

ORDINANCE BILL NO. 35-11

AN ORDINANCE RELATING TO EXTENDING THE MULTIPLE-UNIT HOUSING TAX INCENTIVE PROGRAM; AMENDING SRC 2.800, SRC 2.830, AND SRC 2.835; AND DECLARING AN EMERGENCY

The City of Salem ordains as follows:

NOW THEREFORE, THE CITY OF SALEM ORDAINS AS FOLLOWS:

Section 1. SRC 2.800 is amended to read:

2.800. Eligible Property. To be eligible for the property tax exemption provided by SRC 2.790-2.835 a structure must:

(a) Be dwelling units, not designed or used as transient accommodations and not including hotels and motels but including such design elements benefitting the public as described in SRC 2.790-2.835 and approved by the City Council.

(b) Be housing which is constructed after January 1, ~~2006~~2012, and completed on or before January 1, ~~2012~~2022.

(c) Be located within the designated core area, to wit:

Beginning at the point of intersection of the east bank of the Willamette River and the westerly projection of the south right-of-way line of Academy Street Northeast; thence easterly along the westerly projection of the south right-of-way line of Academy Street Northeast to the intersection with the west right-of-way line of Water Street Northeast; thence southerly along the west right-of-way line of Water Street Northeast to the intersection with the south right-of-way line of South Street Northeast; thence easterly along the south right-of-way line of South Street Northeast to the intersection with the west right-of-way line of Front Street Northeast; thence southerly along the west right-of-way line of Front Street Northeast to the intersection with the westerly extension of the South Line of Lot 7, Block 21, North Salem Addition, as recorded in Volume 1, Page 34, Book of Town Plats, City of Salem, Marion County, Oregon; thence easterly along the westerly extension of the South Line and the easterly extension of said line to a point on the West Line of Church Street; said point being the midpoint of Block 48, North Salem Addition; southerly along the west right-of-way line of Church

1 Street Northeast to the intersection with the north right-of-way line of Gaines
2 Street Northeast; thence westerly along the north right-of-way line of Gaines Street
3 Northeast to the intersection of the west right-of-way line of the North-South Alley
4 running between Fifth Street Northeast and Church Street Northeast; thence
5 southerly along the west right-of-way line of Said Alley to the intersection of the
6 south right-of-way line of Market Street Northeast; thence westerly along the south
7 right-of-way line of Market Street Northeast to the intersection of the west right-of-
8 way line of Fifth Street Northeast; thence southerly along the west right-of-way
9 line of Fifth Street NE to the intersection with the south right-of-way line of D
10 Street Northeast; thence easterly along the south right-of-way line of D Street
11 Northeast to the intersection with the west right-of-way line of Fourteenth Street
12 Northeast; thence southerly along the west right-of-way line of Fourteenth Street to
13 the intersection with the north right-of-way line of Mission Street Southeast;
14 thence westerly along the north right-of-way line of Mission Street Southeast to the
15 intersection with the east line of Winter Street Southeast; thence northerly along
16 the east right-of-way line of Winter Street Southeast to the intersection with the
17 north right-of-way line of Bellevue Street Southeast; thence westerly along the
18 north right-of-way line of Bellevue Street Southeast to the intersection with the
19 east right-of-way line of Church Street Southeast; thence northerly along the east
20 right-of-way line of Church Street Southeast to the intersection with the north
21 right-of-way line of Trade Street Southeast; thence westerly along the north right-
22 of-way line of Trade Street Southeast to the intersection with the west right-of-way
23 line of Commercial Street Southeast; thence southerly along the west right-of-way
24 line of Commercial Street Southeast to the intersection with the westerly projection
25 of the north right-of-way line of Mission Street Southeast; thence westerly along
26 the westerly projection of the north right-of-way line of Mission Street Southeast to
27 the intersection with the east bank of the Willamette River and Willamette Slough;
28 thence northerly along the east bank of the Willamette River and the Willamette
29 Slough to the point of beginning.

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1 **Section 2.** SRC 2.830 is amended to read:

2 **2.830. Termination.**

3 (a) If, after an application has been approved, the Urban Development Director finds
4 that construction of multiple-unit housing was not completed on or before January 1,
5 2012-2022, or that any provision of SRC 2.790-2.835 is not being complied with, or
6 any agreement made by the owner or requirement made by the City Council is not being
7 or has not been complied with, the Urban Development Director shall send a notice of
8 termination of the exemption to the owner's last known address.

9 (b) The notice of termination shall state the reasons for the proposed termination, and
10 shall require the owner to appear before the City Council at a specific time, not less
11 than twenty days after mailing the notice, to show cause, if any, why the exemption
12 should not be terminated.

