

## Amy Johnson

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**From:** Richard Berger <RichardB@theneighborlyway.com>  
**Sent:** Monday, April 27, 2020 4:23 PM  
**To:** CityRecorder  
**Cc:** Elliott Pelfrey  
**Subject:** Testimony  
**Attachments:** Letter to Council 4-27-2020.pdf

Dear City Recorder,

Attached is testimony for the Council regarding item 3.b on the council agenda. Please distribute it to the Council.

All the best,

Richard



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April 27, 2020

Mayor Bennett and Council Members  
City of Salem  
555 Liberty St SE  
Salem, Oregon 97301

Via E-mail to: [cityrecorder@cityofsalem.net](mailto:cityrecorder@cityofsalem.net)

**Re: North Campus TIF District**

Dear Mayor and Council Members,

Neighborly Ventures, Inc. and Mountain West Investment Corp. are excited for the opportunity to develop a mixed income apartment project at the North Campus site near the center of Salem. This luxury project is part of a greater development that also includes a single-family home development. This project is scheduled to start construction this summer and has the support of both nearby neighborhood associations. The location of this development is a rare opportunity for greater density near Salem's core. It will offer short commutes to downtown and the Lancaster commercial district which gives a greater opportunity for increased use of multimodal transportation alternatives by its residents.

One of the most unique attributes of this apartment development is having a mix of both affordable units and market rate units in one complex. This format will be unique to Salem and we believe it will be a valuable asset to the greater Salem Community. Most development of affordable housing comes in the form of projects that have no market rate component and are usually built to serve only one level of affordability. Although these affordable only projects have their place, we are excited to do something new at the North Campus site by providing several levels of affordable housing as well as a substantial market rate component. Physically there will be no difference between the market rate and affordable units in the project. The affordable units will be spread throughout the project and will have the exact same high-end finishes and features expected in new modern apartment complexes. They will also have will have access to the onsite community center and the park like walking paths though the site. We intend the range of affordable units in the project to go from 80% to 40% Average Median Income (AMI) with an average of 60% AMI.

The proposal before you to form a TIF district, is the main mechanism to fund the affordable component of this project. Most other source that fund affordable housing require projects to be entirely affordable and generally require all units be at the same affordability level. The TIF funding has the flexibility to allow for the varied mix.

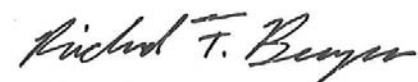
This TIF funding works by giving a portion of taxes paid by the property, back to the property owner in exchange for providing the affordable component. Since this property is currently state property and does not collect any property taxes, this proposal does not divert any current tax revenue away from local governments, it only adds revenue. It is important to note that a substantial portion of the property taxes paid by the owner will not be returned to the owner but will be passed to local governments. Under a recent change in state law, no tax money collected for local bonds goes to the TIF district, so that bond money will go to the school district, the city, and the others with outstanding bonds. The none bond taxes collected from the property owner will go to the TIF district, then from there, the district will collect a 3% administrative fee, and then finally the remainder of the funds will be passed back to the property owner.

Another important item for the Council to note, is that the exact number of affordable units in this project has not been set. Based on construction cost estimates in January, it was calculated that 10% of the units would be affordable. This number was the best guess at the time and assumed only 30 years of TIF funding not the 40 years of funding noted in the staff report calculations. The actual number of affordable units will be set in a development agreement with the City that will be finalized after the TIF district is created and once final construction bids are obtained. Neighborly Ventures and Mountain West are committed to providing the maximum amount of affordable housing that underwriting will permit. Our sincere hope is that construction costs will have gone down given the instability in the labor market and the final number of affordable units will be able to be increased from the 10% estimate.

We sincerely ask that the Council move the TIF district forward. We believe that this project supports the Council's strategic plan goals relating to affordable housing, public transportation, and environmental action. We are excited to do something innovative and impactful for the community in the City of Salem.

If you have any questions or need any information, please don't hesitate to ask.

Sincerely,

A handwritten signature in cursive script that reads "Richard T. Berger".

Richard Berger  
Director of Development  
NEIGHBORLY VENTURES, INC.