

Application for Multiple-Unit Housing Tax Incentive Program – SRC 2.790

City of Salem, Urban Development Department
350 Commercial Street NE, Salem, OR 97301

I. Applicant Information (If the applicant is an LLC, S-Corps or similar member company, please provide legal documentation of the LLC's formation and list of members, authorized to sign on LLC's behalf)

Name: Landon Hattan	Title: Manager
Company: Willow Mixed Use SPE, LLC	
Street: 604 Timber View St. NW	City, State, Zip Code: Salem, OR 97304
Phone: (503) 428-2758	E-mail: landon@creswellhldgs.com
FAX:	

II. Applicant's Representative Information (if different than above)

Name:	Title:
Company:	
Street:	City, State, Zip Code:
Phone:	E-mail:
FAX:	

III. Property Information

Project is located within the designated program boundary: Yes No

Applicant has site control: Yes No

Address: 590 Willow St. NE

Map: 073W22DA06800 Block: Subdivision: HURST'S ADDITION TO SA (L:7 & 8)

Note: If property is only a fraction of a platted lot, indicate this fact and provide a metes and bounds description of the portion of the lot to be used.

Current use(s) of site:
Vacant and protected with construction fencing. Prior abandoned home has been removed in preparation for proposed development.

If existing housing is being removed, please explain why:
An existing single family home existed on the site at the time of applicant's acquisition. The home was vacant and in disrepair. The home attracted unwanted trespassing and unlawful activities on numerous occasions. Given the MU-1 zoning and

Current zoning: MU-1 Assessor's property account number(s): 578186

Parcel size: The proposed development encompasses the following parcels, which have obtained a Preliminary Plat approval

IV. Project Information

Anticipated construction start date: June 15, 2026 Anticipated completion date: July 16, 2027

Desired effective date (tax year) for the Multi-Unit Housing Incentive Program: 2027

Number, size, and type of dwelling units proposed:

<u>9</u>	1 bedroom units	<u>635</u>	Square feet	<u>\$0</u>	Median sales price	<u>\$1,835.00</u>	Rental rate
<u>26</u>	2 bedroom units	<u>771</u>	Square feet	<u>\$0</u>	Median sales price	<u>\$1,975.00</u>	Rental rate
<u>1</u>	3 bedroom units	<u>1,119</u>	Square feet	<u>\$0</u>	Median sales price	<u>\$2,797.00</u>	Rental rate
<u>13</u>	Other units	<u>390</u>	Square feet	<u>\$0</u>	Median sales price	<u>\$1,290.00</u>	Rental rate

Total building square footage: 42,518	Dimensions of building: 131'X83'
Building covers 44% percentage of the lot.	
Amount of open space to be included: Approx. 2,700 sq. ft.	
Method of construction: III-B	
Type of materials: Wood frame construction with Fire Resistant Barrier Lumber. Varied cladding types to be architectural sen	
Is other public financial assistance being requested for the project? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
If so, please list the amount and type of existing or anticipated sources of funds requested: Urban Renewal Program of the City of Salem.	
V. Public Benefits (Please check all that apply)	
<input checked="" type="checkbox"/> Units sales prices or rental rates accessible to a broad range of mixed incomes	
<input checked="" type="checkbox"/> Recreation facilities	
<input checked="" type="checkbox"/> Open space	
<input type="checkbox"/> Common meeting rooms	
<input type="checkbox"/> Daycare facilities	
<input type="checkbox"/> Facilities supportive of the arts	
<input checked="" type="checkbox"/> Facilities for the handicapped	
<input checked="" type="checkbox"/> Special architectural features	
<input type="checkbox"/> Service/commercial use permitted and needed but unavailable for economic reasons	
<input checked="" type="checkbox"/> Dedication of land or facilities for public use	
<input checked="" type="checkbox"/> Development or redevelopment of underutilized or blighted property	
<input checked="" type="checkbox"/> Provision of pedestrian-oriented design features	
<input checked="" type="checkbox"/> Extra costs associated with infill or redevelopment	
<input type="checkbox"/> Development in structures that may include ground level commercial space	
<input type="checkbox"/> Development on sites with existing single-story commercial structures	
<input type="checkbox"/> Development on existing surface parking lots	
<input type="checkbox"/> LEED certification of the project	
<input type="checkbox"/> Provision of parking spaces within the structure	
<input checked="" type="checkbox"/> Provision of amenities and/or programs supportive of the use of mass transit	
Please attach the following and label as Exhibits A-F	
<input type="checkbox"/>	Legal Description, labeled as Exhibit A
<input type="checkbox"/>	Evidence of Site Control, labeled as Exhibit B
<input type="checkbox"/>	A description of the project including information regarding the size and type of units, target population, parking and circulation plans, private and public access, and public benefits of the project, labeled as Exhibit C
<input type="checkbox"/>	A site plan, drawn to a minimum scale of 1" = 20', which shows in detail the development plan of the entire project. Refer to SRC2.810 (3) and (5), labeled as Exhibit D
<input type="checkbox"/>	Letter from the City of Salem Public Works Department stating the proposed use can be served by existing sewer and water service, labeled as Exhibit E
<input type="checkbox"/>	Documents to explain the proposed public benefits, including economic feasibility studies and market studies when appropriate, labeled as Exhibit F

MUHTIP Application

Project Name: Creekside on Willow

**Address: 586 Willow St. NE, Salem, OR
97301**

**Development Type: 49-Unit Mixed-Use
Development**

Subject:

The applicant is seeking a 10 year property tax exemption for the proposed 49 unit Mixed Use Development at 586 Willow St. NE Salem, OR, referred to as the “Creekside on Willow” project.

Applicant: Willow Mixed Use SPE, LLC

Applicant Contact Information:

landon@creswellhdgs.com

(503) 428-2758

I. Statutory and Municipal Authority

The applicant requests a ten-year property tax exemption as authorized by ORS 307.600 through 307.691, and implemented under Salem Revised Code (SRC) 2.790 through 2.835. This project is designed to meet the legislative intent of stimulating transit-supportive multiple-unit housing in the Salem Core Area. Given the obstacles to development faced in the current economic and geopolitical climate, the application supports the reliance upon the benefits provided by ORS 307.600 to 307.687.

