

A closer look at the new Boise Cascade proposal

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Here's an overview of what's happening with the former Boise property.

Question: What's the biggest change in the redevelopment plan?

Answer: The city intends to buy 3.8 acres of riverfront property from Mountain West Investment for \$2 million. The land, near Salem's Riverfront Carousel, would become an expansion of Riverfront Park.

Fees charged to builders, known as park system development charges, would finance the land deal.

No commercial development would take place on the property, known as the Park Parcel. Last year, plans to build apartments on the site created an uproar when Riverfront Park advocates and carousel supporters raised objections.

Q. Why is the city prepared to spend \$2 million for park land?

A. The city would be paying a high price. Salem Urban Development Director John Wales said the property had been appraised about \$700,000 to \$800,000 as undeveloped park land.

City officials, however, can reel off a list of reasons for paying a higher price. Topping the list: a groundswell of community support for enlarging Riverfront Park after Mountain West's failed attempt to build apartments on the Park Parcel.

Salem Mayor Anna Peterson said the city shouldn't pass up a "one-time" opportunity to buy the land, which would add to the city's growing network of parks connected by trails.

"In terms of economic development, the park will be like the engine on a train," Peterson said.

If the city moves forward with the purchase of the land, additional parking might be one prospective use, city officials said.

Parking near the carousel already is tight. Moreover, the Minto Island Pedestrian and Bicycle Bridge, a project that's on track to be built this summer, will draw more park visitors.

Construction of the Minto Island bridge played a significant part in the city's push to buy the Park Parcel: the first use of the property would be as a staging area for bridge construction equipment.

City officials noted that using Riverfront Park, the other alternative for staging equipment, could be costly. By one estimate, damage to irrigation equipment, lighting and other park infrastructure caused by construction equipment could be as high as \$700,000.

Q. How does selling the Park Parcel help the developer?

A. Initially, the riverfront Park Parcel was considered a jewel for redevelopment. It proved to be an

impediment.

Because railroad tracks divide the Boise property, the riverfront portion has few access points. Every idea to solve the access issue seemed to be an engineering impossibility, cost too much, offended park users or faced a thicket of red tape. Access isn't a problem for properties east of the railroad tracks.

"What we really did is took the pieces that worked and kept them; and took the pieces that didn't work and did something else," said Jason Tokarski, vice president of Mountain West.

Q. What about past environmental contamination on the property the city intends to buy?

A. The city is seeking an agreement with the Oregon Department of Environmental Quality that will protect it from liability. Additional environmental testing of the property will be required. The agreement is similar to the approach the city used in the 1980s when it acquired Riverfront Park property.

Q. What are the developer's plans for the remainder of the former Boise site?

A. Mountain West has dusted off a longstanding, but delayed plan to renovate the warehouse on Commercial Street SE.

The building, located on a parcel known as the South Block across from city hall, would include a minimum of 168 apartments and 15,000 square feet of retail space in its first phase.

Mountain West's Tokarski said rent in the apartments likely would range from about \$700 per month for a studio up to \$1,400 per month for a three-bedroom, two-bath unit.

The entire basement of the South Block building would be used for parking. About 360 parking spaces would be available on-site.

A second phase, a new building with 60 apartment units, also is planned for the South Block.

The strip of property next to the South Block, known as the Slough Parcel, could be used for additional parking. An established railroad undercrossing provides access to Slough Parcel, which is prone to flooding and unsuitable for permanent structures.

On the North Block parcel, east of the railroad tracks and north of Pringle Creek, a once-shelved deal to build a 38,000-square-foot medical rehabilitation center for Marquis Companies appears to have a second chance. Construction of that building could begin in 2015.

Another office building has been proposed in the North Block, although the timing of its construction is uncertain. The developer still needs to find an anchor tenant for the proposed 40,000-square-foot building.

Q. What incentives is the developer seeking from the city?

A. The plan to buy land and enlarge Riverfront Park is contingent on the city agreeing to provide incentives to Mountain West: a tax abatement program and help with financing.

Beside the purchase and sale agreement, Salem City Council on Monday will vote on approving a Multiple

Unit Housing Tax Incentive program for the apartment project.

The tax incentive would provide up to 10 years of property tax abatement, which would be worth about \$1 million to the developer.

Because the Boise property is within an urban renewal area, the city can offer financial tools as incentives. For the medical rehabilitation center planned for the North Block, the developer wants the city's urban renewal agency to issue a "project bond" to help finance a portion of the development.

The dollar amount of the bond hasn't yet been determined, city officials said, and it will have to be negotiated.

Project bonds usually are sold to someone directly involved with a development, typically the developer. The project bond is paid back by the additional tax revenues created by the property's increasing value, also known as tax-increment financing.

"They (the developer) are responsible for paying off the bond, so basically they need to build what they say they are going to build," Wales said. If no project is built, no bond is issued, he said.

Q. Will the developer make a profit when the project is completed?

A. After years of delays and false starts on the redevelopment, Mountain West officials don't expect the project will be lucrative. At this point, the developer maintains the project may just break even.

"There is X-million dollars that is just gone. We might as well have had a bonfire with it," said Mountain West's Tokarski.

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