13 (c) If the owner fails to appear and show cause why the exemption should not be
14 terminated, the Urban Development Director shall further notify every known lender and
15 shall allow the lender a period of not less than thirty days, beginning with the date that the
16 notice of failure to appear and show cause is mailed to the lender, to cure any
17 noncompliance or to provide assurance that is adequate, as determined by the Urban
18 Development Director to assure the City that the noncompliance will be remedied.

19 (d) If the owner fails to appear and show cause why the exemption should not be
20 terminated, and a lender fails to cure or give adequate assurance that any noncompliance
21 will be cured, the City Council shall adopt a resolution stating its findings and
22 terminating the exemption. A copy of the resolution shall be filed with the county
23 assessor and a copy sent to the owner at the owner's last known address, and to any
24 lender at the lender's last known address, within ten days after its adoption.

25 **Section 3.** SRC 2.835 is amended to read:

26 **2.835. Extensions.** Notwithstanding SRC 2.830, if the City Council finds that construction,
27 or addition of, or conversion to, the multiple-unit housing was not completed by January 1,
28 2012-2022, due to circumstances beyond the control of the owner, and that the owner has been
29 acting and could reasonably be expected to act in good faith and with due diligence, the City
30 Council may extend the deadline for completion of construction for a period not to exceed

1 twelve consecutive months.

2 **Section 4. Severability.** Each section of this ordinance, and any part thereof, is severable, and
3 if any part of this ordinance is held invalid by a court of competent jurisdiction, the remainder of
4 this ordinance shall remain in full force and effect.

5 **Section 5. Emergency Clause.** This act being necessary for the immediate preservation of the
6 public peace, health and safety, an emergency is declared to exist, and this ordinance shall be in
7 full force and effect from and after the date of its passage.

8 PASSED by the City Council this 12th day of December, 2011.

9 ATTEST:

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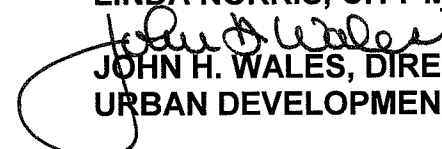
11 City Recorder

12 Approved by City Attorney: h

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15 Checked by: S. Wahrgren

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FOR COUNCIL MEETING OF: December 5, 2011
AGENDA ITEM NO.: 9.1 (a)

TO: MAYOR AND CITY COUNCIL
THROUGH:  LINDA NORRIS, CITY MANAGER
FROM:  JOHN H. WALES, DIRECTOR
URBAN DEVELOPMENT DEPARTMENT
SUBJECT: REVISION TO SALEM REVISED CODE (SRC) SECTIONS 2.800,
2.830, AND 2.835, RELATED TO MULTIPLE-UNIT HOUSING
TAX INCENTIVE PROGRAM

ISSUE:

Shall the City Council advance to second reading Ordinance Bill No. 35-11 to amend SRC 2.800, SRC 2.830, and SRC 2.835 related to Multiple-Unit Housing Tax Incentive Program, extending the program until January 1, 2022.

RECOMMENDATION:

Staff recommends the City Council advance to second reading Ordinance Bill No. 35-11 to amend SRC 2.800, SRC 2.830, and SRC 2.835 related to Multiple-Unit Housing Tax Incentive Program, extending the program until January 1, 2022.

BACKGROUND:

In June 1976, the Council approved an ordinance creating a special boundary and implemented provisions of the legislative act Oregon Revised Statue 307.600-690. The most recent action taken by City Council was in 2006 to extend the program to January 1, 2012, in conjunction with an amendment to the state law. The Multiple Unit Housing Tax Incentive Program (Program) provides a ten year property tax abatement for new or converted, transit supportive, non-transient housing units constructed within the defined core area (Attachment A) that provide one or more public benefits as defined in the ordinance. Extending the sunset date for the Program is not an approval of projects. Each application requesting approval is evaluated on a case by case basis and approved by Council.

Since 1976, three properties have been approved by Council for this program:

Willamette Landing Apartments (89 units) - 1601-1675 Water Street NE
Tax exemption period expired in 2000.

Forum Apartments (62 units) - 350 13th Street SE
Tax exemption period expired 1990.

APPROVED DEC 05 2011

Multi-Unit Tax Revision

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APPROVED DEC 12 2011

Mill Bridge Terrace Apartments (24 units) - 728 Church Street NE
Tax exemption period expired in 1987.

All tax exemptions approved under the program have expired. No new applications are pending.

FACTS AND FINDINGS:

In 2011, the Legislature passed Senate Bill 322, with the support of the City, which extended the State authorization for the Multiple-Unit Housing Tax Incentive Program to January 1, 2022. The proposed ordinance allows the City to extend its program if it so chooses.