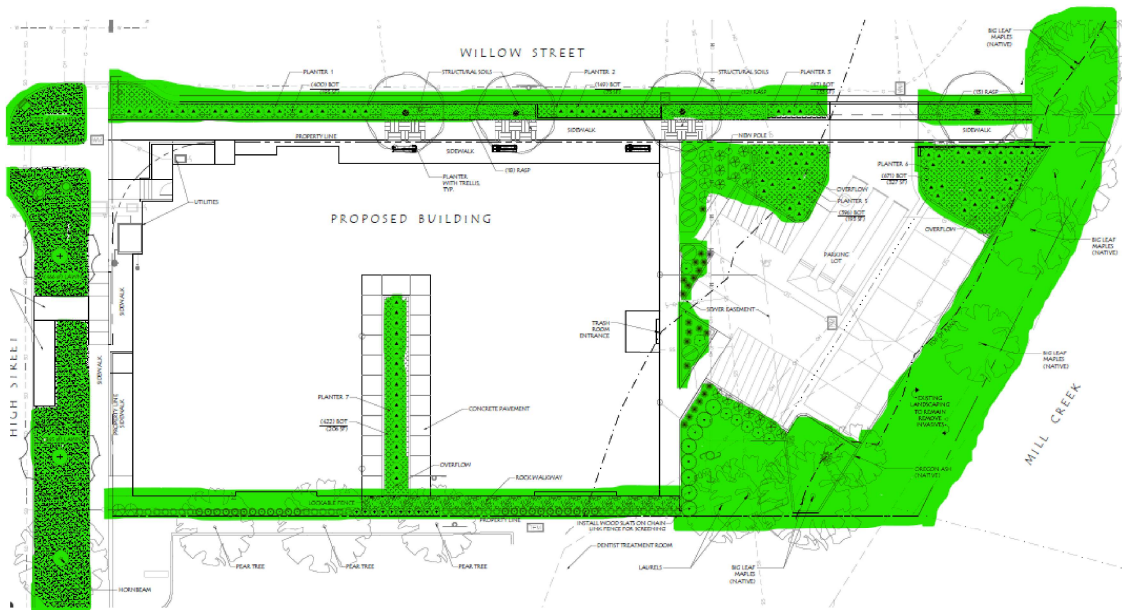
II. Facts and Findings

Finding 1: Public Benefit Elements (SRC 2.815 & ORS 307.618)

To qualify for the exemption, the project must provide at least one public benefit from the Council-approved list. "Creekside on Willow" satisfies this requirement through the following elements:

- 1. Mixed-Income Accessibility [SRC 2.815(b)]:
 - The development proposes 49 high-density units on a compact urban site, the project helps mitigate the 207-acre multifamily land deficit. Its location in the urban core aligns with the "Climate Friendly Area" goals of increasing density in walkable, transit-served neighborhoods.
 - Diverse Housing Choices: The inclusion of a wide range of unit types (studios, 1, 2, and 3-bedroom units) addresses the HNA's finding that Salem lacks diverse housing stock to accommodate varying household sizes, including the growing need for both small professional units and larger family-oriented rentals.
 - The development team has purposefully studied the comparable units recently delivered in Salem's urban core, and found there to be an overweight of very small studio style units (micro-housing units). The development program of the subject site has purposefully diversified the unit mix to include a higher weight of 1, 2 and 3 bedroom units across the development program, when compared to a subset of recent new construction mixed use comparables. See Exhibit C for the published Unit Mix, including unit sizes.

- Targeted Affordability (80% AMI): While the MUHTIP program does not require the provision of Rent Constrained units, the development team is planning to provide 3 rent-constrained units for tenants at 80% as it is recognized that the provision of such units, regardless of program requirements, will provide critical workforce housing. This provision further supports the qualification of mixed-income accessibility, specifically in respect to the HPS's focus on "cost-burdened" households.
- 2. Open Space [SRC 2.815(a)]: (Insert details on courtyard, plazas, or green space)
 - Complete landscaping and irrigation will be provided as conditionally required with the associated land use approvals. See the proposed landscape plan, with areas that will either retain or restore existing plant life, or provide new plantings highlighted in green below:



- Three filtration planters are being proposed; one in the courtyard of the building, two, at the southeast property line, and three at the northeast property line. Additionally, an infiltration planter is proposed northwest of the driveway. Treated runoff from the filtration and infiltration planters located in the parking lot will be piped to an underground 48" CMP storage chamber to detain and infiltrate the remaining runoff. The filtration planter located in the building courtyard will treat, store, and slowly release runoff via storm drain pipe and connect to the existing storm drain main line in High Street NE. Three proposed ROW swales line Willow Street NE in the

landscape areas. The ROW swales will not only collect runoff from Willow Street, treat, and infiltrate the runoff, but also add additional planted green area, providing a public benefit.

- Juliet style balconies will be provided to a subset of units, allowing private outdoor space to tenants of the associated dwellings, allowing such households to enjoy elevated views from the outdoors adjacent to the site.
- 3. Underutilized (Blighted) Property Redevelopment [SRC 2.815(k)]:
 - The Salem Revised Code does not define blight, however Webster's dictionary broadly defines "BLIGHT" as deteriorated condition, impairment, or a frustrating influence, such as urban decay. Prior to the applicant's ownership and during the time required for entitlements of the proposed development, the existing site existing as a severely underutilized property, containing only one dilapidated residential structure. Following the applicant's purchase of the property, substantial responsibilities and costs were borne to address the blighted nature of the site:
 - Address houseless activity, with frequent foot traffic and trespassing from, through, and within the subject site into the neighboring dental office property. Multiple reports were provided by the neighboring property owner, whose building includes dental practice rooms facing Mill Creek to the East, which saw frequent trespassing activity.
 - Observed drug paraphernalia and continuous and reoccurring attraction of undesired personal belongings of trespassers accumulating near and throughout the abandoned home. Such belongings included an apparent stripping pole, pets, bedding, bikes, and other unidentified personal items.
 - Multiple police requests due to apparent trespassing, specifically during and throughout nighttime.
 - Police reports filed due to trespassing.
 - Unlawful access by trespassers into the home, which required further clear-outs, and public resources.
 - Accumulation of trash and debris upon the vacant downtown urban site.
 - After the applicant's purchase of the property, Development Services reached out with two warnings, indicating the structure was being considered to be formally flagged as derelict. Coordination between the applicant and Development Services occurred, confirming the applicant's proposed future use and intended plan to property demolish the existing

structure. The applicant has since incurred all services, reports, costs, and permits to abate, demolish, and remove the prior structure.

- A further element that reinforces the definition of BLIGHT, when considered within the urban use of the term, is the viability of services necessary to provide a purpose or use that better maximizes the underlying economic or community benefit of the land. Due to a lack of three phase power service to the North, the applicant was required to negotiate with the neighboring land owner to the South, providing a proposal for compensation in exchange for the allowance of receiving access to the power that exists upon the referenced neighboring parcel, such that sufficient electrical service can be provided to the proposed development.
 - All such factors as referenced above support the qualification of underutilized properties facing blight, for purposes of MUHTIP program qualification.
- 4. Recreation Facilities [SRC 2.815(c)]:
 - Ground level public benefits to the residents of the building include storage parcel lockers and additional bike rack capacity beyond the Salem Revised Code (shown in pink below), and a dog and bike wash. All such provisions are integrated into the development amenities to support related recreational activities.
- 5. Facilities for the Handicapped [SRC 2.815(d)]:
 - For tenants who may have a disability that requires access limitations, the proposed Type A and Type B accessible units, ADA conformance, and elevator served building feature are provided as additional means by which the public may enjoy and utilize the development.
- 6. Special Architectural Features [SRC 2.815(e)] - *Below is a description of the Special Architectural Features of the Creekside on Willow Mixed Use Building:*
 - Articulated Volumes: The facade is visually broken into distinct vertical sections or "bays" that project and recess. This massing strategy reduces the visual bulk of the five-story structure and creates a dynamic, rhythmic street presence.
 - Flat Roofline with Varied Parapets: The roofline is flat, but the parapet heights step up and down in tandem with the articulated bays, reinforcing the building's segmented, block-like aesthetic.

