

**Amy Johnson**

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**From:** Nancy McDaniel <nanmcdann@yahoo.com>  
**Sent:** Sunday, April 26, 2020 6:54 PM  
**To:** CityRecorder  
**Cc:** Irma Dowd; Takata, Lynn; Jeremy Mills; Nick Ritchie  
**Subject:** Testimony for April 27 hearing  
**Attachments:** NEN Jory Apts TIF.pdf

Attached is the testimony of the NEN Neighborhood Association on File #20-151, the Jory Apartments TIF District, for the Council hearing on April 27.

Thank you,  
Nancy McDaniel  
NEN Land Use Co-Chair



# NEN

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April 26, 2020

To the Members of the Salem City Council,

On April 26, the NEN Board voted to submit this testimony on the proposed Jory Apartments Urban Renewal District, specifically the Tax Increment Financing Plan for the district. We strongly support affordable housing in the development, but certain elements of the plan are troubling and we question if this is the way to finance it.

Under the plan, 97% of tax increment financing would be used to pay the developer – presumably Mountain West. Payments would start at \$255,000 and increase every year for a potential total of \$20 million. (See Table 3a in the Report on the TIF District Plan for details.) This type of arrangement is unusual; financing is typically used to pay for infrastructure improvements or to offset System Development Charges. According to city staff, they are aware of only one other instance in Oregon, in Wilsonville, where tax increment financing was used for direct payments to the owner.

The plan projects payments over 41 years, although city staff have said it might be 30 years. Either way, how can the city commit to so many years of payments when it's impossible to predict the housing market over that time? Meanwhile, other efforts are underway to increase housing stock: recent changes to the city's multi-family housing code, and state legislation (HB 2001) that requires cities to allow more density in areas zoned as single family residential.

We are also concerned that the number of affordable units proposed for the Jory Apartments has decreased. Last fall, the NEN and NESCA neighborhood associations were told by a Mountain West representative that about 50 units of affordable housing were planned for the development. Since then, the city learned that legislation enacted in 2019 limited the amount of tax increment available to urban renewal districts. This limited the district to 60% of the tax increment (a 40% decrease). A proportional decrease in the number of affordable units would result in 30 units but the city is proposing 24 units.

We know more affordable housing is needed in Salem and want to see some in the Jory Apartments. We especially like that the affordable units would be incorporated into a market-rate development. However, we question if the arrangement as proposed in the TIF Plan is in the city's best interests. We hope that the Council will carefully review the TIF Plan and any associated agreement between the city and the developer to ensure that they are in the public's best interests over the life of the TIF District.

Thank you for your consideration of our testimony.

Nancy McDaniel  
NEN Land Use Co-Chair