



Staff Report

File #: 22-531

Version: 1

Date: 11/28/2022

Item #: 3.3a.

TO: Urban Renewal Agency Board
THROUGH: Keith Stahley, Executive Director
FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Riverfront-Downtown Urban Renewal Capital Improvement Grant Program Exception for 455 Court Street NE

Ward(s): Ward 1
Councilor(s): Stapleton
Neighborhood(s): CANDO
Result Area(s): Strong and Diverse Economy

SUMMARY:

Agency Board action is needed to approve a grant in the amount of \$500,000 as an exception to the maximum grant amount of \$300,000, which is the maximum amount that can be approved by the Director under the Riverfront-Downtown Urban Renewal Area Capital Improvement Grant Program guidelines, to partially fund the costs to rehabilitate the former Whitlock's Building into a mix of uses including rental housing.

ISSUE:

Shall the Agency Board approve an exception to the maximum grant amount from the Riverfront-Downtown Urban Renewal Area Capital Improvement Grant Program to rehabilitate an existing vacant building located at 455 Court Street NE, into a mixed-use building including rental housing?

RECOMMENDATION:

Approve an exception to the maximum grant amount from the Riverfront-Downtown Urban Renewal Area Capital Improvement Grant Program to rehabilitate an existing vacant building located at 455 Court Street NE, into a mixed-use building including rental housing.

FACTS AND FINDINGS:

W3RE, LLC, an Oregon Limited Liability Company, submitted a letter on October 10, 2022,

(Attachment 1) requesting a grant in the amount of \$500,000, which is an exception to the Capital Improvement Grant Program maximum grant amount of \$300,000.

In order to redevelop the building, it will need to be brought up to code, which includes significant costs to address ADA improvements, including an elevator, structural steel, as well as, incorporating building materials that meet historic approval requirements.

Total building rehabilitation project costs are estimated to be \$2.8M. The grant funds will be used to partially fund the costs to rehabilitate an existing vacant historic building in downtown, into eight upper floor rental housing units. The former building occupied by Whitlock's Vacuum Cleaner and Sewing Machine business will have a mix of upper floor rental units comprised of 2-studios, 4-one bedroom, and 2-two bedroom apartments. Proposed improvements to the 13,000 sf ground floor space have already attracted pre-leasing by a laundry operator and bridal shop.

The owner of the property is W3RE, LLC, which has the following members:

ORREO Fund, LLC whose only member is Charles Weathers
FUNDY BUSINESS, LLC whose members are John and Rebecca Wulf

W3RE, LLC meets the Capital Improvement Grant Program Exception Criteria for projects requesting more than the \$300,000 maximum grant allowed for approval by the Director within the program guidelines. The Riverfront-Downtown Urban Renewal Plan, Section 1105, Core Area Redevelopment, identifies grants as an eligible project for funding.

If approved, the FY 2022-23 Capital Improvement Grant Program Budget of \$4.6M will be reduced by \$500,000.

BACKGROUND:

On May 8, 2017, the Agency Board approved the "Exception Criteria" (Attachment 2) to determine eligibility for grant requests greater than \$300,000. W3RE, LLC meets the following Capital Improvement Grant Program Exception Criteria

Mandatory Requirements

- 1) Project must meet a minimum of two Capital Improvement Grant Program Objectives:

W3RE, LLC satisfies this requirement through the following two Capital Improvement Grant Program Objectives:

- Recruitment of businesses
- Upper Floor renovations

- 2) 4:1 Leverage of Private/Public Funds:

Estimated Total Project Cost: \$2,800,000
City Funding Request: \$ 500,000
Leverage: 5:6:1

3) Project must meet one of the "Other Criteria"

W3RE, LLC satisfies this requirement by the project including:

- Housing

W3RE, LLC is required to provide confirmation of funds to cover costs not covered by the grant as a condition of the grant. All grants are conditioned upon a qualified contractor and meeting all City of Salem's building and historic requirements.

With approval of this grant exception, a large, currently vacant historic building in the core of downtown will be redeveloped into a mix of uses that will contribute to the economic vibrancy of downtown.

Sheri Wahrgren
Acting Assistant Director, Urban Development

Attachments:

1. October 10, 2022, Grant Exception Request Letter
2. Capital Improvement Grant Program Exception Guidelines