- Overhanging Cornices: Prominent, flat projecting eaves cap the top of the projecting bays, providing a crisp, geometric finish to the roofline.
- Corrugated Metal Siding: A dark green/teal vertically oriented corrugated metal clads several prominent bays, giving the building a balanced commercial edge.
- Wood-Composite Cladding: Warm, orange-brown vertical siding (likely a durable wood composite or architectural metal finish) is used on the central corner volume and secondary bays. This adds organic warmth that contrasts with the cooler tones.
- Smooth Architectural Panels: Light grey or off-white smooth panels (likely fiber cement) cover the recessed bays, acting as a neutral visual buffer between other more bold textures. This provides balance to the overall visual experience, with an intent not to overstate the visual presentation through aggressive approaches that could be perceived as too-modernistic or aggressive.
- Masonry Base: The ground floor is anchored by a textured masonry stone, which frames the commercial storefronts, providing visual weight at the pedestrian level and adding a critical façade element to ensure the building is architecturally sensitive to surrounding properties and Salem's downtown historical buildings.
- Storefront Glazing: Extensive, continuous glass walls wrap the entire ground floor. These feature large primary display windows with smaller, distinct transom windows above them.
- Cantilevered Canopies: Sleek, horizontal awnings constructed of glass and metal framing protrude directly above the ground-floor windows to provide weather protection for pedestrians.
- Exterior Sconces: Warm architectural lighting is mounted evenly along the masonry columns of the ground floor, illuminating the sidewalk.
- Asymmetrical Fenestration: The window layouts vary between the different cladding zones. The design features a mix of large single-pane fixed windows, grouped horizontal windows, and operable casement windows. This creates architectural interest, and breaks up the massing that can become disproportionate and void of distinction on some mid-rise buildings.

- Juliet Balconies: Visible primarily on the dark green metal-clad section on the right facade, these feature simple, modern black metal railings positioned flush against full-height glass doors or large sliding windows.
 - Ground Level Trash Room Enclosure: The building features an interior trash room, retaining the trash and debris container indoors, to preserve public enjoyment and minimize unsightly building elements.
- 7. Dedication of Land or Facilities for Public Use [SRC 2.815(f)]:
 - As conditionally required for development, the applicant was required to convey a portion of the private property to public ROW, in an effort to support feasible ROW improvements along Willow St. NE. The applicant will bear the costs of the partial street widening, including full construction of a storm and gutter, swales, storm detention facilities, and a driveway approach conforming to the Public Works Design Standards.
- 8. Provision of Pedestrian-Oriented Design Features [SRC 2.815(g)]:
 - Reconstruction of a bulb-out style Transit Bus stop will be provided, conforming to the local Cherrlots Transit System requirements, to improve the existing bus stop immediately adjacent to the subject site.
 - Full ROW improvements will be provided, included City ROW sidewalk, curb and gutter, and planter strips conforming to the underlying conditional land use approval.
 - Extended overhead balconies will provide shade and weather protection for pedestrians and tenants, who will enjoy ADA conforming exterior walkway circulation.
 - A dedicated transit screen will be provided within the interior lobby, providing access to the local transit system route and schedules.
- 9. Extra Costs Associated with Infill or Redevelopment [SRC 2.815(j)]:
 - The applicant has been faced with boarding up the prior home multiple times, due to consistent vagrant activity and trespassing.
 - The applicant has incurred necessary expenses to obtain environmental studies, geotechnical studies, abatement studies, and all such permits necessary to meet municipal and state requirements to allow for the demolition and construction activities necessary to prepare the site for a better utilized purpose.

- The applicant has incurred demolition labor costs necessary to remove the prior dilapidated building.
 - The applicant faces additional cost burden necessary to deliver communications and sufficient power services to the site that did not exist prior, but are required for a proposed use that better meets the underlying Zone intentions.
 - The applicant faces the need to address public security, which is a significant and unresolved public concern that is acute to such downtown developments. Such costs will be required to provide exterior security systems, electronic secure building access, and a secured entrance to the courtyard, as well as graffiti treatment of the façade.
- 11. Provision of amenities and/or programs supportive of the use of mass transit Space [SRC 2.815(i)]: *(Insert description of the mixed-use/retail component):*
 - The very nature of the MU-1 Development code inherently encourages mass transit use. The subject development is proposed with an anticipated impact, encouraging mass transit use by the provision of more housing units than private parking stalls. Further, the development provides more bike storage units than what the SRC requires. With an aggressive site usage adjacent to downtown, this site will encourage dependence of future residence to enjoy the proximate downtown amenities via bike, foot traffic, and use of mass transit.
 - A dedicated transit screen will be provided within the interior lobby, providing access to the local transit system route and schedules.
 - Reconstruction of a bulb-out style Transit Bus stop will be provided, conforming to the local Cherriots Transit System requirements, to improve the existing bus stop immediately adjacent to the subject site.

Finding 2: Project Eligibility and Location (SRC 2.800)

Per SRC 2.800(a), the project consists of 49 dwelling units and is not intended for transient occupancy. The subject property is located within the "Core Area" as defined by SRC 2.800(c) and illustrated on the City's official MUHTIP boundary map.

Finding 3: Completion Timeline (ORS 307.637)

Construction is proposed to be completed before January 1, 2032, satisfying the sunset date requirements established in ORS 307.637 and SRC 2.800(b).

Finding 4: Land Use and Zoning Conformance (SRC 220 & 225)

The project is in conformance with the Salem Area Comprehensive Plan. Pursuant to SRC Chapter 220 (Design Review) and SRC Chapter 225 (Site Plan Review), the development has been designed to meet all underlying zone standards, including height, setbacks, and floor area ratios (FAR).

Finding 5: Utility and Infrastructure Standards (SRC 800 & 806)

The development will comply with the general development standards of the SRC, specifically:

- Pedestrian Access and Circulation: Designed in accordance with SRC 800.065.
- Off-Street Parking and Loading: Compliance with SRC 806 for vehicle and bicycle parking counts.
- Landscaping and Screening: All perimeter and interior landscaping meets the requirements of SRC 807.

III. Dependence Upon the Benefits Provided by ORS 307.600 to 307.687

The statute acknowledges that without such incentives, the financial hurdles of high-density urban development often preclude the feasibility of projects that serve a broad range of the general public. For the proposed Creekside on Willow mixed-use project, the ten-year property tax exemption is not merely an enhancement; it is a fundamental requirement for project viability in the current economic climate.

- a) Cost of Construction and Sustained Inflationary Pressure
 - a. The project faces a sustained inflationary environment. Below is a chart outlining the on a 5 year trailing basis, outlining the escalation of construction costs.

Year	National Construction Cost Index (CCI)	Annual % Change	Key Market Drivers
2021	12,133 (ENR Avg)	+8.1%	Global supply chain collapse; Lumber +91% surge.
2022	13,175 (ENR Avg)	+8.6%	Fuel/Energy volatility; Cement +11.6%; Interest rate hikes begin.
2023	13,500 (ENR Avg)	+2.5%	Brief stabilization: Skilled labor shortages become primary driver.
2024	14,073 (ENR Avg)	+4.2%	Mechanical/Electrical (MEP) equipment lead times/cost spikes.
2025	14,118 (ENR Avg)	+7.3% (YoY)	Resurgence in material costs; Steel framing erection +3.8% (Q4).

b) National Context:

- a. While 2024 and 2025 saw a brief stabilization in supply chains, new volatility in energy and raw material prices (steel, copper, and diesel) have placed additional sector-specific pressure on the referenced cost categories (NAHB, 2025).

c) Project Scale and Institutional Capital Constraints

- a. Creekside on Willow is a 49-unit project, a scale that frequently falls into the "capital gap" of the real estate market.

d) Sub-\$5MM LP Equity Headwinds:

- a. Institutional investors typically seek "institutional grade" assets, generally defined as 100+ units with equity requirements exceeding \$10M–\$15M. With an estimated LP check size below \$5MM, projects of this size generally do not command the interest of non-local institutional REITs or private equity funds. As such, predominantly local investors must be justifiably attracted to

the economic incentive in relationship to the risk profile of the investment. Developing a new construction urban infill site representative of the subject project involves higher risk than purchasing a stabilized asset. The project is exposed to entitlement delays, environmental unknowns, and fluctuating interest rates on construction loans as well as geopolitical exposure during the phase of the business plan prior to the time the asset is stabilized and producing an economic return. This project includes a 13 mo. construction duration in addition to a 6 mo. lease up period, yielding approx. 20 mo. of such time-related exposures, when compared to the acquisition of an equivalent in-place asset.

