

## Staff Report

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**File #:** 16-125**Version:** 1**Date:** 7/25/2016**Item #:** 6. b.

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**TO:** Mayor and City Council**THROUGH:** Steve Powers, City Manager**FROM:** Kristin Retherford, Urban Development Director**SUBJECT:**

Mitigation Plan for the demolition of buildings on the Oregon State Hospital North Campus property

Ward(s): Ward 1, 2, 6

Councilor(s): Councilors - Bennett, Anderson, Benjamin

Neighborhood(s): NESCA

**ISSUE:**

Mitigation Plan and Memorandum of Agreement (MOA) between the Oregon Department of Administrative Services and the State Historic Preservation Office regarding the demolition and historic mitigation of five buildings on the North Campus of the former Oregon State Hospital property.

**RECOMMENDATION:**

Information Only

**SUMMARY AND BACKGROUND:**

The former Oregon Psychiatric Hospital consolidated from a facility north and south of Center Street into one contemporary facility south of Center Street NE. The former hospital buildings north of Center Street (referred to as the North Campus) are vacant with the exception of two buildings, the Dome Building and Yaquina Hall, which are used for State offices. In 2013, DAS initiated the process to sell the 48 acre North Campus property bound by Park Ave NE, D Street NE, Center Street NE, and 23<sup>rd</sup> Street NE (Attachment 1).

The MOA (Attachment 2) describes the demolition and required mitigation in detail. The North Campus is located within the Oregon State Hospital Historic District (Historic District) which is listed on the National Register of Historic Places. Mitigation is required for the loss of historic structures

located in the Historic District.

Salem Revised Code Chapter 230.018 provides a streamlined approach for the approval of activities within historic districts while in State ownership, allowing State agencies to seek approval from the SHPO or the City of Salem Historic Landmarks Commission, rather than both. A memo from DAS dated June 2, 2016, was received by the City outlining DAS's decision to go through SHPO's process for approval of the North Campus Historic District and the proposed MOU between DAS and SHPO.

In 2013 and 2014, DAS completed several steps to evaluate the redevelopment potential of the North Campus property, including an economic and redevelopment evaluation, environmental assessment of soil and building materials, neighborhood outreach, and completion of a Request for Qualifications from interested developers. The Request for Qualifications did not generate a proposal that met the minimum qualifications due to the costly and complicated nature of redeveloping the properties, including the historic structures. In 2015, to improve the likelihood of development and ultimate sale of the North Campus property, the Oregon State Legislature directed DAS to spend up to \$8.3 million for the demolition of five buildings on the property, subterranean tunnels, and related infrastructure. Assuming all necessary approvals are in place, DAS anticipates beginning demolition by October 2016.

## **FACTS AND FINDINGS:**

The Oregon State Hospital Historic District includes seven buildings (Yaquina Hall, the Dome Building, Breitenbush Hall, McKenzie Hall, Eola Hall, Recreation Center, and Santiam Hall), associated subterranean tunnels, and infrastructure. DAS proposes to demolish five of those seven buildings (Yaquina Hall and Dome Building will not be demolished). Following the demolition, DAS intends to issue a Request for Proposals to solicit interest from developers to purchase/develop the site.

A public meeting was held on April 21, 2016, to present a draft mitigation plan and obtain public feedback. The draft MOA was presented to the Salem Historic Landmarks Commission (Landmarks Commission) on May 19, 2016. Staff incorporated feedback from the Landmarks Commission, SHPO, DAS, the City, and public comments into the MOA. DAS and the SHPO are responsible for ensuring the requirements of the MOA are met.

Additional public outreach to raise awareness of the demolition and the overall project included:

- Presentation to the Northeast Community Association (NESCA) on April 19, 2016, providing an update on the status of the project.
- Public notice to individuals located within 250 feet of the property, as well as four

neighborhood associations (NESCA, NEN, ELNA, and SESNA), informing them of the April 21, 2016 public meeting.

- Written update for the Lansing Neighborhood Association on April 26, 2016.
- DAS plans to place signage on the North Campus property with details on the anticipated demolition schedule and to follow up electronically with attendees of the April 19<sup>th</sup> meeting.

### **Next Steps**

The City Manager will send a follow up letter to DAS, following the July 25, 2016 meeting (Attachment 3). DAS desires to obtain a demolition permit by August 2016 and be ready to initiate work by October 2016. The City will not issue a demolition permit until SHPO approval is in place, including execution of the MOA.

#### **Attachments:**

1. North Campus Map
2. Memo and MOA from DAS dated June 2, 2016
3. Draft Letter from the City Manager to DAS

06/22/2016