EXHIBIT B

The Jory Apartments

TIF District Plan

DRAFT

Adopted by the City of Salem

Date

Ordinance No.____

If Amendments are made to the Plan, the Resolution or Ordinance Number and date will be listed here. The amendment will be incorporated into the Plan and noted through a footnote.

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DRAFT

I. DEFINITIONS

"Agency" is the City of Salem Urban Renewal Agency created under ORS 457.035 and 457.045.

"Affordable Housing" is housing that is available to residents earning an average of 80 percent or less than the Area Median Income (AMI). It assumes housing is available to residents at a range of incomes, at or below 80 percent of AMI.

"Blight" is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting an urban renewal or TIF District plan.

"City" means the City of Salem, Oregon.

"City Council" or "Council" means the Salem City Council.

"Comprehensive Plan" means the City of Salem Comprehensive Plan and its implementing ordinances, policies, and standards.

"Frozen base" means the total assessed value including all real, personal, manufactured, and utility values within a TIF District Area at the time of adoption. The county assessor certifies the assessed value after the adoption of a TIF District plan.

"Increment", "Tax increment", "tax increment financing" or TIF" means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in a TIF District area, or portion thereof, over the assessed value specified in the certified statement.

"Maximum Indebtedness" means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

"ORS" means the Oregon Revised Statutes and specifically Chapter 457, which relates to urban renewal and tax increment financing.

"Plan" or "TIF District plan" means the official plan for the TIF District pursuant to ORS 457.

"Plan Area" or "TIF District Area" means a blighted area included in a TIF District plan or an area included in a TIF District plan under ORS 457.160.

"Planning Commission" means the Salem Planning Commission.

"Project(s)" or "TIF District Project(s)" means any work or undertaking carried out under the Jory Apartments TIF District Plan.

"Report Accompanying Jory Apartments TIF District" or "Report" means the official report that accompanies the Jory Apartments TIF District Plan pursuant to ORS 457.085(3).

"Revenue sharing" means sharing tax increment proceeds as defined in ORS 457.470.

the funds that are associated with the division of taxes accomplished through the adoption of a TIF District plan.

"Strategic Plan" means the City of Salem Strategic Plan adopted in 2017.

"Tax increment finance district" or "TIF District" means a blighted area included in an urban renewal plan.

"TIF District plan" means a plan, as it exists or is changed or modified from time to time, for one or more TIF District areas, as provided in ORS 457.

“Tax increment revenues” means the funds allocated by the assessor to a TIF District area due to increases in assessed value over the frozen base within the area.

“Urban Renewal” means the statutory authority provided in ORS 457. In this Plan it is synonymous with TIF District.

II. INTRODUCTION

The Jory Apartments TIF District Plan ("Plan") was developed for the Salem City Council ("City Council"). Pursuant to the Salem City Charter, this Plan will go into effect when it has been adopted by the City Council.

A. Background

The City of Salem's Strategic Plan ("Strategic Plan"), adopted in 2017, stated

> "Salem has a very low residential vacancy rate and many vulnerable people who are experiencing homelessness. At the same time, Salem lacks affordable housing, shelter beds, permanent supportive housing, coordinated social services, and funding to address these issues effectively. More than half of Salem's households are paying more than 30 percent of their income toward housing costs. Minimum wage isn't enough to afford an average Salem apartment, and rents are increasing at more than 10 percent annually. As demand for all types of rental housing outpaces development, Salem's residential vacancy rate declines (now below 1.3%).
>
> The lack of affordable rental housing in Salem is due to little dedicated funding or incentives, among other factors." [1]

One of the actions in the Strategic Plan was to create a sustainable, substantive funding stream for development of affordable housing (through City of Salem, Salem Housing Authority and Urban Renewal Agency sources, the possibility of tax exemptions, new fees, fee waivers, etc.)

The City of Salem ("City") currently incentivizes transit-oriented multi-family housing through the Multi-Unit Housing Tax Incentive Program, which provides up to ten years of property tax abatement within a specific geographic area in downtown and central Salem. The City also incentives affordable housing through its Low-Income Rental Housing Property Tax Exemption program for non-profit owners and operators of low-income housing developments, while the Salem Housing Authority operates a Community Partners Property Tax Exemption program to incentive the inclusion of affordable units in market rate developments. Each of these programs has its own opportunities, limitations, and guidelines. This tax increment finance district ("TIF District") program would add to the options currently available to create more affordable units within the community.

