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I say this because investigations into two urban renewal projects have revealed disturbing missteps outside of the public interest by the Urban Renewal Agency, which is overseen by the Salem City Council acting as the URA Board.



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One misstep was the City missing a valuable opportunity in 2015 to purchase a 3.88 acre property, with about 600 linear feet of frontage on the Willamette River, located at 901 Front St. NE in Salem.

This property, reportedly one of only four river frontage parcels identified within the Riverfront Down-

town Urban Renewal Area, was special: flat and immediately developable once a warehouse/industrial use building was removed.

Unfortunately, the property has been purchased and is undergoing development by a private developer from Portland.

So there's a lost opportunity for urban renewal funds to spur construction of needed affordable housing, along with associated social and commercial services that could have been integrated into the development.

Those in the know about this missed urban renewal "opportunity purchase" lay the blame on the City of Salem Economic Development Department (EDD) and Urban Development Department (UDD). Both departments failed to focus on the availability of the 901 Front St. NE site.

The property could, and should, have been purchased by the Urban Renewal Agency at a low price, enabling it to be developed for affordable housing and associated purposes.

My understanding is that the property had been identified, and the money to purchase it was already in the urban renewal budget, as of July 1, 2015.

The second Urban Renewal Agency misstep was awarding a \$749,000 grant to Park Front LLC for construction of an office building on the old Boise Cascade property.

What's most bothersome about this grant, which I consider to be crony capitalism, is that the City of Salem web site says the aim of urban renewal is "to spur redevelopment where it might not otherwise occur without public investment."

Yet the Park Front building clearly was planned to be developed without public investment.

In March 2016 a Statesman Journal story said, "Construction for the \$8.5 million building will

begin on a portion of the North Block parcel of the Boise site in summer 2016 and be finished by May 2017, said TJ Sullivan, a co-owner of Huggins Insurance."

No mention was made of construction being contingent on receiving an urban renewal grant. Yet in late November 2016 Sullivan applied for a \$749,000 grant from the FY 2016-17 Riverfront-Downtown Urban Renewal Opportunity Purchases Budget allocation.

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Yes, the \$749,000 to subsidize construction of a new office building was coming from the same Opportunity Purchases budget that failed to be utilized to buy the prime 3.88 acres of riverfront property.

Rather confusingly, Urban Development Department director Retherford explained the Park Front LLC funding in this fashion: "The Opportunity Purchase is not itself a grant, but we are using funding that had been budgeted for an Agency opportunity purchase in order to fund exceptions to our regular grant program."

So after missing the opportunity to spend about a million dollars to buy the 3.88 acres for affordable housing or a similar purpose in the public interest, now the Urban Renewal Agency is funding "exceptions" to the usual grant program.

Which means, instead of getting \$300,000 to help pay for the Park Front office building that was announced as going to be constructed without urban renewal funds, on December 12, 2016 the Urban Renewal Agency Board (again, the City Council by another name) voted 5-1 to give \$749,000 to Park Front LLC — with the extra \$449,000 coming from the "exception" made possible by a failure to use Opportunity Purchases funds for their intended purpose.

At the December 12 Urban Renewal Agency board meeting, T.J. Sullivan testified that he needs the \$749,000 grant because he won't be able to get a full construction loan from Pioneer Trust LLC without that additional equity.

Sullivan said that Pioneer Trust was concerned about the appraisal, debt to cash flow level, and occupancy percentage of his four-story project. He admitted that he could go ahead with a smaller building without the \$749,000 grant, but wanted the "full meal deal," so to speak.

Well, for most businesspeople that's a problem they'd have to deal with on their own. Find

more equity/investors. Work harder at recruiting tenants. Reduce the cost of construction.

But in Salem, urban renewal money isn't always being used for the main intended purpose: spurring private development that wouldn't have occurred without the leverage of public funds. Rather, Sullivan got a gift from the City of Salem that helps him construct a building that he said definitely was going to be built eight months before he applied for the urban renewal

private investment. The private investment was committed to many months before Sullivan requested the \$749,000 grant to enable him to construct a larger building than Pioneer Trust Bank was willing to give him a loan for.

Increased Property Value and Tax Increment. Again, increased property value was going to happen without taxpayer money. There is no evidence that the \$749,000 will generate property taxes in excess of that amount over, say, the next 20 years, especially given that Sullivan has said that a smaller building could be constructed without the urban renewal grant.

Connectivity between Riverfront Park and Downtown. I am not aware that this project will do anything to improve that connectivity. True, tenants of the Park Front building will be able to walk to Riverfront Park. But since no retail space or residential housing is planned for the building, there will be very little reason for anyone to visit Park Front unless they have business to undertake with a tenant of the building.

Job Creation. As noted before, construction of the building was announced months before the urban renewal grant was requested. Several floors of the building already have committed tenants. No evidence has been provided that a \$749,000 grant will lead to any additional jobs.

Streetscape Enhancements. Very few people will get a close-up view of the landscaping planned for the Park Front building. It will be built in what amounts to a downtown "island," since few people will want, or need, to cross busy Front Street to reach the building. Landscaping is a code requirement, so it is an automatic streetscape enhancement when completed.

Downtown Vibrancy. Park Front is an office building with no retail space or residential housing in an area of downtown that is difficult to get to. Park Front will contribute very little to downtown vibrancy.

Thus it is disturbing that Salem's Urban Renewal Agency is throwing \$749,000 worth of taxpayer money at Park Front LLC, which is constructing a new office building with very few public benefits, after missing a terrific opportunity purchase of the 3.88 acre riverfront property that ended up being bought by a Portland developer for \$1,025,000.

That property could have been used for affordable housing, a much better use of urban renewal funds.

Hopefully, the three newly-elected members of the city council will join with other City of Salem officials in taking a close look at how the Urban Renewal Agency is being managed.

Which in my view is, not well.

Brian Hines is a Salem blogger and citizen activist.

So there is no leveraging of public funds with