximately \$530,000 in North Gateway URA funding has been dispersed for building improvements scattered throughout the 928 acres. Until recently, the majority of those grants have been small (\$25,000 or less). Since fall 2015 the Urban Renewal Agency Board (Agency Board) has approved three exceptions to the Grant Policies from individuals requesting more than the \$50,000 maximum grant award allowed by the current Policies. The recommended amendments to the Grant Policies aim to increase development activity within the North Gateway URA and broaden the eligibility to a wider range of development types.

FACTS AND FINDINGS:

The following amendments to the Grant Policies respond to the Action Plan recommendations :

Recommendation: "Restructure Financial Incentives to Better Serve Businesses, Developers, and Property Owners."

The current Grant Policies allow for up to \$50,000 in grant and \$100,000 in loan funding per applicant. Adjustments to increase grant awards in the West Salem and Riverfront Downtown Urban Renewal areas have proved effective in stimulating redevelopment and expansion of existing businesses. The maximum grant award for these areas is \$300,000. Interviews with stakeholders and businesses in the North Gateway area indicate that the existing \$50,000 limit should be increased. The added text in Sections 1 and 4 is underscored. Deleted text is marked with a ~~strikethrough~~.

Proposed amendment:

Section 1. AWARD TERMS

A. ~~\$25,000 interior/\$25,000 exterior grants, with a maximum award of \$50,000.~~ The maximum grant award is up to \$300,000.

Recommendation: Include Fixed Assets as Eligible Expense

Restructuring financial incentives is more than increasing the maximum grant award. Housing and fixed assets (manufacturing equipment) are not currently eligible grant expenses. Expanding the eligible use of grant funds to include capital equipment will allow companies to acquire equipment necessary to increase efficiency, remain competitive, or to add capacity.

Proposed Amendment:

Section 2: ELIGIBLE RECIPIENT

C. Grantees awarded funding prior to July 1, 2014 who apply for funding after June 27, 2016 will be considered a new applicant and if eligible, considered for up to \$300,000. Individuals awarded North Gateway URA funding after July 1, 2014 will be eligible to apply for the balance of their previous award, up to \$300,000. The same eligibility requirements and Program Policies apply to all applicants, regardless of whether they have received previous grants.

Recommendation: Address Eligibility for Applicants with Previous Awards

Since proposing the draft amendments to the Program Policies staff has received requests from previous grantees for additional funding. Adding this provision will provide additional guidance for staff in administering the Program.

Proposed Amendment:

Section 4. ELIGIBLE GRANT ACTIVITIES

J. Purchase of capital equipment as a business investment or to expand job opportunities. Equipment purchased with URA funds shall remain with the building for a period of 10 years. Should the equipment be moved outside of the North Gateway URA, the grant funds used to purchase the equipment shall be reimbursed to the Urban Renewal Agency on a proportional basis related to the time remaining on the 10-year commitment.

Example: a company that purchases equipment with URA funds, leaves the URA in 8 years (two years short of the 10 year commitment) shall reimburse the City for 20 percent of the original grant award.

Recommendation: Include Housing as Eligible Expense

Support for housing development is not currently an eligible grant expense. The Action Plan recommends that housing be eligible (and listed as a priority) for any new grants/loans developed following the approval of the Action Plan. The proposed amendment expands the eligible list of grant activities to include housing.

Proposed Amendment:

Section 4. ELIGIBLE GRANT ACTIVITIES

B. New construction or redevelopment of commercial, industrial, mixed-use, and multi-family housing properties.

The proposed amendments in Resolution No. 16-3 URA (Attachment 2) also include minor changes to more effectively administer the grant program.

NEXT STEPS:

Additional actions will be required to fully implement the Portland Road Corridor Action Plan. These actions are also on the Agency and Council agenda tonight and include:

- Amendments to the North Gateway Urban Renewal Plan.
- Approval of funding to begin implementing short term recommendations identified in the Action Plan.