The program allows the creation of single-property or single tax lot TIF Districts in areas of the city currently not included in an existing urban renewal area. Taxes on new development ("tax increment") will be rebated to the property owner in exchange for affordable units within the development. The actual rebate amount and number of affordable units in the development will be subject to an agreement between the Salem Urban Renewal Agency ("Agency") and the property owner and based on a menu of options.

[1] *City of Salem Strategic Plan*, 2017, p. 10.

The Plan includes input from the community received at public meetings at the Agency and hearings before the City of Salem Planning Commission ("Planning Commission"), and the City Council.

The Jory Apartments TIF District Plan Area ("Plan Area"), shown in Figure 1, consists of approximately 11.87 total acres.

The Plan is estimated to last 41 years, resulting in 41 years of tax increment collections.

The Plan is to be administered by the Agency. Substantial amendments to the Plan must be approved by City Council as outlined in Section VII of this Plan. All amendments to the Plan are to be listed numerically on the inside over of the front page of the Plan and then incorporated into the Plan, document and noted by footnote with an amendment number and adoption date.

The relationship between the sections of the Plan and the ORS 457.085 requirements is shown in Table 1. The specific reference in the table below is the section of this Plan that primarily addresses the statutory reference. There may be other sections of the Plan that also address ORS 457.

Table 1 - Statutory References

Statutory Requirement	**Plan Section**
ORS 457.085(2)(a)	V, VI
ORS 457.085(2)(b)	V, VI
ORS 457.085(2)(c)	XIII
ORS 457.085(2)(d)	XI
ORS 457.085(2)(e)	XI
ORS 457.085(2)(f)	IX
ORS 457.085(2)(g)	VIII
ORS 457.085(2)(h)	III
ORS 457.085(2)(i)	VII

B. TIF Districts Overview

TIF Districts are allowed through ORS 457 and allow for the use of tax increment financing, a financing source that is unique to TIF Districts, to fund projects within a specific boundary. Tax increment revenues (the amount of property taxes generated by the increase in total assessed values in the TIF District area from the time the area is first established are used to repay borrowed funds or contractual obligations. The borrowed funds and contractual obligations cannot exceed the maximum indebtedness amount set by the TIF District plan.

The TIF District Area meets the definition of blight due to its infrastructure deficiencies and underdeveloped properties. These blighted conditions are specifically cited in the ordinance adopting the Plan and described in detail in the Report Accompanying the Jory Apartments TIF District Plan ("Report").

The Report contains the information required by ORS 457.085, including:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the plan, including fiscal impact in light of increased services;
- Reasons for selection of the area;
- The relationship between each project to be undertaken and the existing conditions;
- The estimated total cost of each project and the source of funds to pay such costs;
- The estimated completion date of each project;
- The estimated amount of funds required in the area, and the anticipated year in which the debt will be retired;
- A financial analysis of the plan;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the area; and,
- A relocation report.

III. MAXIMUM INDEBTEDNESS

Maximum Indebtedness ("MI") is the total amount of money that can be spent on projects, programs and administration throughout the life of the Plan. The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon good faith estimates of the scope and costs of projects in the Plan and the schedule for their completion is $20,725,125 (Twenty Million Seven Hundred Twenty Five Thousand One Hundred Twenty Five Dollars). This amount is the principal of such indebtedness and does not include interest or indebtedness incurred to refund or refinance existing indebtedness or interest earned on debt proceeds.

IV. PLAN GOALS

The goal of the Plan represents its basic intent and purpose. Accompanying the goal is an objective, which describes how the Agency intends to meet the goal. The TIF District projects identified in Sections V and VI of the Plan are the specific means of meeting the objective. The goal and objective will be pursued as economically as is feasible and at the discretion of the Agency.

A. Housing Development

To increase the supply of affordable housing in the City of Salem.