Even though this program has been used infrequently, it is an important tool to encourage mix-used development in the areas of South Waterfront URA and Riverfront-Downtown URA. By extending this program, we will make available a financial incentive that could make a difference in a developer moving forward with a project or not.

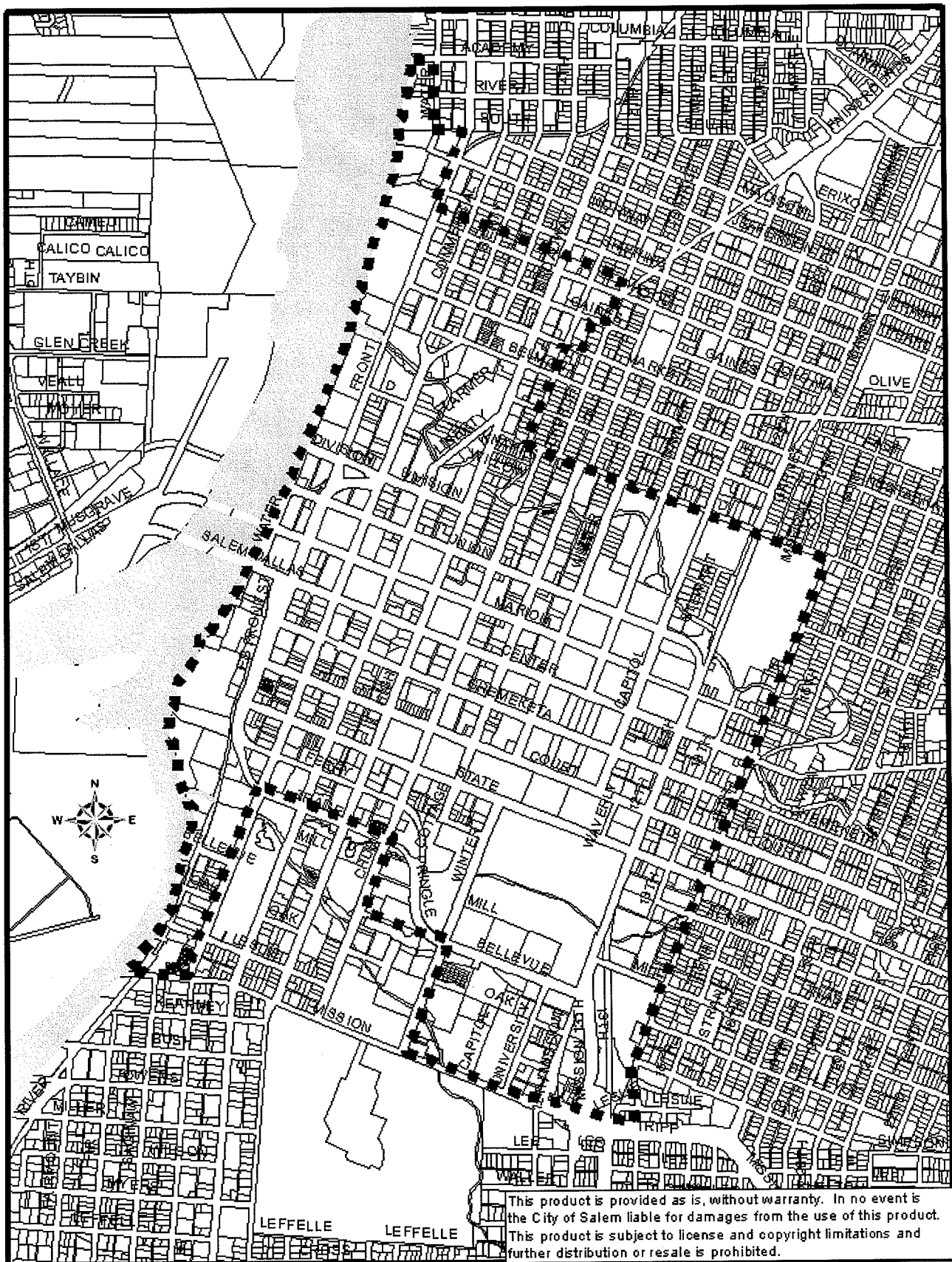
If approved by the City Council, Ordinance No. 35-11 will amend the date for which property under the Program will be eligible for tax incentives from January 1, 2012, to January 1, 2022, which coincides with the extension of the State authorization provided in Senate Bill 322.

Option

Council may elect to not approve the extension at this time. Council still has the ability to reinstate the Program at any time prior to 2022.

Attachment A: Map

Report Prepared by: Sheri Wahrgren, Downtown Revitalization Manager
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**Attachment A - Multi Unit Housing Tax Incentive Area Boundary
(Verbal Description in Ordinance)**