

BOARD OF COMMISSIONERS

MINUTES OF THE BOARD SESSION – Regular Session

Wednesday, March 12, 2014

9:00 a.m.

Commissioners' Board Room
1115 Commercial Street NE
Salem, OR 97301

PRESENT: Commissioner Sam Brentano, Commissioner Patti Milne, and Commissioner Janet Carlson. Also present were Gloria Roy as county counsel and Kim Hulett as recorder.

PUBLIC COMMENT

None.

CONSENT

HEALTH DEPARTMENT

Approve amendment #11 to receive \$197,159 from the Oregon Health Authority for the financing of community addictions and mental health services through June 30, 2015.

PUBLIC WORKS

Approve an on-going intergovernmental agreement with the City of Woodburn for coordination and issuance of building permits and inspections.

MOTION: Commissioner Milne moved approval of the consent calendar. Seconded by Commissioner Carlson; motion carried. A voice vote was unanimous.

ACTION

BOARD OF COMMISSIONERS

1. Consider approval of a resolution in support of the Pringle Square Redevelopment Project tax exemption. – City of Salem Mayor Anna Peterson, Chuck Bennett, Doug Rux, Clint Dameron

City of Salem Urban Development Assistant Director Doug Rux said that on January 27, 2014, the Salem City Council was presented a Purchase and Sale Agreement for their consideration. The Purchase and Sale Agreement included some conditions that established that the city had an interest in purchasing 3.8 acres of land adjacent to Riverfront Park, west of the railroad tracks on the former Boise Cascade site. He said that the city had a condition that a Perspective Purchasers

Agreement had to be received from the Department of Environmental Quality (DEQ) and this is currently being worked on. Mr. Rux said that the developer of the former Boise site, currently called Pringle Square, had several conditions in the Purchase and Sale Agreement as well. One of those conditions was the Multiple Unit Housing Tax Incentive Program (MUHTIP) and a second component was a project bond for development that will occur on the north block of this project. The development will consist of a post acute care rehabilitation facility. Mr. Rux said the next condition was a binding agreement between the City of Salem and the developer for pedestrian improvements along Pringle Creek. Mr. Rux stated that the City of Salem Council passed by resolution the Purchase and Sale Agreement, as well as adopting two resolutions relating to the MUHTIP. Mr. Rux introduced City of Salem Real Property Services Manager Clint Dameron.

Mr. Dameron reviewed the MUHTIP (attachment A) and said that this program is authorized by both ORS and the Salem Revised Code. He said the general purpose of the program is to stimulate the construction of transit supportive multiple-unit housing in the core areas of Oregon's urban centers. He said the program is a property tax exemption up to 10 consecutive years and the city is exempting only its portion of the property tax levy, which is approximately 34 percent of the total levy. This is related only to the residential and related improvements of a project and does not abate the land taxes or commercial space taxes. Mr. Dameron said that in order for a project to receive full exemption it requires approval of taxing districts representing 51 percent of the total levy. He added that all previous cases completed were done in coordination with the City of Salem and the Salem-Keizer School District, which gives the district the necessary voting levy to pass the full abatement.

Mr. Dameron said that the basic program requirements are that the project include at least two dwelling units, must be located within the defined core area, include at least one of 19 listed public benefits, and the project must be completed by January 1, 2022. Mr. Dameron reiterated that on January 27, 2014, the Salem City Council unanimously passed resolutions approving both phases of the Pringle Square apartment's participation in the MUHTIP. He said the first phase will build 115 units and the second phase will build 60 units. Mr. Dameron said that on February 11, 2014, the Salem-Keizer School District had the first reading of the proposed resolution. On March 18, 2014, the Salem-Keizer School District is scheduled to make a decision on its support.

Mr. Dameron said the proposed development will reuse the foundation of the existing warehouse and four floors of apartments will be built on that foundation. In addition to 115 apartments in Phase I, there will also be 2,800 sq. ft of retail and 12,200 sq. ft. of office space. Phase I will begin in spring 2014 and phase II will begin in spring 2016, with both phases taking 12-18 months to complete.