Objectives:

1. Provide financial incentives for the development of affordable housing in the City of Salem.

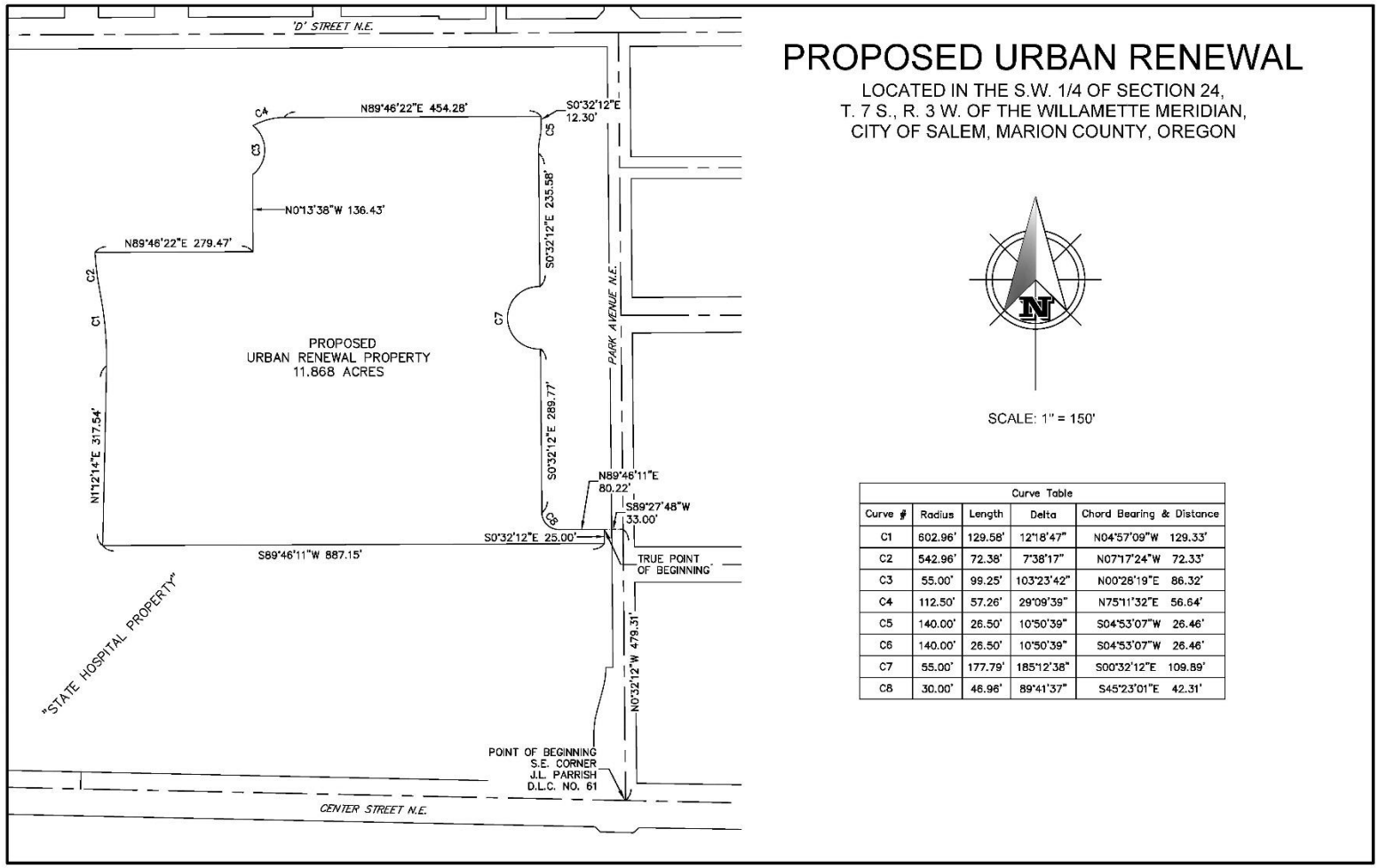
B. Administration

To provide administrative support for the implementation of the Plan.

