

The Dimmick Campus Roadmap to Redevelopment

Prepared for:
Josephine County, Oregon

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About the Roadmap to Redevelopment

The *Roadmap to Redevelopment* is a product of the [CDFA Brownfields Technical Assistance Program](#), which is funded through a grant from the U.S. Environmental Protection Agency. The program provides technical assistance to brownfields communities on redevelopment finance. For communities that require detailed, hands-on assistance for their redevelopment efforts, CDFA Brownfields Project Response Teams comprised of CDFA staff and technical assistance partners are available to conduct site visits and provide recommendations. The goal of these visits is to offer communities specific, actionable advice that can transform brownfields into economically-productive sites in accordance with the goals and plans of the community. CDFA will coordinate 36 Brownfields Project Response Teams over the life of the program.

The *Roadmap to Redevelopment* was developed through a three-day process that included interviews with numerous stakeholders from the government, business, and non-profit sectors. The Roadmap for Redevelopment provides a framework for the redevelopment of the Dimmick Campus in Josephine County, Oregon.

The plan's recommendations combine the input of development finance experts, CDFA staff, and the interests of stakeholder groups gathered during the Project Response Team site visit. The plan articulates five recommendations in order to better facilitate the redevelopment of the Dimmick Campus site.

In accepting the CDFA Project Response Team's assistance, Josephine County has committed to making best efforts to consider and implement these recommendations. Likewise, CDFA will continue to provide the County with access to brownfields resources and assistance to move the project forward.

Background & Historical Use

The Dimmick Campus is made up of 6.3 acres of county-owned property located in a residential area in the City of Grants Pass, Oregon. Since 1919, the Campus has had a history of medical and institutional uses. There are several existing buildings, parking areas, and parcels located on the Campus.

A four-story building, known formerly as the Dimmick Tower, was located on the Campus until it was demolished in 2014. The Tower was constructed in 1963 and housed the former Josephine Memorial Hospital. Josephine County Commissioners approved a contract for \$963,610 to demolish the tower, which was paid for by state grant funds and a low-interest loan from the Oregon Business Development Department.¹

The A Street building is a two- and three-story building built in 1919 and expanded in 1940. The building housed the former hospital, but has remained vacant since 2006. Seismic and architectural assessment determined that a rehab or retrofit of the building is feasible. In addition, the building is eligible to be placed on the National Register of Historic Places.

The County Health Services building is a one-story facility built in 1963. The building is currently occupied by the County government and contains community service-oriented uses such as the County Public Health Services, Women Infant and Children (WIC), and County Building Operations and Maintenance. The County also occupies two additional buildings located on the Campus, the Central Plant and Shop.

Several reports and studies have been commissioned by the County to evaluate the possible redevelopment of the campus into senior and multi-family housing, assisted living, commercial, office, and retail. The County is currently making a determination as to whether they will retain ownership of the Campus or pursue a private sale for future development.



Figure 1: Rear View of A Street Building



Figure 2: Site of Former Dimmick Tower

¹ Mail Tribune (2015). Retrieved from: <http://www.mailtribune.com/article/20141022/news/141029864>

The Dimmick Campus Roadmap to Redevelopment

Recommendations

For the purposes of this report, the Project Response Team has identified recommendations based on the Team’s findings and the current uncertainty that surrounds the future ownership of the Dimmick Campus. While the consensus from multiple stakeholders appears to be pointed in the direction of senior housing, the County should investigate solidifying a vision for the site and take steps to understand what the market will support.

Step 1: Abatement of the A Street Building and Central Plant

- i. Identify costs related to the outstanding environmental issues on the Dimmick Campus

To ensure the environmental risks associated with the Dimmick Campus are no longer an issue, Josephine County should work to identify the cost associated with the abatement and cleanup process. An abatement of the A Street Building would benefit the Dimmick Campus by removing the existing blight, retaining the historic integrity of the building, and preparing the building for future development or safe demolition. To this end, the County should utilize remaining grant funds from previous grant awards to the County in order to identify costs and ready itself to apply for future cleanup funds.

- ii. Explore EPA cleanup funds

Once the costs have been identified, the County should partner with Business Oregon to pursue EPA Cleanup funds that can cover up to \$200,000 of the cleanup costs.

Step 2: Solidify Vision for Dimmick Campus

- i. Expand on feasibility study

An assessment of the future use for the Dimmick Campus is necessary to understand the technical and economic aspects associated with redevelopment. Josephine County should pursue a feasibility study that better identifies costs for a specific project in order to better understand the best mix of uses for the site, determine the level of density the Campus will support, and if market or affordable housing is best suited for the site.