Mark Metzger
Project Coordinator

Attachments:

1. Recommended Amendments
2. Resolution No. 16-3 URA

06/7/2016

North Gateway Urban Renewal Interior/Exterior Grant Program Policies Recommended Amendments

The Portland Road Corridor Action Plan (Action Plan) recommends changes to the North Gateway Interior/Exterior Grant Program policies to increase funding and expand eligibility. The proposed amendments are shown below in legislative format with new text underlined and omitted text in ~~strikeout~~.

1. AWARD TERMS

~~A. \$25,000 interior/\$25,000 exterior grants, with a maximum award of \$50,000.~~
The maximum grant award is up to \$300,000.

~~B. Maximum Grant Small Business: \$10,000 with a 20% match requirement.~~

~~B. 50% match required by applicant for grants. Each dollar in grant funds must be matched by a dollar in applicant funds. Grant funds and matching dollars must be used for eligible costs. Applicant expenditures for ineligible costs may not be applied as grant match.~~

~~C. Reimbursements of Hard Costs incurred prior to award are not eligible. Grant funds may not be applied to costs incurred prior to the grant award.~~

~~D. A total number of five awards allowed in five years to one applicant. An applicant is limited to one grant award every three years, per project location. The applicant is eligible for additional grants supporting projects at other locations within the URA. Phased projects may be approved as a single grant. The maximum award for a phased project shall not exceed \$300,000.~~

Example: a company envisions the phased installation of equipment and related upgrades in their electrical systems, totaling \$300,000. If the company describes the overall plan for the improvements with a timeline for completion, that project may be counted as a single grant award, even though the dispersal of funds may occur in phases.

~~E. Grant awards may be combined with a loan award for a single project, but a loan award may not be used to satisfy the grant match requirement for grant awards.~~

~~F. Other terms may be required for award to comply with law, or URA rules and regulations.~~

2. ELIGIBLE RECIPIENT

~~A. Property ownership (fee title, or executed land sale contract evidencing right to perform improvements) The grant recipient may be the owner of the property (fee title or executed land sale contract evidencing right to perform improvements) or a tenant with an executed lease and written consent from the property owner to make the proposed improvements.~~

~~B. Tenant with executed lease and written consent of property owner. [Combined with 2 A., above]~~

C. A "recipient" includes all legal entities where the recipient has a membership, shareholder, or ownership interest. Non-profit entities are not eligible for grants.

~~D. "Small Business" is a business with less than ten employees.~~

D. Grantees awarded funding prior to July 1, 2014 who apply for funding after June 27, 2016 will be considered a new applicant and if eligible, considered for up to \$300,000. Individuals awarded North Gateway URA funding after July 1, 2014 will be eligible to apply for the balance of their previous award, up to \$300,000. The same eligibility requirements and Program Policies apply to all applicants, regardless of whether they have received previous grants.

3. ELIGIBLE PROPERTY

A. Properties must be located within the North Gateway Urban Renewal Area.

B. Properties must be appropriately zoned for the use of the site. Industrial, commercial, or mixed-use.

4. ELIGIBLE GRANT ACTIVITIES

A. Restoration or rehabilitation to the face of a building that is in public view, including installation, repair or replacement of: Awnings, Canopies, Exterior Lighting, Roofing, Gutters, Painting, Signs, Windows, Doors, and other facade improvements.

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C. HVAC, Electrical, Plumbing renovation or replacement.

D. Roof replacement when needed to prevent further deterioration of a commercial or industrial building.

E. ADA Accessibility Improvements.

F. Environmental Remediation.

G. Site Plan Review, Building Permit, and Design Review Fees (not exceeding \$5,000 ~~\$1,500~~ total).

~~G. New Construction:~~ [Now included in Section 4. B. above]

H. Renovation Repair or replacement of items required to address zoning, building, fire code, or seismic deficiencies.

I. Demolition in conjunction with an approved project.

J. Purchase of capital equipment as a business investment or to expand job opportunities. Equipment purchased with URA funds shall remain with the building for a period of 10 years. Should the equipment be moved outside of the North Gateway URA, the grant funds used to purchase the equipment shall be reimbursed to the Urban Renewal Agency on a proportional basis related to the time remaining on the 10-year commitment.

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