Objectives:

1. Provide resources to implement the Plan.

Figure 1 – Jory Apartments TIF District Area Boundary



Curve Table				
Curve #	Radius	Length	Delta	Chord Bearing & Distance
C1	602.96'	129.58'	12°18'47"	N04°57'09"W 129.33'
C2	542.96'	72.38'	7°38'17"	N07°17'24"W 72.33'
C3	55.00'	99.25'	103°23'42"	N00°28'19"E 86.32'
C4	112.50'	57.26'	29°09'39"	N75°11'32"E 56.64'
C5	140.00'	26.50'	10°50'39"	S04°53'07"W 26.46'
C6	140.00'	26.50'	10°50'39"	S04°53'07"W 26.46'
C7	55.00'	177.79'	185°12'38"	S00°32'12"E 109.89'
C8	30.00'	46.96'	89°41'37"	S45°23'01"E 42.31'

Source: City of Salem

V. TIF DISTRICT PROJECT CATEGORIES

The projects within the Plan Area fall into the following categories:

A. Developer Incentives

B. Administration

VI. TIF DISTRICT PROJECTS

TIF District projects authorized by the Plan are described below.

A. Developer/Builder/Property Owner Incentives

The Agency may provide incentives to developers for the development of affordable housing units in the Plan Area. This will be completed through a development agreement with the developer/builder/property owner that stipulates the amount and timing of the development and the amount and timing of the incentive. These incentives will be a rebate of a portion of property taxes paid.

Agency/City staff will conduct pre-development meetings with the developer/builder/property owner to identify the unique financing needs of the site. Staff will recommend a financing package to the Agency that will contain recommendations on the appropriate length of incentive through negotiations with the developer/builder/property owner for the development of the housing units. The Agency will approve the incentives and the ultimate signing of a development agreement containing those incentives and a commitment by the developer/builder/property owner for the production of the housing units.

A guideline for the amount of incentive is established in the Report accompanying the Plan. This is a guideline only, balancing the needs for administration, incentives, and infrastructure needs.

B. Administration

The Agency may provide administration of the Plan including but not limited to staff support, legal counsel assistance, review of annual payments, financial statements, budget preparation and annual reports pursuant to ORS 457.460.

VII. AMENDMENTS TO PLAN

The Plan may be amended as described in this section.

A. Substantial Amendments

Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing, and approval procedure required of the original Plan, under ORS 457.095, including public involvement, consultation with taxing districts, presentation to the Agency, the Planning Commission, and adoption by the City Council by non-emergency ordinance after a hearing. Notice of such hearing shall be provided to individuals or households within the City of Salem, as required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and 457.115.

Substantial Amendments are amendments that:[2]

1. Add land to the TIF District Area except for an addition of land that totals not more than 1% of the existing area of the TIF District Area; or

2. Increase the maximum amount of indebtedness that can be issued or incurred under the Plan.

B. Minor Amendments

Minor Amendments are amendments that are not Substantial Amendments as defined in this Plan and in ORS 457. Minor Amendments require approval by the Agency by resolution.

C. Amendments to the Salem Comprehensive Plan and/or Salem Revised Code, Title X: Unified Development Code

Amendments to the Salem Comprehensive Plan ("Comprehensive Plan") and/or Salem Revised Code, Title X,: Unified Development Code that affect the Plan and/or the Plan Area shall be incorporated automatically within the Plan without any separate action required by the Agency or City Council. When a substantial amendment is completed, the Relationship to Local Objectives section will be updated.

VIII. PROPERTY ACQUISITION AND DISPOSITION

The Plan does not anticipate property acquisition and disposition as an eligible activity.

IX. RELOCATION METHODS

As acquisition is not an eligible activity, relocation is not a part of this Plan.

[2] Unless otherwise permitted by state law, no land equal to more than 20 percent of the total land area of the original Plan shall be added to the urban renewal area by amendments, and the aggregate amount of all amendments increasing the Maximum Indebtedness may not exceed 20 percent of the Plan's initial maximum indebtedness, as adjusted, as provided by law.

X. TAX INCREMENT FINANCING OF PLAN

Tax increment financing consists of using annual tax increment revenues to make payments on debt. In this Plan, the debt is a contractual obligation to provide developer incentives and agreement to reimburse the Agency for administration of the Plan.

Tax increment revenues equal the annual permanent rate property taxes imposed on the cumulative *increase* in assessed value within a TIF District Area over the total assessed value at the time a TIF District plan is adopted. (Under current law, the property taxes for general obligation (GO) bonds and local option levies are not part of the tax increment revenues.)