- b. The project's capital stack includes both construction financing (debt) as well as local private investment (equity contribution). In the current market, such investors must be assured that the economic return of the project is justified when the risk profile is taken into consideration. Realism in respect to the risk/reward profile must be held with objective realism; the project is no less dependent upon private equity contribution by investors who are appropriately compensated for such project involvement than it is dependent upon the physical materials and skilled labor necessary for construction. In a free market, goods must be assigned a value. The State Statute ORS 307.60(1) finds that, *"it is in the public interest to stimulate the construction of transit supportive multiple-unit housing in the core areas of Oregon's urban centers to improve the balance between the residential and commercial nature of those areas, and to ensure full-time use of the areas as places where residents of the community have an opportunity to live as well as to work."* Housing projects, and diverse mixed use assets are acknowledged to be a key component of thriving urban core environments in our state. These projects create a significant value to the communities in which they are delivered, however the risk and complexity of delivering such new projects must command an incentive that is justified. In today's market environment, the following economic return metrics are generally sought by such Limited Partners:
- 7%+ Untended Yield on Cost
 - 22% IRR
 - 1.2% DSCR

- The MUHTIP program serves its intended purpose as defined in State Statutes ORS 307.600 to 307.687, in that it provides a direct and favorable impact to the financial metrics that inform overall project viability, allowing "Creekside on Willow" to provide 49 units of high-quality, transit-supportive housing that may otherwise remain unbuilt.
- e) Oregon Investor Sentiment and Headline Risk
 - a. Investment in Oregon, and specifically the Portland-Salem corridor, faces unique "headline risk" that weighs on investor sentiment. The individual thesis of all new construction business plans require robust underwriting, defensive positioning, and conservative assumptions in order to overcome the general statewide perception that exists due to any number of headline realities statewide; Out-Migration trends, Downtown Houseless activity, Regulatory burdens and Rent Control, Safety and Security concerns, State and Local Tax Environments that are prohibitive to business and industry activity, and significant employment pressures across industries. Few factors can overcome and address such headlines risks the way clearly defined municipal support can. An alleviation of property taxes for the first 10 years of the asset's allows resources to then be dedicated to address and overcome such headwinds. Without the tax abatement, private ownership and stakeholders may perceive the risk-adjusted return as insufficient compared to lower-risk markets outside the state.

The cumulative effect of these costs creates a "yield-on-cost" gap that can only be bridged by the reduction in operating expenses provided by the MUHTIP exemption.

- **Financial Feasibility:** The MUHTIP benefit allows the project to achieve a debt-service coverage ratio (DSCR) that satisfies lenders in a high-interest-rate environment. Without the exemption, the projected cash-on-cash returns would fail to attract the necessary private investment to break ground.

IV. Summary of Applicant's Findings

The "Creekside on Willow" application demonstrates compliance with the required findings of SRC 2.810. The qualifying public benefit elements outlined above, and further described below exceed the minimum program requirements, providing a robust justification for the requested tax incentive.

Exhibits

Exhibit A

Legal Description

The property encompasses the three existing Taxlots 6600, 6700, and 6800. As per the Approved Land Use Decision 25-102406-PLN, the below mentioned (3) Parcels will be consolidated into one single parcel prior to the Permit Approval.

TAX LOT 6600:

Beginning at the Northwesterly comer of Lot Ten (10) of F. Hurst's Addition to Salem, Marion County, Oregon, as shown by plat recorded in Volume 3, Page 48, Record of Town Plats for Marion County, Oregon; and running thence Southeasterly on the Northerly line of said Lot numbered Ten (10), 90 feet; thence Southwesterly, parallel with the Westerly line of Lots numbered Ten (10) and Eleven (11), One hundred (100) feet to the Southerly line of Lot numbered Eleven (11); thence Northwesterly, on the Southerly line of Lot Eleven (11), 90 feet to the Southwest comer of said Lot Eleven (11); thence Northeasterly on the Westerly line of Lots numbered Ten (10) and Eleven (11), One hundred (100)feet, to the place of beginning.

TAX LOT 6700:

Lots 9, 10 and 11, of F. HURST'S ADDITION to Salem, in Marion County, Oregon. SAVE AND EXCEPT Beginning at the Northwesterly corner of Lot Ten (10) of F. Hurst's Addition to Salem, Marion County, Oregon, as shown by plat recorded in Volume 3, Page 48, Record of Town Plats for Marion County, Oregon; and running thence Southeasterly on the Northerly line of said Lot numbered Ten (10), 90 feet; thence Southwesterly parallel with the Westerly line of Lots numbered Ten(10) and Eleven (11), one hundred (100) feet to the Southerly line of Lot numbered Eleven (11); thence Northwesterly, on the Southerly line of Lot Eleven(11), 90 feet to the Southwest corner of said Lot Eleven (11); thence Northeasterly on the Westerly line of Lots numbered Ten (10) and Eleven (11), one hundred (100) feet, to the place of beginning.

TAX LOT 6800: Lots 7 and 8, in F. HURST'S ADDITION to Salem, in Marion County, Oregon.

Exhibit B

Evidence of Site Control

Marion County
OREGON

Assessor's Property Records

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Property Identification

<p>Account ID: 578186</p> <p>Tax Account ID: 578186</p> <p>Tax Roll Type: Real Property</p> <p>Primary Situs Address: 590 WILLOW ST NE SALEM OR 97301</p> <p>Map Tax Lot: 073W22DA06800</p> <p>Owner: WILLOW MIXED USE SPE, LLC 604 TIMBER VIEW ST NW SALEM, OR 97304</p>	<p>Manufactured Home</p> <p>Details:</p> <p>Other Tax Liability:</p> <p>Subdivision: HURST'S ADDITION TO SALEM LOT 7 & 8</p> <p>Related Accounts:</p> <p style="text-align: right;">GIS Interactive Viewer Assessor Map PDF</p>
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Owner History

Grantee	Grantor	Sales Info	Deed Info
WILLOW MIXED USE SPE, LLC 604 TIMBER VIEW ST NW SALEM OR 97304	MARVIN E REESE RL REESE, MARVIN E REESE, ANDREW J 16364 S ABIQUA RD NE SILVERTON OR 97381	12/20/2024 \$810,000.00 21 i 4 i	12/20/2024 2024-39305 i DEED i

