URA
Forest Grove
Urban Renewal Agency

CITY RECORDER USE ONLY:	
AGENDA ITEM #:	WORK SESSION
MEETING DATE:	01/27/2020
FINAL ACTION:	

URBAN RENEWAL AGENCY STAFF REPORT

TO: *Urban Renewal Agency Board of Directors*

FROM: *Jesse VanderZanden, Executive Director*

MEETING DATE: *January 27, 2020*

PROJECT TEAM: *Paul Downey, Administrative Services Director, Bryan Pohl Community Development Director, Jeffrey King, Economic Development Manager, Daniel Riordan, Sr. Planner*

SUBJECT TITLE: *Approval of URA Resolution Authorizing Release of Request for Proposals for Site B Redevelopment*

ACTION REQUESTED:

	Ordinance		Order		Resolution		Motion	X	Informational

X all that apply

PURPOSE: The purpose of the January 27th work session is to discuss the Board's desired development program for Agency-owned Site B located west of the Jesse Quinn development. The work session provides an opportunity to ensure there's Board consensus about the vision and objectives for redevelopment of the site prior to releasing a Request for Proposals (RFP).

BACKGROUND: On November 25, 2019, the Board held a work session to review the vision, objectives, and timeline for redevelopment contained the draft RFP. The objectives contained in the RFP were largely based on:

- Urban Renewal Plan goals and objectives
- Prior direction from the Board
- Zoning of the site
- Site Context and Characteristics
- Limited financial resources of the Agency for direct financial participation.

The stated vision for redevelopment of Site B in the RFP is a project that will:

- Enhance the downtown and adjacent neighborhood
- Maximize taxable assessed value
- Encourage new investment and development that brings people downtown
- Provides tangible benefit to the urban renewal area and City such as needed retail, services, housing and/or employment
- Provide a transition between the downtown and residential commercial districts

- Attracts a mix of uses including retail
- May contain a mix of housing types. If housing is proposed, preference will be given to projects with 10% of the housing affordable to households with incomes not exceeding 60% of Washington County's median household income.

The stated vision is consistent with the Urban Renewal Plan purpose, goals and objectives including:

- Plan Goal Vibrant Town Center.
- Minimize financial risk to the Urban Renewal Agency and City.
- Increase the taxable value of property benefitting all overlapping taxing districts.
- Encourage private investment and job creation
- Promote construction of needed housing

<u>Agency Participation</u>

One measure of success of the urban renewal program is stimulating private investment within the urban renewal area to improve use of land and increase the taxable value of property within the City. The lack of a desired project may be due to several factors:

- Limited or no available private financing for desired development
- High degree of financial risk perceived by lenders and developers
- Risk/reward relationship is out of balance
- Project includes significant public benefits without commensurate private financial return
- The cost to construct the project exceeds the market value of the project.

Until the Agency's debt obligations are met there are limited resources available to influence the development program. Possible incentives include:

> <u>Donating or selling the land to a redeveloper at below market cost</u>. The reduction in land cost should be based on the fair reuse value of the property taking into account the estimated value of the public benefit provided by the development.
>
> <u>Affordable housing density bonus</u>. The density bonus does not come without a cost since more housing means more required parking which is an added cost to the project.
>
> Remaining system development charge credits of $5,000 to $10,000.

The Agency's limited resources could be supplemented by other project partners such as Oregon Housing and Community Services, Washington Housing Agency, or Metro.

As an alternative to providing financial participation Site B could be sold outright for a project that is consistent with the zoning of the property. Proceeds from the sale of the property could be used to fund other Agency initiatives consistent with the Urban Renewal Plan. Proceeds could also be used to purchase other property from willing sellers for redevelopment in the future when the Agency has more revenue available.

Development Program

Site B is zoned Town Center Transition (TCT). The Town Center Transition zone is established to increase employment and housing opportunities in close proximity to the Town Center Core. A mix of retail, office, light industrial and residential uses are allowed on the TCT zone, but ground floor retail uses are permitted but not required. Consistent streetscape improvements such as street lighting, street trees and sidewalks will link the Town Center Transition zone with the Town Center Core.

The TCT zone allows a variety of uses outright including:

- Housing
    - Single Family Attached
    - Duplexes
    - Apartments
- Civic/Institutional
- Commercial
    - Hotel
    - Restaurants and Drinking Establishments
    - Indoor Entertainment
    - General Retail (grocery store, hardware store, jewelry store, pet products, etc.)
    - Personal services (bank, credit union, insurance, copy centers, etc.)
    - Office
- Limited Light Industrial

Housing

In early December Metro approached City staff about potential sites for housing development using the Metro housing bond. Site B was discussed. Metro staff indicated it might be too small for a cost-effective affordable housing project. At just under one acre Site B could yield 38 units. With an affordable housing density bonus the site could yield up to 58 units. Site B is not high capacity transit so residents would likely have or need an automobile. About 72 parking spaces would be required for 58 housing units. As such, area devoted to parking would take-up about 40% of the site. Tuck under parking would increase project cost and would require additional public participation to offset this cost.

