



Staff Report

File #: 19-399

Version: 1

Date: 10/14/2019

Item #: 3.3a.

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

SUBJECT:

Amend the West Salem Urban Renewal Area Redevelopment Grant Program Guidelines

Ward(s): Ward 1

Board Member(s): Kaser

Neighborhood(s): WSNA

Result Area(s): Strong and Diverse Economy; Welcoming and Livable Community.

ISSUE:

Shall the Urban Renewal Agency adopt amendments to the West Salem Urban Renewal Area redevelopment grant program guidelines to be consistent with other Salem urban renewal grant programs?

RECOMMENDATION:

Adopt amendments to the West Salem Urban Renewal Area redevelopment grant program guidelines to be consistent with the other Salem urban renewal grant programs.

SUMMARY:

Urban Renewal Area grant programs have been successful in encouraging redevelopment and increasing private investment and new jobs. The Urban Development Department is actively promoting the West Salem Urban Renewal Area (WSURA) grant program, with several applicants considering redevelopment and manufacturing projects this fiscal year.

Current WSURA grant guidelines require that grantees with over \$100,000 in funding either 1) wait until completion of the project construction or installation to seek reimbursement, 2) secure a performance and payment bond, or 3) apply a restrictive covenant that prohibits the sale of the property until grant funds are repaid to ensure performance. Verification of funds is also required as supporting documentation with the application for all grants, regardless of funding amount. Grantees have noted that these disbursement requirements can be challenging on projects with limited cash

flow.

Removal of this requirement will make the WSURA grant guidelines consistent with Salem's other urban renewal grant programs. If the Agency approves the removal of the requirements for projects over \$100,000, Urban Development will continue to request verification of matching funds prior to a grant award and monitor construction progress and performance prior to grant disbursement.

The other recommended change to the grant guidelines includes removing the minimum time between WSURA grant applications to be consistent with the other grant programs and to encourage private investment as opportunities arise.

FACTS AND FINDINGS:

On August 7, 2019, the West Salem Redevelopment Advisory Board recommended the changes to the grant guidelines to achieve consistency with Salem's other grant programs to 1) include exception criteria based on investment and public benefit, 2) remove certain grant disbursement options, and 3) change the grant application eligibility from five years to three years.

The grant program is consistent with the WSURA Plan sections 709 (preservation and rehabilitation) and 710 (development and redevelopment) and aims to improve the condition, appearance, and redevelopment of existing buildings and encourage the development of new buildings in WSURA.

Recommended changes to the grant guidelines with existing language indicated by strike throughs:

1) Section III. Program Requirements, (3) Grant Conditions, D. Grant funding, i. ~~Where the grant award is \$100,000 or less, the Grant funds will be disbursed to the Applicant upon: (1) the submission of a detailed contractor invoice with demonstrated evidence that the Grantee has paid at least fifty percent of the invoice; and (2) the completion of a satisfactory onsite inspection by Agency staff of the construction progress noted in the invoices. Grant funds will be disbursed at a rate of fifty percent of the paid invoice amount, up to ninety percent of the total grant amount. The remaining ten percent of the grant award will be disbursed upon: (1) completion of the Eligible Project; and (2) where applicable, after a certificate of occupancy has been issued by the City of Salem.~~

ii. ~~Where the grant award is over \$100,000, the Grant Commitment will specify one of the following methods to mitigate risk to the Agency:~~

~~1. By the disbursement of one hundred percent of the grant award upon: (1) completion of the Eligible Project; and (2) where applicable, after a certificate of occupancy has been issued by the City of Salem;~~

~~2. In instances where the Grantee has expressed the need for grant funds to be disbursed during the construction of the Eligible Project, a performance and payment bond for an amount adequate to cover the entire grant award will be required to ensure the completion of the Eligible Project; or~~

~~3. In instances where the Grantee has expressed the need for grant funds to be disbursed during the construction of the Eligible Project and the performance and payment bond is not the preferred~~

~~approach, a restrictive covenant must be placed on the property where the Eligible Project is located. The restrictive covenant must specify that, in the event the Grantee breaches the Grant Commitment, the sale, transfer, or use of the property is prohibited until any expended grant funds have been repaid.~~

~~2) Section IV. General Program Guidelines, (7) Grantee may be eligible to apply for another grant from the Program after a minimum of five years from the Grant Commitment date of any West Salem URA grant program.~~

BACKGROUND:

Urban Renewal Agency (Agency) adopted grant guidelines on April 28, 2014 for the WSURA grant program. The WSURA was created in 2001 to eliminate blight and depreciating property values and attract aesthetically pleasing, job-producing private investments and improvements to public infrastructure. Several projects have been completed over the years, including the Wallace Marine Park trail, full street improvements to the western portion of 2nd Street NW, accessibility improvements and streetscape elements along Edgewater Street NW, and similar way-finding signage to downtown Salem. An action plan was completed in 2015 to identify the next priorities for the area. The grant program, as an incentive to encourage redevelopment and manufacturing activities, was one of the recommendations.

There have been nine grants awarded at an average of \$140,000 and total disbursement of \$1.3 million matched by over \$20 million in private investment helping create over 140 jobs.

WSURA grant activity is reported to the Agency and City Council through the quarterly economic development reports. The last activity report was on August 26, 2019.

Tory Banford
Project Manger

Attachments:

1. Amended WSURA Grant Guidelines