- ii. Systems analysis

Any future development of the Dimmick Campus will likely increase the load placed on existing infrastructure, which may be insufficient to handle the additional use. The County should partner with the City of Grants Pass to perform an analysis of the existing systems located on the Dimmick Campus in order to determine the existing capacity and identify any necessary upgrades.

Further, the County should perform a traffic impact analysis in order to ascertain whether properties across from the main campus, which are under County ownership, could accommodate more developable area through alternative private or public road configuration, such as closing the section of A Street located northwest of Dimmick Street.

Through an analysis of these systems, Josephine County will be in a better position to identify basic costs associated with redevelopment and establish estimates for financing gaps that may or may not exist.

Once costs or financing gaps have been identified, the County should explore the following programs to help facilitate infrastructure improvements required for the Dimmick Campus.

- *Surface Transportation Program (STP)*
The Surface Transportation Program provides flexible funding that may be used by States and localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.²
- *Congestion Mitigation and Air Quality Improvement Program (CMAQ)*
The CMAQ program provides a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act.³
- *Clean Water State Revolving Fund Program (CWSRF)*
The Clean Water State Revolving Fund loan program provides low-cost loans for the planning, design and construction of various water pollution control activities. Any public agency in Oregon is eligible for a CWSRF loan.⁴

iii. Integrate the Dimmick Campus into the Economic Redevelopment Plan

The City of Grants Pass and the County have commissioned an Economic Redevelopment Plan to be completed for the area of Grants Pass. The County should work with the City of Grants Pass to prioritize the Dimmick Campus in the plan to ensure the necessary resources are available and can be directed toward the site.

² Federal Highway Administration (2015). Retrieved from: <http://www.fhwa.dot.gov/map21/factsheets/stp.cfm>

³ Oregon Department of Transportation (2015). Retrieved from: <http://www.oregon.gov/ODOT/TD/AT/pages/CMAQ.aspx>

⁴ Oregon Department of Environmental Quality (2015). Retrieved from: <http://www.deq.state.or.us/wq/loans/loans.html>

Step 3: Decide Future Ownership of the Dimmick Campus

i. County ownership or private sale

The determination of ownership is central to all prospective redevelopment on the Dimmick Campus moving forward. To this end, Josephine County should examine the outcomes of retaining ownership of the Campus versus a private sale in order to establish the best course of action for redevelopment. By retaining ownership, the County creates an additional revenue stream to be put toward its general fund. Through a private sale, the County relinquishes any risk associated with property management or ownership and adds an additional property to city and county tax rolls. The County should exercise its own discretion in the determination of ownership, but should maintain an urgency with which to resolve this question.

The County may find it helpful to develop objective criteria upon which to evaluate different disposition scenarios. This criteria could include monetary and non-monetary return expectations and identifying additional public benefits important to the county.

i. Legal flexibility

The County should investigate the legal parameters associated with owning and operating the property to ensure they are within the legal letter of the law.

Listed below are two varying sets of recommendations that are based on the prospective future ownership of the Dimmick Campus.

- Steps identified as 4a are recommendations specific to the County retaining ownership for the Dimmick Campus.
- Steps identified as 4b are recommendations specific to the County offering the Dimmick Campus for sale to private ownership.

Step 4a: Move Forward with County Ownership

i. Create entity

To absolve the County of liability associated with the owning and operating any development on the Dimmick Campus, the County should establish an intermediary authority to own the property.

ii. Equity partners

Josephine County should explore equity partners that will provide the additional capital necessary for redevelopment. The Project Response Team met with several stakeholders who noted similarities between the Dimmick Campus and other successful development projects in the area. These notable senior housing projects shared a comparable use with the type of development being explored by County officials for the Dimmick Campus. As such, the County should identify regional companies that may be interested in investing in the redevelopment of

the Dimmick Campus, and could provide the necessary experience and private equity for the project.

Additional solutions for private equity may be found through the State of Oregon Public Employees Retirement Fund (OPERF) or a Real Estate Investment Trust (REIT).