During the November 25th work session, the Board discussed requiring a housing project to include at least 30% of the units affordable to households earning no more than 60% of the Washington County median income.

Non-Residential Uses

As described above, the TCT zone allows a variety of non-residential uses. Within the TCT zone ground level retail is allowed but not required. Allowed commercial uses include hotels, restaurants and drinking establishments, indoor entertainment, office, general retail and personal services. General retail generally includes uses such as grocery stores, hardware stores, jewelry stores, pet products and the like. Personal services generally includes include banks, credit unions, insurance, copy centers and similar uses. The TCT zone also allows some civic/institutional uses.

FISCAL IMPACT: The fiscal impact to the Agency is largely dependent on the desired redevelopment program. The Agency has limited resources available to influence redevelopment especially factors that could increase project costs. Agency resources could be increased by selling the property outright for a project consistent with the zoning with no additional Agency money provided.

Questions for Board Discussion

Staff has identified the following questions for Board discussion during the January 27th work session:

- Should any uses, such as housing, be mandatory?
- What type of housing should be allowed: duplexes, townhouses, apartments?
- Are there any allowed uses that should be prohibited at Site B?
- Should ground level retail be required? What type of commercial should be allowed?
- Should mixed-use be required? Could the mix of uses be vertical or horizontal?
- What resources is the Board willing to consider committing to the project?

Site B RFP Work Session

Project Team:

Jesse VanderZanden
Paul Downey
Bryan Pohl
Jeff King
Dan Riordan

1/27/2020

PURPOSE

Establish final Board consensus of goal, objectives, and vision for redevelopment of Site B prior to releasing the Request for Proposals.

The Board held a work session on the RFP on the Site B RFP on November 25, 2019.

DRAFT RFP

The objectives contained in the draft RFP were largely based on:

- ✓ The goals contained in the Urban Renewal Plan which governs permissible use of Agency funds
- ✓ Zoning of the site (Town Center Transition) which establishes permissible uses.

DRAFT RFP

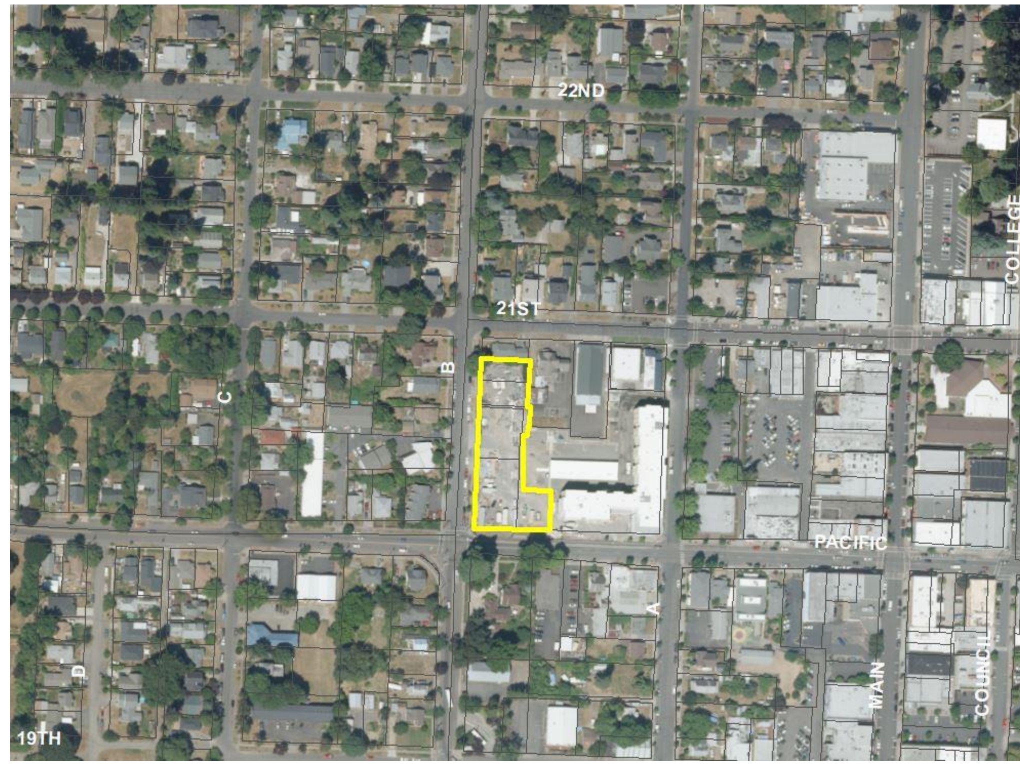
The objectives contained in the draft RFP were largely based on:

- ✓ Site context and characteristics including location and site size.
- ✓ Limited financial resources available to the Agency for direct financial participation.

DRAFT RFP

The stated vision for redevelopment of Site B identified in the RFP include:

- ✓ Enhance the downtown and adjacent neighborhood.