Marion County
OREGON

Assessor's Property Records

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Property Identification

<p>Account ID: 578187</p> <p>Tax Account ID: 578187</p> <p>Tax Roll Type: Real Property</p> <p>Primary Situs Address: 552 WILLOW ST NE SALEM OR 97301 i</p> <p>Map Tax Lot: 073W22DA06700</p> <p>Owner: WILLOW MIXED USE SPE, LLC 604 TIMBER VIEW ST NW SALEM, OR 97304</p>	<p>Manufactured Home</p> <p>Details:</p> <p>Other Tax Liability:</p> <p>Subdivision: HURST'S ADDITION TO SALEM LOT 9 & FR 10 TI</p> <p>Related Accounts:</p> <p style="text-align: right;">GIS Interactive Viewer Assessor Map PDF</p>
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WILLOW MIXED USE SPE, LLC 604 TIMBER VIEW ST NW SALEM OR 97304	MARVIN E REESE RL REESE, MARVIN E REESE, ANDREW J 16364 S ABIQUA RD NE SILVERTON OR 97381	12/20/2024 \$810,000.00 21 i 4 i	12/20/2024 2024-39305 i DEED i

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Assessor's Property Records

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Exhibit C

A description of the project including information regarding the size and type of units, target population, parking and circulation plans, private and public access, and public benefits of the project

Size and Type of Units:

Having studied the comparable properties and recently supplied inventory, the ownership group purposefully develop a unit program that consists of a wider base of unit types, with a larger average unit size than recent new construction mixed use deliveries in Salem. Rather than seeking to simply maximize units with an aggressive/exclusive set of micro housing units, the intent was established to prioritize and deliver a higher subset of 1 and 2 bedroom units within the unit mix.

When compared against comparable new construction mixed use product in Salem, the below differentiators will be identifiable:

- (26) 2 Bedroom units (heaviest weight of unit types across the unit mix)
- (9) 1 bedroom units
- Larger average unit size than comparable new construction mixed use projects delivered in Salem

Full Unit Mix and Sizes:

Level	Unit Type	Unit Area	Beds	Baths	SF
Ground Floor					
	2 bed/2 bath	744 sf	2	2	744.00
	2 bed/2 bath	896 sf	2	2	896.00
	Studio	355 sf	1	1	355.00
	1 bed/1 bath	585 sf	1	1	585.00
	2 bed/1 bath	670 sf	2	1	667.00
	1 bed/1 bath	606 sf	1	1	584.00
	Studio	364 sf	1	1	363.00
	Studio	364 sf	1	1	365.00
	2 bed/2 bath	779 sf	2	2	753.00
	1 bed/1 bath LW	670 sf	1	1	667.00
	Commercial Space:	1371 sf			6,246.00
					7,617.00
Second Floor					
	2 bed/1 bath	463 sf	2	1	463.00
	2 bed/2 bath	719 sf	2	2	720.00
	2 bed/2 bath	842 sf	2	2	842.00
	2 bed/2 bath	1037 sf	2	2	911.00
	Studio	393 sf	1	1	371.00
	2 bed/2 bath	823 sf	2	2	776.00
	2 bed/1 bath	670 sf	2	1	667.00
	1 bed/1 bath	606 sf	1	1	584.00
	Studio	364 sf	1	1	363.00
	Studio	364 sf	1	1	365.00
	2 bed/2 bath	779 sf	2	2	753.00
	2 bed/1 bath	703 sf	2	1	667.00
	1 bed/1 bath	576 sf	1	1	576.00
					6,076.00
Third Floor					
	2 bed/1 bath	663 sf	2	1	463.00
	2 bed/2 bath	753 sf	2	2	720.00
	2 bed/2 bath	744 sf	2	2	842.00
	2 bed/2 bath	896 sf	2	2	911.00
	Studio	370 sf	1	1	371.00
	2 bed/2 bath	702 sf	2	2	776.00
	2 bed/1 bath	670 sf	2	1	667.00
	1 bed/1 bath	606 sf	1	1	584.00
	Studio	364 sf	1	1	363.00
	Studio	364 sf	1	1	365.00
	2 bed/2 bath	779 sf	2	2	753.00
	2 bed/1 bath	670 sf	2	1	667.00
	1 bed/1 bath	535 sf	1	1	576.00
					6,076.00
Fourth Floor					
	Studio	554 sf	1	1	753.00
	2 bed/2 bath	955 sf	2	2	955.00
	2 bed/2 bath	1093 sf	2	2	1,074.00
	2 bed/2 bath	1120 sf	2	2	1,110.00
	Studio	570 sf	1	1	496.00
	3 bed/2 bath	1120 sf	3	2	1,119.00
	2 bed/2 bath	672 sf	2	1	667.00
	1 bed/1 bath	577 sf	1	1	584.00
	Studio	364 sf	1	1	363.00
	Studio	364 sf	1	1	365.00
	2 bed/2 bath	775 sf	2	2	753.00
	2 bed/1 bath	882 sf	2	1	879.00
	1 bed/1 bath	671 sf	1	1	669.00
					9,567.00
Total Leasable Area:					
					33,340.00

Target Population:

By purposefully developing a unit mix composed of a wider base of unit types, as well as larger average unit sizes, the ownership team anticipates the development will appear to a wider base of households. While the below descriptors aren't exhaustive, segments of the larger population targeted for the proposed households includes:

- **Young Urban Professionals:** Motivated by proximity to employment and vibrant downtown night life. Prioritize walkability, proximity to community activity and downtown amenities.
- **Active State Employees:** Middle-income earners who value the reliability of the urban grid and transit access.
- **Affordable Housing:** For those prospective tenants earning less than 80% of the Area Median Income, the (3) studio units set aside as income restricted units will provide a desirable housing solution, further broadening the range of households for which the proposed development will accommodate. This specifically aligns with the disparity in housing options quantified in the Salem community, specifically those between 60-80% AMI, as referenced in the Salem Housing Needs Analysis.
- **"Fly the Coop"/Work Remote:** Drawing from a range of age groups, life transition is a commonality to this demographic, who may be moving out of a family household, seeking a compact efficient/affordable and centrally located living situation. Remote individual workers without children will find two bedroom units attractive for valid yet different reasons when compared to families with children. The additional bedrooms in the 2 and 3 bedroom units provide for a longer desirability duration, allowing tenants and families to remain in the household across seasons. Where the extra bedroom may allow for a professional to work from home in a dedicated office space, it may later be valued by the same tenant for a separate bedroom of a child, or roommate.
- **Accessibility:** For tenants who may have a disability that requires access limitations, the proposed Type A and Type B accessible units, ADA conformance, and elevator served building feature may be a draw when compared against older housing options that may not conform with current ADA code requirements.
- **Wellness Informed:** Existing renter seeking to improve their quality of daily life by making a move from an aging/poorly managed rental housing option. Any range of priorities may include improving indoor air quality, an elevated sense of place due to the new construction modern building features and finishes, or conviction-based, seeking a complex where solar/EV/plant life align with individual convictions.
- **Gig Economy/Roommate:** Combination of modern nomad professionals who see centrally located rental housing as suitable for a transitional way of life. This may include any number of life transitions, oftentimes involving individuals who may be temporarily displaced, working with a placement agency, contract-based local employment, etc.

Private and Public Access, Public Benefits

During the acquisition and entitlement timeline, the applicant had an opportunity to meet the neighbors of the property, and was tasked with receiving all needs and activities that arose at the blighted downtown urban location.