- *Oregon Public Employees Retirement Fund (OPERF)*
The OPERF is managed by the Oregon State Treasury, under the direction of the Oregon Investment Council, and is mandated to achieve the highest return possible on its investments for public employees while avoiding extraordinary or excessive risk to principal. To this end, OPERF is often willing to invest in real estate development projects that can meet their required Internal Rate of Return (IRR).⁵
- *Real Estate Investment Trust (REIT)*
A REIT is a company that owns or finances income-producing real estate. Modeled after mutual funds, REITs provide investors of all types with regular income streams, diversification and long-term capital appreciation. REITs typically pay out all of their taxable income as dividends to shareholders. In turn, shareholders pay the income taxes on those dividends.⁶

Step 4b: Initiate Private Sale

i. Update RFP

Prior to soliciting proposals from developers, Josephine County should update their Request for Proposal to better reflect the vision the County has identified in Step 2 for future development.

ii. Market Site

The County should make every effort to market the Dimmick Campus to prospective developers and interested parties through all channels available. This will ensure the County's selection process remains competitive and will reveal the best possible redevelopment options for the Campus.

Step 5: Establish Urban Renewal Agency

i. Include Dimmick Campus within the boundaries of an Urban Renewal Authority

Regardless of the County's decision regarding site ownership, the County should work to establish an Urban Renewal Agency (URA) to assist in the revitalization and redevelopment of the Dimmick Campus. A URA serves as a partnership between the City, County, residents, and businesses, providing financial and administrative assistance to support redevelopment activities. A URA is the sponsor that underwrites, analyzes, implements and monitors Tax Increment Financing (TIF) Districts.

⁵ Oregon Public Employees Retirement Fund: <http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Public-Employees-Retirement-Fund.aspx>

⁶ What is a REIT? (2015). Retrieved from: <https://www.reit.com/investing/reit-basics/what-reit>

Financing Matrix

Listed below is a financing matrix of the financial resources available to the County based on the intended future use for the Dimmick Campus.

| Development Type: | Market Rate: | Low-Income: |
|--|--|--|
| Mixed-Use | <ul style="list-style-type: none"> ▪ EPA Brownfield Cleanup & Assessment Grants ▪ Historic Tax Credits ▪ New Markets Tax Credits ▪ Real Estate Investment Trust ▪ Oregon Public Employees Retirement Fund ▪ Urban Renewal Agency | <ul style="list-style-type: none"> ▪ EPA Brownfield Cleanup & Assessment Grants ▪ Historic Tax Credits ▪ New Markets Tax Credits ▪ Community Development Block Grant (CDBG) ▪ Urban Renewal Agency |
| Residential (Multi-Family or Senior Rental) | <ul style="list-style-type: none"> ▪ EPA Brownfield Cleanup & Assessment Grants ▪ Historic Tax Credits ▪ Real Estate Investment Trust ▪ Oregon Public Employees Retirement Fund | <ul style="list-style-type: none"> ▪ EPA Brownfield Cleanup & Assessment Grants ▪ Historic Tax Credits ▪ Community Development Block Grant (CDBG) ▪ Low Income Housing Tax Credits ▪ Urban Renewal Agency ▪ Private Activity Bonds |

EPA Brownfields Cleanup & Assessment Grants | >>>Learn More

Assessment grants provide funding for a grant recipient to inventory, characterize, assess, and conduct planning and community involvement related to brownfield sites. Cleanup grants provide funding for a grant recipient to carry out cleanup activities at brownfield sites.⁷

Historic Tax Credits (HTC) | >>>Learn More

The Oregon State Historic Preservation Office currently has two tax incentive programs to encourage the appropriate rehabilitation and maintenance of historic properties. Both are limited to properties that are listed in the National Register of Historic Places.

The Federal Tax Credit program is for income-producing buildings only (commercial and residential rental). It saves the property owner 20 percent of the cost of rehabilitation through a federal income tax credit. Oregon’s Special Assessment of Historic Properties program offers a 10-year special assessment of the property’s assessed value for buildings that will be significantly but appropriately rehabilitated and maintained.⁸

⁷ Types of Brownfields Grant Funding (2015) Retrieved from: <http://www2.epa.gov/brownfields/types-brownfields-grant-funding>
⁸ OR State Historic Preservation Office (2015) Retrieved from: <http://www.oregon.gov/oprd/HCD/SHPO/pages/tax.aspx>

New Markets Tax Credits (NMTC) | >>> [Learn More](#)

Oregon New Market Tax Credit delivers below-market-rate investment options to Oregon businesses and creates jobs in low-income communities.⁹

Urban Renewal Agency (URA) | >>> [Learn More](#)