Mr. Dameron said that this project is already in an urban renewal area and all tax increment will go to that urban renewal district. If this project was not in an urban renewal district the impact to the county would be \$31,333 per year for phase I and \$14,654 per year for phase II for 10 years. Mr. Dameron said that after the exemption is completed the first year tax revenue to the county is approximately \$53,877 for phase I and \$25,198 for phase II. In conclusion, Mr. Dameron said that the applications under consideration meet program requirements. Requirements include that

the project have at least two dwelling units, are located within the core area, meet nine of the nineteen public benefits required in the ORS and will be completed by January 1, 2022.

Commissioner Brentano asked about the connection with this project and transit. Mr. Rux said that the proposed development is adjacent to Commercial Street and between the city offices and library there is a transit stop. In addition, there is transit available on Liberty Street going north into downtown and the project is only four blocks from the transit mall. The commissioners confirmed that there were no new transit stops, but there would be increased utilization.

Commissioner Carlson confirmed that there was an entrance in and out on Front Street, an entrance on Commercial Street, and an in and out entrance on Bellevue. She asked if a Traffic Impact Analysis (TIA) had been completed. Mr. Rux said that as the developer goes through the land use process for the post acute care and office buildings, the city will revisit the transportation to see if there is any type of mitigation that would be necessary.

City of Salem Mayor Anna Peterson said she was in attendance to seek the commissioners' support for the City Council's unanimous decision to assist in the redevelopment of the former Boise Cascade site. She said the first step of this endeavor is to approve the multi-unit housing tax credit and the city council approved the extension of the tax credit. She said this project is a major game changer for downtown Salem, as well as the riverfront area. Multi-unit housing is needed in Salem and the addition of these units will provide more housing at market rate. Mayor Peterson stressed there was no direct cost to Marion County for supporting this tax abatement and when it is provided there will be no loss to Marion County. She said the redevelopment of this site, the extension of the utility improvements, and the expansion of Riverfront Park are all items that are vitally needed and will not happen without approval from the remaining taxing districts.

Salem City Council President Chuck Bennett said development of the south block apartments will result in substantial benefits to the local economy. The addition of 175 units will add 300 new residents to downtown. He said the development of a long vacant site and adaptive re-use of a dilapidated structure that is along a key gateway in Salem is a critical development in the downtown core. President Bennett said in addition there will be a 3.8-acre expansion of Riverfront Park, new pedestrian connections to the park, and the new Minto Island Bridge and trail along Pringle Creek. He added that construction of the apartments will spur \$42 million in economic activity, support \$10.9 million in labor income and 252 construction jobs. This project will include 42,000 sq. ft. of commercial office space on the north block and advance planned construction of 38,000 sq. ft. of a post acute rehab center, with \$17.7 million in economic activity, \$9.1 million in labor income, and 256 construction jobs. President Bennett said he believes this will result in a stimulation of the overall private sector investment valued at \$60 million for both the south and north block development. The new pedestrian connections to Riverfront Park that are part of this project will connect to the Minto Island Bridge and trail along Pringle Creek. It will also connect downtown to more than 1,400 acres of parks and 30 miles of off-street trails providing a significant amenity for residents, downtown employers and visitors. He added that this project is just a cornerstone of downtown redevelopment.

Commissioner Carlson congratulated the City of Salem and thanked them for their work to make this development a reality. Mayor Peterson said this development is a significant project and is a signature example of the collaboration capital. She said this project meets the needs and the desires of the community to expand Riverfront Park and to bring in an economic engine to downtown. Mayor Peterson complimented Larry and Jason Tokarski (Mt. West Investment Corporation) for their perseverance in the face of opposition and challenges. She again requested the support of the board for this development.

Commissioner Milne confirmed that the amount of the private investment was \$60 million. She said that \$60 million is an enormous private investment and developers that feel strongly about improving the community does not happen often. She said that this development will bring excitement to other sites that need attention and it will become contagious.

Commissioner Brentano said that he thought it was great that the old foundation would be used.

MOTION: Commissioner Carlson moved approval of a resolution supporting the City of Salem’s policy decision to include both phases of the Pringle Square South Block Project in the city’s Multi-Unit Housing Tax Incentive Program within the South Waterfront Urban Renewal Area and authorize the chair to sign a letter stating the commissioners’ support. Seconded by Commissioner Milne; motion carried. A voice vote was unanimous.

**PUBLIC HEARING
9:30 A.M.**

None.

Attachments: (A) Pringle Square Presentation

Commissioner Brentano read the weekly calendar.

Commissioner Brentano adjourned the meeting at 9:36 a.m.

CHAIR

COMMISSIONER

COMMISSIONER