CITY OF SALEM

Legislation Details (With Text)

File #:	20-232	**Version:** 1			
Type:	Action Item		**Status:**	Agenda Ready	
			In control:	Urban Renewal Agency	
On agenda:	7/27/2020		**Final action:**	7/27/2020	

Title: Jory Apartments Development Agreement Between the Urban Renewal Agency and MWIC Jory, LLC

Ward(s): Ward 2
Board Member(s): Board Member Andersen
Neighborhood(s): NEN and NESCA
Result Area(s): Welcoming and Livable Community

Sponsors:

Indexes:

Code sections:

Attachments: 1. Development Agreement

Date	Ver.	Action By	Action	Result
7/27/2020	1	Urban Renewal Agency	approved	Pass

TO: Urban Renewal Agency Board

THROUGH: Steve Powers, Executive Director

FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Jory Apartments Development Agreement Between the Urban Renewal Agency
and MWIC Jory, LLC

Ward(s): Ward 2
Board Member(s): Board Member Andersen
Neighborhood(s): NEN and NESCA
Result Area(s): Welcoming and Livable Community

ISSUE:

Shall the Urban Renewal Agency authorize the Executive Director to execute the Jory Apartments Development Agreement, between the Urban Renewal Agency and MWIC Jory, LLC, detailing the conditions for the LLC to receive an annual property tax rebate?

RECOMMENDATION:

Authorize the Executive Director to execute the Jory Apartments Development Agreement, between the Urban Renewal Agency and the MWIC Jory, LLC, detailing the conditions for the LLC to receive an annual property tax rebate.

SUMMARY:

The Jory Apartments Tax Increment Financing District (TIF District), located on a portion of the Oregon State Hospital North Campus was approved to create more affordable housing in the community. The TIF District Plan (Plan) was approved by the Council on May 11, 2020 and recorded with Marion County on June 12, 2020. The Plan includes a property tax rebate program, where up to 97 percent of taxes paid by property owner and collected within the TIF District are rebated back to the owner. The details of the rebate program are contained in a development agreement between the Urban Renewal Agency and the MWIC Jory, LLC (owner) (Attachment 1).

FACTS AND FINDINGS:

In June, staff conducted a pre-development meeting with representatives from Neighborly Ventures, the Jory Apartments developer. The developer received construction bids for the development and was able to update project costs. The development agreement includes the following key conditions and information:

- Owner agrees to develop and maintain 36 units for individuals earning an average of 60 percent of the Area Median Income (AMI). This is an increase from 24 units, planned prior to the developer's receipt of additional construction cost estimates which made the unit increase feasible.

- Agency expects to issue the first property tax rebate payment in 2023 and make annual payments through 2052, if all conditions are satisfied. The property tax rebate payments are expected to total approximately $12,158,481, over 30 years.

- Issuance of the annual property tax rebate to the owner requires several conditions be met, including the Agency's issuance of a Certificate of Compliance (Certificate). The Certificate requires that 36 units be leased or available for lease to individuals earning an average of 60 percent of the AMI. Up to 7% of the units may be vacant on average measured annually to provide for the remodeling of the units and unit leasing turnover.

- Owner agrees to begin construction on or before August 31, 2020, and substantially complete the development by August 31, 2022.

BACKGROUND:

The Jory Apartments development includes 240 planned multi-family housing units, including 36 units for individuals earning an average of 60 percent of the AMI. The owner expects to lease 12 units to individuals earning 80 percent of AMI, 12 units to individuals earning 60 percent of AMI, and 12 units to individuals earning 40 percent of AMI.

Annie Gorski
Economic Development Manager

Attachments:
    1. Development Agreement