Urban Renewal is a program which gives a municipality the opportunity to use tax increment financing to finance specific improvement projects, gives the Urban Renewal Agency special powers to buy and assemble sites for development or redevelopment, and allows for flexibility in working with private parties to complete development projects.¹⁰

Oregon Public Employees Retirement Fund (OPERF) | >>> [Learn More](#)

The OPERF is managed by the Oregon State Treasury, under the direction of the Oregon Investment Council, and is mandated to achieve the highest return possible on its investments for public employees while avoiding extraordinary or excessive risk to principal. To this end, OPERF is often willing to invest in real estate development projects that can meet their required Internal Rate of Return (IRR).¹¹

Real Estate Investment Trust (REIT) | >>> [Learn More](#)

A REIT is a company that owns or finances income-producing real estate. Modeled after mutual funds, REITs provide investors of all types with regular income streams, diversification and long-term capital appreciation. REITs typically pay out all of their taxable income as dividends to shareholders. In turn, shareholders pay the income taxes on those dividends.¹²

Private Activity Bonds (PABs) | >>> [Learn More](#)

When the construction of a private facility would provide important public benefits, the project can often be financed using tax-exempt bonds. Doing so reduces financing costs and can play an important role in making such projects possible.¹³

Community Development Block Grant (CDBG) | >>> [Learn More](#)

Allows States to award grants to smaller units of general local government that develop and preserve decent affordable housing, to provide services to the most vulnerable in our communities, and to create and retain jobs.¹⁴

Low Income Housing Tax Credit (LIHTC) | >>> [Learn More](#)

Tax credits offer direct federal income tax savings to owners of rental housing developments who with a developer are willing to set-aside a minimum portion of the development's units for households earning 60 percent or less of gross area median income.

⁹Business Oregon Finance Programs (2015) Retrieved from: <http://www.oregon4biz.com/How-We-Can-Help/Finance-Programs/NMTC/>

¹⁰ Salem Urban Renewal (2015) Retrieved from: <http://www.beavertonoregon.gov/DocumentCenter/Home/View/740>

¹¹ Oregon Public Employees Retirement Fund: <http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Public-Employees-Retirement-Fund.aspx>

¹² What is a REIT? (2015). Retrieved from: <https://www.reit.com/investing/reit-basics/what-reit>

¹³ Oregon Private Activity Bond Committee (2015) Retrieved from: <http://www.oregon.gov/treasury/Divisions/DebtManagement/Pages/Private-Activity-Bond-Committee.aspx>

¹⁴ HUD Community Development (2015) Retrieved from: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment

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Additional Resources

As Josephine County works through the recommendations in this plan, the following resources may provide useful information.

CDFA Online Resource Database | <http://www.cdfa.net/cdfa/cdfaweb.nsf/ordsearch.html>

CDFA Brownfields Financing Toolkit | [http://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/\\$file/CDFA%20Brownfields%20Financing%20Toolkit%2002.02.15.pdf](http://www.cdfa.net/cdfa/cdfaweb.nsf/ord/201502_BF_Toolkit/$file/CDFA%20Brownfields%20Financing%20Toolkit%2002.02.15.pdf)

Tax Increment Financing | <http://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=preso-nmi-localinitiatives-0614.html>

Infrastructure Funds & Financing for Revitalization | <http://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=cafr14-infrastuctureandrevitalization.html>

Surface Transportation Program (STP) | <https://www.fhwa.dot.gov/specialfunding/stp/>

Congestion Mitigation and Air Quality Improvement Program (CMAQ) | <http://www.oregon.gov/ODOT/TD/AT/pages/CMAQ.aspx>

Clean Water State Revolving Fund Program (CWSRF) | <http://www.deq.state.or.us/wq/loans/loans.html>

Business Oregon Finance Programs | <http://www.oregon4biz.com/How-We-Can-Help/Finance-Programs/>

National Development Organizations:

International Council of Shopping Centers | <http://www.icsc.org>

Urban Land Institute | <http://uli.org>

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Organizations

Business Oregon
City of Grants Pass Planning Department
Grants Pass & Josephine County Chamber of Commerce
Josephine County Historical Society
Maul, Foster & Alongi
Oregon Commercial Realty
Oregon Regional Solutions
Rogue Valley Council of Governments
Southern Oregon Regional Economic Development Inc.
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About the Authors

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The Council of Development Finance Agencies is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing public, private and non-profit entities alike. For more information about CDFA, visit www.cdfa.net or e-mail info@cdfa.net.

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