Such responsibilities included:

- Address houseless activity, with frequent foot traffic and trespassing from, through, and within the subject site into the neighboring dental office property. Multiple reports were provided by the neighboring property owner, whose building includes dental practice rooms facing Mill Creek to the East, which saw frequent trespassing activity.
- Observed drug paraphernalia and continuous and reoccurring attraction of undesired personal belongings of trespassers accumulating near and throughout the abandoned home. Such belongings included an apparent stripping pole, pets, bedding, bikes, and other unidentified personal items.
- Multiple police requests due to apparent trespassing, specifically during and throughout nighttime.
- Police reports filed due to trespassing.
- Unlawful access by trespassers into the home, which required further clear-outs, and public resources.
- Accumulation of trash and debris upon the vacant downtown urban site.

Below is a summary of the features of the development that outline public access, and public benefit:

Prior to the demolition of the home, the applicant coordinated with the Salem Police Department, to allow the Explosives team to conduct forced entry and Explosive Ordnance protocols on the prior existing structure. This was completed with a mutual sense of gratitude, given the police force's reoccurring visits to the subject site prior to the abatement, demolition, and site security measures provided by the applicant. The police force specifically cited that this set of practices provided a benefit to their team, who has limited opportunities to perform tactical and realistic drilling on real structures, closely emulating real conditions. This is a public benefit delivered through the development process.

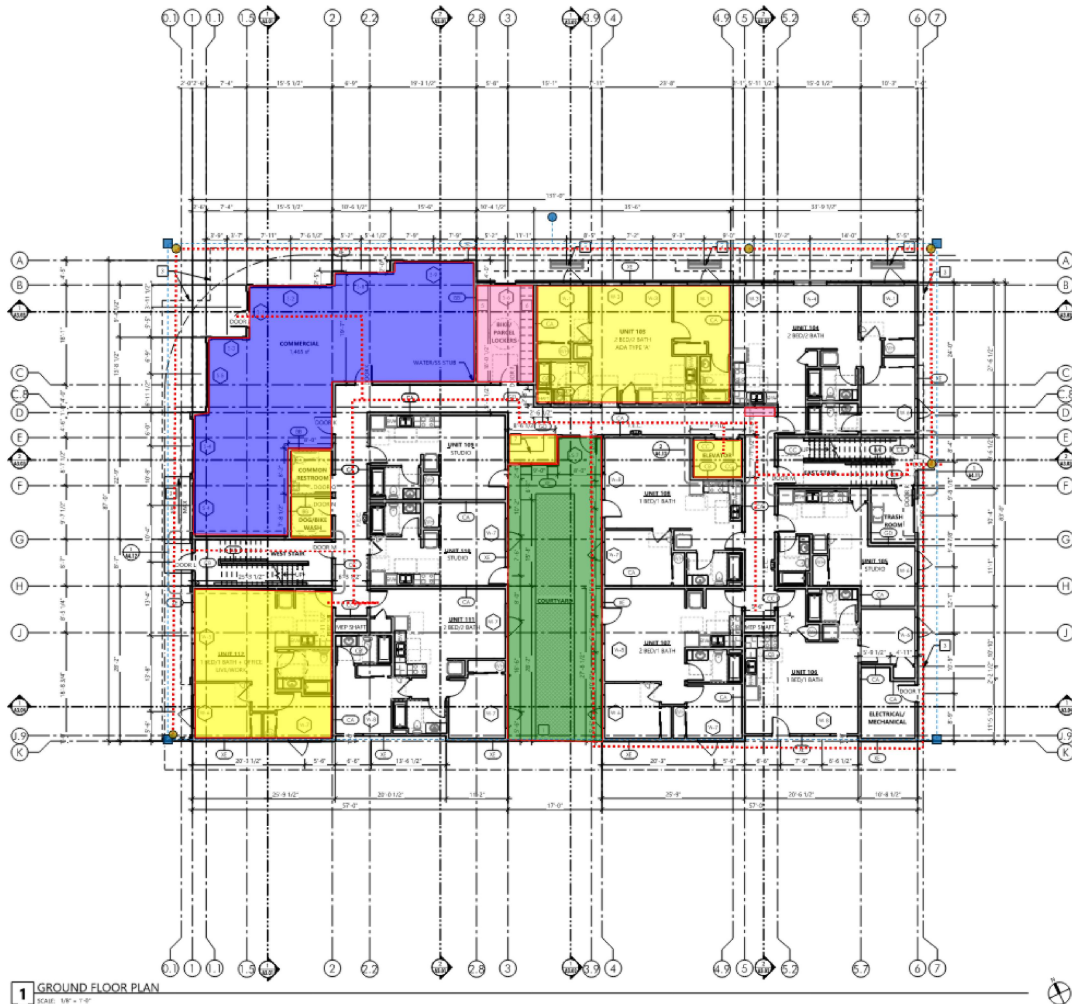
Private and public Access routes can be identified by the red dotted lines within the visual graphic below, which shows access locations from the exterior, common area corridors, and the interior layout of the ground floor. The commercial space will be constructed and made ready to attract a wide base of potential business/retail uses that will be open to the public, establishing themselves within a corner location facing High Street, a minor arterial. Ground level features will be emblematic of the City of Salem MU-1 Zoning designation, featuring covered awnings, fully constructed ROW sidewalks, a new Transit stop, vaulted ceilings, and storefront glass.

Residents of the building will be provided separate access to the building via exterior main doors, providing access to the interior of the courtyard to the South, as well as exterior doors on the West and East sides of the building.

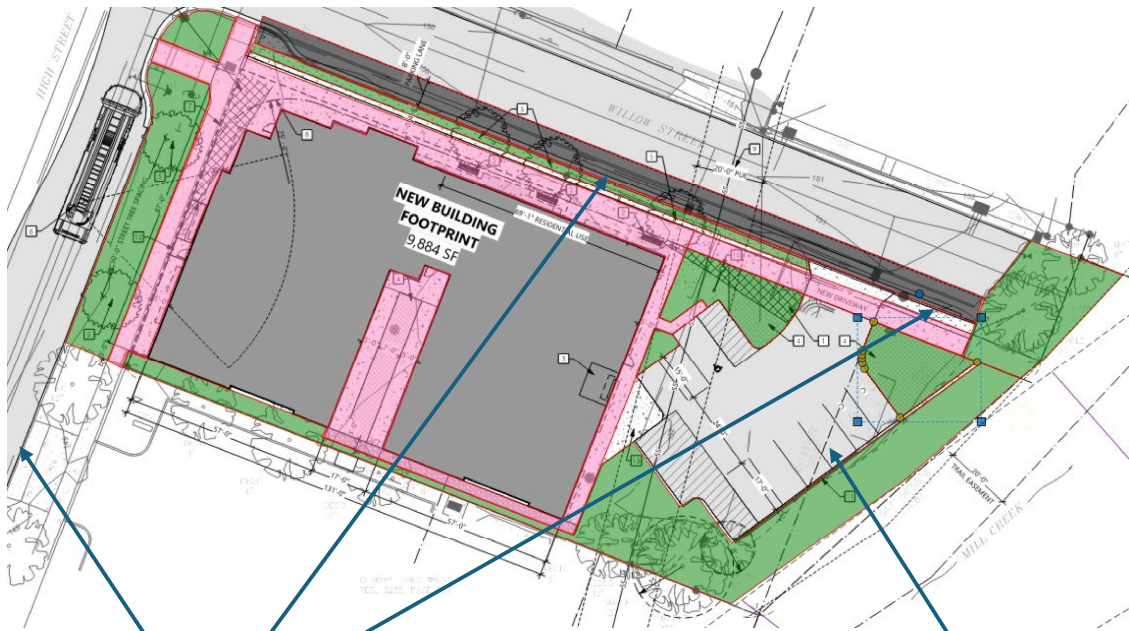
Ground level Live/Work and ADA Type A units will be available to residents, as shown highlighted in yellow below.