A. General Description of the Proposed Financing Methods

The Plan will be financed using tax increment revenues. Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements, and indebtedness incurred in (1) developer incentives (2) planning or undertaking project activities, or (3) otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the planning and implementation of this Plan, including preparation of the Plan.

B. Tax Increment Financing

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency, as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Plan Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution, and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the unsegregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

XI. RELATIONSHIP TO LOCAL OBJECTIVES

ORS 457.085 requires that the Plan conform to local objectives. This section provides that analysis. Relevant local planning and development objectives are contained within the Salem Comprehensive Plan. Further, this section addresses the Salem Unified Development Code.

The following section describes the purpose and intent of these plans, the main applicable goals and policies within each plan, and an explanation of how the plans relate to the applicable goals and policies.

The numbering of the goals and policies within this section reflects the numbering that occurs in the original document. *Italicized text* is text that has been taken directly from an original document.

The zoning designation is Multi-Family Residential II and the Comprehensive Plan designation for the area is Multi-Family Residential. Density requirements and development standards for all land in the Plan Area are contained in the Salem Unified Development Code, shown in Section B below.

A. Salem Comprehensive Plan

C. URBAN GROWTH

GOAL: To ensure that the rate, amount, type, location and cost of development will preserve or enhance the City's quality of life and promote the City's efficient delivery of services.

Infill 4. Development of land with existing urban services shall be encouraged before the conversion of urbanizable lands to urban uses.

Finding:

The Plan conforms to the Urban Growth goal of the Comprehensive Plan as providing incentives for the development of affordable housing within the city limits will promote development with existing urban services.

D. GROWTH MANAGEMENT

GOAL: To manage growth in the Salem urban area through cooperative efforts of the City of Salem and Marion and Polk Counties, to ensure the quality of life of present and future

residents of the area, and to contain urban development and to preserve adjacent farm lands by:

> *a. Establishing and periodically reviewing an urban growth boundary to identify and separate urbanizable land from rural land while insuring sufficient amounts of urbanizable land to accommodate population needs.*
>
> *b. Planning and developing a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban development.*

Infill Development 6. New developments shall make maximum use of available land areas with minimal environmental disturbance and be located and designed to minimize such public costs as extension of sewer and water services, schools, parks, and transportation facilities.

Finding:

The Plan conforms to the Growth Management goal of the Comprehensive Plan as providing incentives for the development of affordable housing within the city limits will promote development with existing urban services.

E. RESIDENTIAL DEVELOPMENT

GOAL: To promote a variety of housing opportunities for all income levels and an adequate supply of developable land to support such housing.

In meeting this goal, residential development shall:

a. Encourage the efficient use of developable residential land;

b. Provide housing opportunities for Salem's diverse population; and

c. Encourage residential development that maximizes investment in public services.

Infill Development 3. City codes and ordinances shall encourage the development of passed-over or underutilized land to promote the efficient use of residential land.

Subsidized Housing 5. Subsidized housing shall be provided at a variety of locations within the urban area.

Multi-Family Housing 6. Multi-family housing shall be located in areas proximate to existing or planned transportation corridors, public facilities and services:

a. To encourage the efficient use of residential land and public facilities, development regulations shall require minimum densities for multiple family development zones;

b. Development regulations shall promote a range of densities that encourage a variety of housing types;

c. Multiple family developments should be located in areas that provide walking, auto or transit connections to:

(1) Employment centers;

(2) Shopping areas;

(3) Transit service;

(4) Parks;

(5) Public buildings.

Alternative Housing Patterns 9. Residential Development Patterns Subdivision and zoning regulations shall provide opportunities for increased housing densities, alternative housing patterns, and reduced development costs. Development regulations shall promote residential development patterns that encourage:

a. The use of all modes of transportation;

b. Reduction in vehicle miles traveled and length of auto trips; and

c. Efficiency in providing public services.

Finding:

The Plan conforms to the Residential Development goal of the Comprehensive Plan as providing incentives for the development of affordable housing will provide opportunities for housing for all income levels by encouraging efficient use of developable land, providing housing opportunities for Salem's diverse population, and encouraging development that maximizes investment in public services. This development is using underutilized land and will address the goal of providing subsidized housing at a variety of locations. The multi-family development is in proximity to existing transportation corridors and public facilities and services, as well as a planned City park.

