



# CITY OF SALEM

585 Liberty St SE  
Salem, OR 97301

## Staff Report

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**TO:** Urban Renewal Agency Board

**THROUGH:** Keith Stahley, Executive Director

**FROM:** Kristin Rutherford, Director of Community and Urban Development

### **SUBJECT:**

Riverfront-Downtown Urban Renewal Capital Improvement Grant Program Exception for ASM9, LLC.

Ward(s): 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 \$600,000 as an exception to the maximum grant amount of \$300,000. The Director, under the Riverfront-Downtown Urban Renewal Area Capital Improvement Grant Program Guidelines, can approve grant requests up to \$300,000. Grant funds will be used to partially fund the costs to rehabilitate an existing historic building and construct an adjacent new building that will include 16 rental housing units at 236 Commercial Street NE. The building is scheduled to be renamed the Retro Electro Building.

### **ISSUE:**

Shall the Urban Renewal Agency approve an exception to the maximum grant amount from the Riverfront-Downtown Urban Renewal Area Capital Improvement Grant Program for a total grant award of \$600,000 for rehabilitation of a currently vacant historic building and new construction of an adjacent new building that will include 16 rental units?

### **RECOMMENDATION:**

Approve an exception to the maximum grant amount from the Riverfront-Downtown Urban Renewal Area Capital Improvement Grant Program for a total grant award of \$600,000 for rehabilitation of a currently vacant historic building and new construction of an adjacent new building that will include 16 rental units.

## FACTS AND FINDINGS:

ASM9, LLC, an Oregon Limited Liability Company, submitted a letter on November 13, 2023 (Attachment 1), requesting an exception to the Capital Improvement Grant Program maximum grant amount. The proposed project is the renovation of the existing vacant historic building previously occupied by Green Thumb Florist and new construction of a building off the alley that will be 16 rental units located at 236 Commercial Street NE. The proposed project will redevelop an estimated 4,200 square feet of currently vacant ground floor space, demolition of an underutilized warehouse building addition that is attached to the back of the historic building off the alley, and in its place construct a new building with 16 housing units. The commercial space will be accessed off Commercial Street and the housing units off the alley (between Chemeketa/Court).

The design of the new building will include a variety of unit options - studios, one-bedroom and two-bedroom apartments. There will also be green space between the historic building and new construction to provide an outdoor seating area.

The total project costs are estimated to be \$3.7M. The grant funds are requested because of increased financing costs, historic design constraints and overall construction costs resulting from supply-chain and labor shortage challenges.

Charles Weathers, a primary member of ASM9, LLC has successfully renovated the building known as Fork Forty located at 440 State Street. This building was vacant when it was purchased. Renovations were completed in the basement, first and second floors, including the addition of rental housing units. Mr. Weathers is also currently renovating the building formerly occupied by Whitlocks Sewing/Vacuum Cleaners into a mixed-use building with a ground floor retail tenant and 10 second floor apartment units.

The Riverfront-Downtown Urban Renewal Plan, Section 1105, Core Area Redevelopment, identifies grants as an eligible project for funding.

ASM9, LLC project meets the Capital Improvement Grant Program Exception Criteria for projects requesting more than \$300,000, which is the maximum grant allowed under the Director's approval within the program guidelines. If approved, the FY 2024 Capital Improvement Grant Program Budget of \$5.9M will be reduced by \$600,000.

## BACKGROUND:

The redevelopment of the existing historic building located at 236 Commercial Street NE, into a mixed-use project will increase the rental housing options available in downtown Salem and reduce ground floor vacancy. A tenant has already signed a lease for the entire ground floor space, which will bring a laundry facility and gathering space for music into downtown.

On May 8, 2017, the Agency Board approved the "Exception Criteria" (Attachment 2) to determine the eligibility for grant requests greater than \$300,000. ASM9, LLC's project meets the following

## Capital Improvement Grant Program Exception Criteria.

### Mandatory Requirements

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

ASM9, LLC's satisfies this requirement through the following two Capital Improvement Grant Program Objectives:

- Alley Improvements
- Recruitment of a business

#### *2) 4:1 Leverage of Private Public Funds*

ASM9, LLC satisfies the 4:1 Leverage of Private/Public Funds based on the following analysis:

Estimated Total Project Costs:	\$3.7M
City Funding Request:	\$600,000
Leverage:	6:1

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

- Housing

ASM9, LLC has provided funding commitments that confirm financial resources to cover the project costs not covered by the grant. With approval of this grant exception, this project increase the rental housing options in downtown and reinvigorate a currently vacant historic building.

All grants are conditioned upon a qualified contractor and meeting all City of Salem's building requirements.

Sheri Wahrgren, Assistant Director  
Urban Development Department

### Attachments:

1. November 13, 2023, Grant Exception Request Letter - ASM9, LLC
2. Capital Improvement Grant Program Exception Criteria