Further ground level public benefits to the residents of the building include storage parcel lockers and bike rack conforming to Salem Revised Code (shown in pink below), a dog and bike wash, refrigerated food storage, accessible bathrooms to serve tenants and those who frequent the commercial space (shown in yellow below), and a dedicated digital display, providing the local Public Transit Route and schedules (shown in pink with red outline below).

An exterior courtyard is provided within the “U” shape of the building, to include paved walkways, plant life, and Green Stormwater Infrastructure, to assist in retaining the runoff within the site through engineered stormwater infrastructure. Conforming plantings, groundcover and street trees will be incorporated in the design as consistent with the approved Land Use approval, shown as highlighted in Green below.



Additional public benefits included in the exterior improvements will include fully improved public ROW sidewalks as highlighted in the below visual in pink. Whereas the property existed with an abandoned home in disrepair with multiple broken down pieces of machinery and debris laying throughout the property, the fully improved development will offer a distinguished addition to the public at large, as well as the neighboring properties.



Parking Circulation

Streetside Parking Alongside Willow St. NE, and High St. NE

Private Parking within the Subject Site

Public Parking Available at the adjacent Marion Parkade

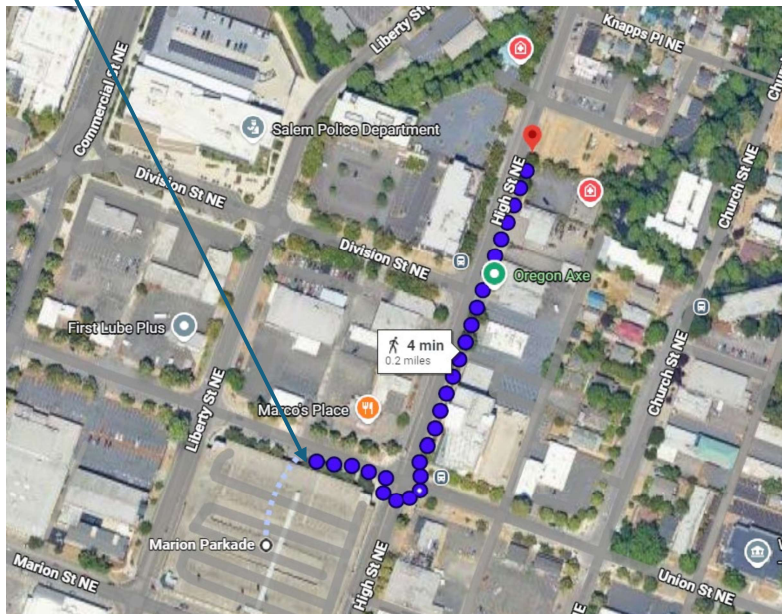
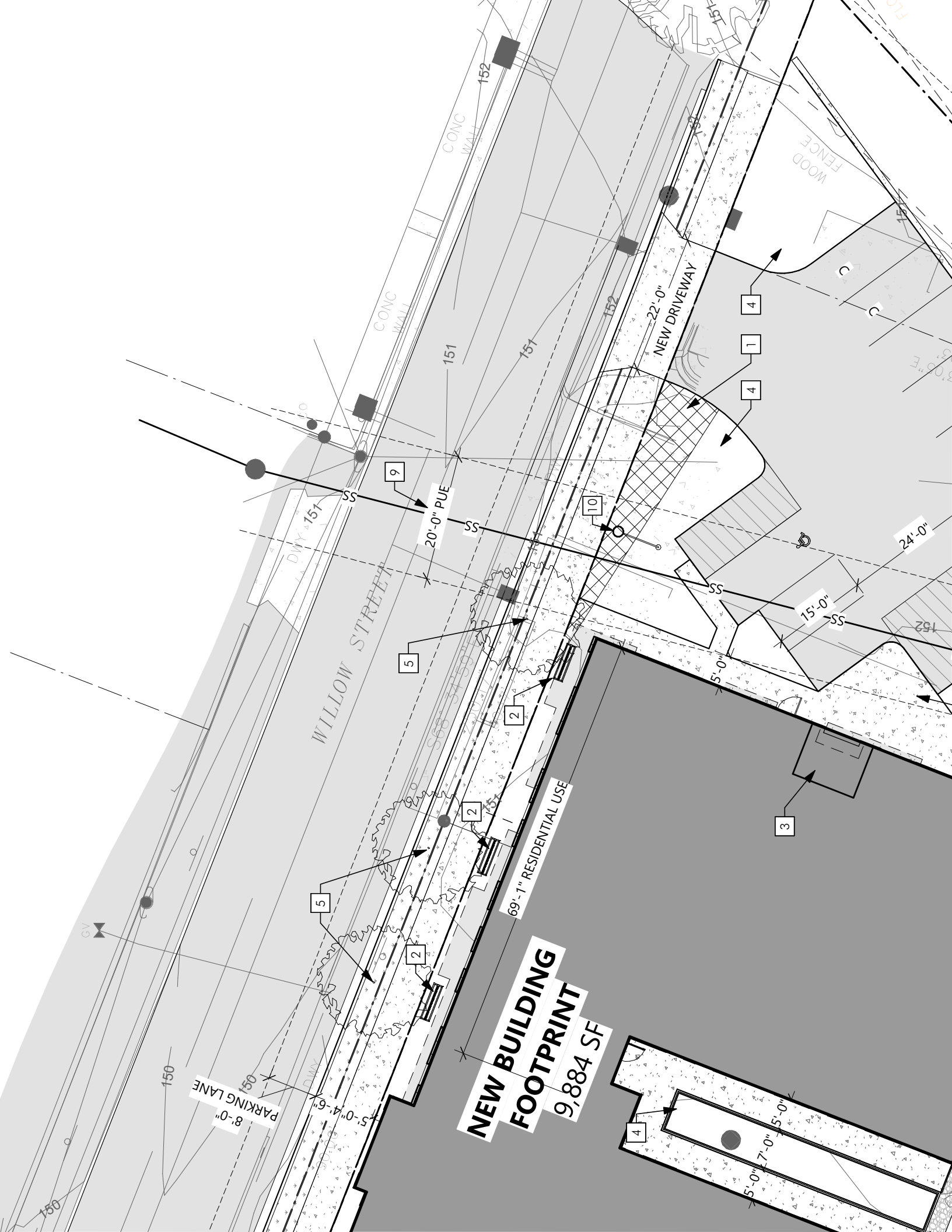


Exhibit D

Site Plan (see separate site plan file provided at the time of submittal)



WILLOW STREET

**NEW BUILDING
FOOTPRINT
9,884 SF**

69'-1" RESIDENTIAL USE

NEW DRIVEWAY

PARKING LANE

9

5

2

2

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Exhibit E

Letter from the City of Salem Public Works Department stating the proposed use can be served by existing sewer and water service.