B. Salem Unified Development Code, Title X

The land uses in the Plan Area will conform to the Multiple Family Residential II zoning designation and development standards in the City of Salem Unified Development Code, Title X, and are incorporated by reference herein.

As the Zoning Ordinance is updated, this document will be updated by reference. If a substantial amendment is completed in the future, this section will be updated to match the current zoning designations.

Zoning Districts:

Multiple Family Residential RM II

The purpose of the Multiple Family Residential-II (RM-II) Zone is to implement the multiple family residential designation of the Salem Area Comprehensive Plan through the identification of allowed uses and the establishment of development standards. The RM-II zone generally allows multiple family residential uses, along with a mix of other uses that are compatible with and/or provide services to the residential area.

XII. ANNUAL REPORT

The Agency shall file Annual Reports in compliance with ORS 457.460.

APPENDIX A: LEGAL DESCRIPTION

Legal Description for: Mountain West Investment Corporation
A portion of Tax Lot 100, 07 3W 24C

A tract of land situated in the southwest one-quarter of Section 24, Township 7 South, Range 3 West of the Willamette Meridian, in the City of Salem, Marion County, Oregon, and being a portion of the "Oregon State Hospital" property lying between Center Street NE and D Street NE, and between 23rd Street NE and Park Avenue NE, said tract being more particularly described as follows:

Beginning at the most Easterly southeast corner of the J.L. Parrish Donation Land Claim No. 61 in said Township; thence North 0°32'12" West 479.31 feet along the centerline of Park Avenue NE; thence leaving said centerline, South 89°27'48" West 33.00 feet to the TRUE POINT OF BEGINNING of this description; and running thence:

South 0°32'12" East, being parallel with said centerline of Park Avenue NE, a distance of 25.00 feet;

thence South 89°46'11" West 887.15 feet;

thence North 1°12'14" East 317.54 feet to a point of curvature;

thence Northwesterly along the arc of a 602.96 foot radius curve to the left (the long chord of which bears North 04°57'09" West 129.33 feet) 129.58 feet to a point of reverse curvature;

thence Northwesterly along the arc of a 542.95 foot radius curve to the right (the long chord of which bears North 07°17'24" West 72.33 feet) 72.38 feet to a point on a non-tangent line to which a radial line to the end of the curve bears North 86°31'44" East;

thence North 89°46'22" East 279.47 feet;

thence North 0°13'38" West 136.43 feet to the beginning of a 55.00 foot radius non-tangent curve concave to the West and which subtends a central angle of 103°23'42";

thence Northerly along the arc of said curve to the left (whose radius point bears North 37°49'50" West and the long chord of which bears North 00°28'19" East 86.32 feet) 99.25 feet to the beginning of a 112.50 foot radius non-tangent curve concave to the Southeast and which subtends a central angle of 29°09'39";

thence Northeasterly along the arc of said curve to the right (whose radius point bears South 29°23'17" East and the long chord of which bears North 75°11'32" East 56.64 feet) 57.26 feet to a point of tangency;

thence North 89°46'22" East 454.28 feet;

thence South 0°32'12" East 12.30 feet to a point of curvature;

thence Southwesterly along the arc of a 140.00 foot radius curve to the right (the long chord of which bears South 04°53'07" West 26.46 feet) 26.50 feet to a point of reverse curvature;
thence Southwesterly along the arc of a 140.00 foot radius curve to the left (the long chord of which bears South 04°53'07" West 26.46 feet) 26.50 feet to a point of tangency;
thence South 00°32'12" East 235.58 feet to the beginning of a 55.00 foot radius non-tangent curve concave to the East and which subtends a central angle of 185°12'38";
thence Southerly along the arc of said curve to the left (whose radius point bears South 02°04'07" West and the long chord of which bears South 00°32'12" East 109.89 feet) 177.79 feet to a point on a non-tangent line;
thence South 0°32'12" East 289.77 feet to a point of curvature;
thence Southeasterly along the arc of a 30.00 foot radius curve to the left (the long chord of which bears South 45°23'01" East 42.31 feet) 46.96 feet to a point of tangency;
thence North 89°46'11" East 80.22 feet to the TRUE POINT OF BEGINNING, containing 11.868 acres of land, more or less.

Bearings are based on Marion County Survey Record 37941