Site B is in a transition area between the commercial core to the east and residential neighborhood to the west and north.

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DRAFT RFP

The stated vision for redevelopment of Site B identified in the RFP include:

✓ Maximize taxable assessed value

This is consistent with Urban Renewal Plan to minimize financial risk to the Urban Renewal Agency and the City and increasing the taxable value of property benefitting all overlapping taxing districts affected by the Urban Renewal Plan

DRAFT RFP

The stated vision for redevelopment of Site B identified in the RFP include:

- ✓ Encourage new investment and development that brings people downtown

This is consistent with Urban Renewal Plan objective of a vibrant downtown.

DRAFT RFP

The stated vision for redevelopment of Site B identified in the RFP include:

- ✓ Provide tangible benefit to the urban renewal area and the City.

Tangible benefit can be defined several ways including needed retail, services, housing and/or employment. Affordable housing is addressed under use of Site B.

The Board should clearly define tangible benefit for purposes of the RFP and development program for Site B.

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DRAFT RFP

The stated vision for redevelopment of Site B identified in the RFP include:

✓ Provide a transition between the downtown and residential and commercial area to the west of Site B.

This can be achieved by scale of development and use of the site. Scale can be addressed through height, setbacks, architecture.

Staff is seeking Board direction on what a desirable transition looks like.

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AGENCY PARTICIPATION

Tools available to the Agency to influence the development program include:

- ❑ Donating or selling the land to a redeveloper at or below market cost.
- ❑ Affordable housing density bonus. An additional 20 units per acre is possible in the Town Center if units are set-aside as being affordable. This does not come without a cost since more housing requires more off-street parking which is an added cost to the project.
- ❑ Remaining System Development Charge (SDC) credits of about $5,000 to $10,000.
- ❑ Vertical Housing Development Zone property tax exemption.

AGENCY PARTICIPATION

As an alternative to providing financial participation to a project, Site B could be sold outright for a project that is consistent with the zoning of the property.

Proceeds from the Sale of the property could be used to fund other Agency initiatives consistent with the Urban Renewal Plan.

Proceeds could also be used to purchase other property from willing sellers for redevelopment in the future when the Agency has more revenue available and capacity to bond.

USE OF SITE B

Site B is zoned Town Center Transition (TCT)

The TCT zone allows a variety of uses

USE CATEGORY	TC - Core	TC - Transition
RESIDENTIAL Household Living	L[1]	L[1]
Group Living	P[1]	P
Transitional Housing	N	C
Home Occupation	L[2]	L[2]
Bed and Breakfast	C[2]	P
CIVIC / INSTITUTIONAL Basic Utilities	P	P
Major Utility Transmission Facilities	C	C
Colleges	C	C
Community Recreation	N	P
Cultural Institutions	P	P
Day Care	P	P
Emergency Services	C	C

USE CATEGORY	TC - Core	TC - Transition
COMMERCIAL Commercial Lodging	L[4]	L[4]
Eating and Drinking Establishments	P[5]	P[5]
Entertainment – Oriented: - Major Event Entertainment	N	C
- Outdoor Entertainment	N	N
- Indoor Entertainment	P	P
General Retail: - Sales – Oriented	P	P
- Personal Services	P	P
- Repair – Oriented	P	P
- Bulk Sales	L[6]	L[6]
- Outdoor Sales	N	N
- Animal – Related	N	N
Medical Centers	N	C/P[7]
Motor Vehicle Related: - Motor Vehicles Sale / Rental	N	C[13]
- Motor Vehicle Servicing / Repair	N	C[14]
- Motor Vehicle Fuel Sales	N	C[15]
Non-Accessory Parking	N	C
Office	L[3]	P
Self-Service Storage	N	N

HOUSING AT SITE B

In early December Metro approached City staff about potential sites for housing using the Metro housing bond. Site B was discussed.

Metro staff indicated Site B might be too small for a cost-effective affordable housing project.

At just under one-acre Site B could yield 38 units. With the density bonus Site B could yield up to 58 units. 72 parking spaces would be required for 58 units.

During the November 25th work session, the Board discussed requiring a housing project to include at least 30% of the units affordable to households earning no more than 60% of the Washington County median income.

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NON-RESIDENTIAL AT SITE B

The TCT zone allows a variety of non-residential uses.

Ground level retail is allowed but not required.

Allowed commercial uses include hotels, restaurants and drinking establishments, indoor entertainment, office, general retail and personal services.

General retail includes grocery store, hardware store, jewelry store, pet products, etc.

Personal services include banks, credit unions, insurance, copy centers, etc.

The TCT zone also allows some civic/institutional uses.

QUESTIONS FOR THE BOARD

Should any uses, such as housing, be mandatory?

What type of housing should be allowed: duplexes, townhouses, apartments?

Are there any allowed uses that should be prohibited at Site B?

Should ground level retail be required? What type of commercial should be allowed?

Should mixed-use be required? Could the mix of uses be vertical or horizontal?

What resources is the Board willing to consider committing to the project?

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THE END