(see separate file provided at the time of submittal)



14300 PO Box, Salem OR 97309-3986 • 440 Church St SE • Salem OR 97312-1001 • Phone 503-588-6173 • www.cityofsalem.net

March 16, 2026

Landon Hattan
604 Timberview Street NW
Salem, Oregon 97304

Delivered via email: landonhatten@gmail.com

**SUBJECT: Availability of Public Water and Sewer Services at:
586 Willow Street NE, Salem, Oregon 97301**

To Whom It May Concern:

This letter is furnished in response to your request for a determination from the City of Salem as to whether water and sanitary sewer services can be provided for the proposed Mixed-Use/Multi-Family project located at 586 Willow Street NE, Salem, OR 97301.

The City of Salem will provide water and sewer at the developer's cost for the future Mixed-Use/Multi-Family use on the subject property pursuant to the conditions established through the site plan review, building plan review, and other regulatory development processes.

If there are any questions or additional information required, please contact me using the information provided below.

Sincerely,

Tiffany Parker

Program Manager

City of Salem | Community Planning and Development | Development Services

440 Church Street SE, 5th Floor, Salem, OR 97302

tparker@cityofsalem.net | Office: 503-584-4668

File Reference: Permit No. 26-103636-BP/26-105992-CO

Exhibit F

Documents to explain the proposed public benefits, including economic feasibility studies and market studies when appropriate.

The City of Salem's 2022 Housing Needs Analysis (HNA), adopted as part of the "Our Salem" project, highlights a critical imbalance in the city's housing supply: while there is a surplus of land for single-family homes, there is a significant deficit of land for multifamily and mixed-use development.

The following is a summary of how multifamily and mixed-use units are addressed in the report and how the Creekside on Willow project serves those specific needs.

How Multifamily & Mixed-Use Units are Addressed

The HNA identifies three primary drivers for increasing multifamily and mixed-use units in the urban core:

1. **Capacity Deficit:** The analysis found a 207-acre deficit of land zoned for multifamily housing, enough for approximately 2,897 units. To address this, the city recommended redesignating land and revising the code to make it easier to develop multifamily housing in existing urban areas.
2. **Affordability Gap:** Roughly 37% of Salem households are cost-burdened (paying more than 30% of income on housing), with renters being significantly more affected. The report emphasizes the need for diverse housing types to lower the barrier to entry and reduce displacement.
3. **Transit-Oriented & Climate-Friendly Growth:** The report (and subsequent Climate-Friendly Area studies) advocates for mixed-use development along transit corridors and in the urban core. This "walkable, mixed-use" model is designed to reduce greenhouse gas emissions by placing residents near jobs, services, and transit.

Addressing Salem's Housing Needs Analysis

The proposed Creekside on Willow mixed-use project (49 multifamily units + ground-floor retail) directly addresses the quantitative and qualitative gaps identified in the HNA in the following ways:

- **Addressing the Unit Deficit:** By providing 49 units on a single site in the urban core, the project helps mitigate the 2,897-unit deficit. Its high-density, multi-story design maximizes the "buildable land" efficiency that the HNA describes as a priority for the city, while also purposefully differentiating the broad unit mix provided against similar recent mixed use comparables, which have an over-weight of smaller "micro" units.
- **Housing Diversity ("Missing Middle"):** The inclusion of a wide range of unit types—studios, 1, 2, and 3-bedroom units—directly addresses the HNA's call for diverse housing. The 2 and 3-bedroom options are particularly vital, as the HNA notes a lack of larger units for multi-generational or family-led renter households.
- **Income-Targeted Units:** While primarily a market-rate project, the commitment to set aside 3 units for tenants at 80% AMI or lower aligns with the HNA's goals for equitable housing and "rent-constrained" options. This provides a ladder for households who are currently cost-burdened but do not qualify for deep-subsidy affordable housing.
- **Urban Core Revitalization:** As a mixed-use project, it fulfills the "Our Salem" strategy of creating walkable neighborhoods. The roughly 1,500 sq. ft. of commercial space supports the HNA's goal of integrating residential uses with neighborhood services, reducing the reliance on automobiles. The site's immediate proximity to a Transit stop, in addition to the neighboring Marion Parkade provides further inherent support of Transit Dependent housing.
- **Transit and Accessibility:** Located in the urban core, the project leverages existing transit infrastructure, satisfying the HNA's push for "transit-adjacent" sites to serve a population that is increasingly looking for alternatives to single-family detached homes.

The City of Salem's Housing Production Strategy (HPS), adopted in May 2025, serves as the implementation roadmap for the *Our Salem* Comprehensive Plan. It specifically addresses the housing deficit identified in the Salem Housing Needs Analysis (HNA), which projected a 207-acre shortage of land for multifamily housing and an unmet need for nearly 2,900 multifamily units by 2035.

The HPS categorizes multifamily and mixed-use development as critical components for achieving housing equity and climate goals. Key policy levers include:

1. **Regulatory Streamlining:** The HPS includes actions to reduce barriers for multifamily projects, such as increasing flexibility in design standards (articulation, open space, and setbacks) and removing minimum off-street parking requirements citywide to lower development costs.
2. **Mixed-Use Optimization:** In the Mixed Use-I (MU-I) zone, the HPS calls for revised standards to better accommodate ground-floor residential uses, reducing previous commercial-centric requirements (like 14-foot ceiling heights or 65% window coverage) that hindered feasibility.
3. **Incentivizing Affordability:** The HPS promotes the use of tax exemptions (e.g., the Multi-Unit Property Tax Exemption or MUPTE) and Inclusionary Zoning to encourage developers to set aside units for households earning 80% Area Median Income (AMI) or lower.
4. **Walkable Centers & CFAs:** Under the Climate-Friendly and Equitable Communities (CFEC) rules, the HPS prioritizes high-density, mixed-use development in "Climate Friendly Areas" (urban cores and transit corridors) to reduce greenhouse gas emissions.

Addressing the Housing Production Strategy of the City of Salem

The proposed Creekside on Willow mixed-use project directly aligns with the HPS and HNA in the following ways:

- **Addressing the Multifamily Deficit:** By providing 49 high-density units on a compact urban site, the project helps mitigate the 207-acre multifamily land deficit. Its location in the urban core aligns with the "Climate Friendly Area" goals of increasing density in walkable, transit-served neighborhoods.
- **Diverse Housing Choices:** The inclusion of a wide range of unit types (studios, 1, 2, and 3-bedroom units) addresses the HNA's finding that Salem lacks diverse housing stock to accommodate varying household sizes, including the growing need for both small professional units and larger family-oriented rentals.
- **Targeted Affordability (80% AMI):** The commitment to 6 rent-constrained units (approx. 12% of the project) for tenants at 80% AMI directly responds to the HPS's focus on "cost-burdened" households. With over 50% of Salem renters currently paying more than 30% of their income on housing, these units provide critical workforce housing.
- **Accessibility and Inclusivity:** The provision of an elevator and both Type A (Accessible) and Type B (Standard) ADA units exceeds minimum requirements and addresses the HPS goal of promoting "fair and equitable housing outcomes" for Salem's aging population and residents with disabilities.
- **Economic Vitality:** The approx. 1,500 sq. ft. of ground-level retail fulfills the HPS objective of creating "walkable centers," where residential density supports local commercial services, reducing the need for vehicle trips and enhancing the urban fabric of the Willow Street area.