



Staff Report

File #: 19-133
Version: 1

Date: 3/25/2019
Item #: 3.3a.

TO: Chair and Housing Authority Commissioners
THROUGH: Steve Powers, Executive Director
FROM: Nicole Utz, Administrator AIC

SUBJECT:

Formation of Redwood Crossings, LLC, Purchase and Sale Agreement for acquisition of real property located at 4075 and 4107 Fisher Road NE to Redwood Crossings, LLC and authorization to enter into subrecipient agreement with the City of Salem for a Community Development Block Grant.

Ward(s): 5
Board Member(s): Ausec
Neighborhood(s): Northgate
Result Area(s): Welcoming and Livable Community

ISSUE:

Shall the Commission:

- 1) adopt Resolution No. 2240 to form a limited liability company to serve as owner of the Redwood Crossings Project and authorize owner to enter into a subrecipient agreement with the City of Salem for a Community Development Block Grant;
- 2) authorize the Executive Director to execute the attached Purchase and Sale Agreement with the City of Salem Urban Renewal Agency for the acquisition of property located at 4075 and 4107 Fisher Road NE; and
- 3) ratify the Executive Director's execution of the Operating Agreement and the City of Salem City Attorney, Dan Atchison's signature on the consent to be appointed as the registered agent of the Redwood Crossings, LLC?

RECOMMENDATION:

- 1) Adopt Resolution No. 2240 to form a limited liability company to serve as owner of the Redwood Crossings Project and authorize owner to enter into a subrecipient agreement with the City of Salem for a Community Development Block Grant; and
- 2) authorize the Executive Director to execute the attached Purchase and Sale Agreement with

the City of Salem Urban Renewal Agency for the acquisition of property located at 4075 and 4107 Fisher Road NE, and

- 3) ratify the Executive Director's execution of the Operating Agreement and the City of Salem City Attorney, Dan Atchison's signature on the consent to be appointed as the registered agent of the Redwood Crossings, LLC.

SUMMARY:

The Housing Authority through Resolution 2240 (Attachment 1) will form a limited liability company, Redwood Crossings, LLC, to serve as owner of the Redwood Crossings project. The Housing Authority will serve as the sole member and manager of Redwood Crossings, LLC. The Housing Authority and Redwood Crossings, LLC will enter into a Purchase and Sale Agreement (Attachment 2) with the Urban Renewal Agency of Salem for the purchase of property located at 4075 and 4107 Fisher Road, NE.

Redwood Crossings, LLC will enter into a subrecipient agreement with the City of Salem for a Community Development Block Grant deferred payment loan.

The Operating Agreement was previously executed so the Agency could file for the organization LLC in order to meet deadlines on property acquisition (Attachment 3).

The Property, 4075 and 4107 Fisher Road NE, consists of a 19,336 square foot multi-family building and a 0.58 acre parcel of vacant land. Acquisition of the Property was completed on October 5, 2018. The total purchase price was \$1,575,000 and consisted of \$1,520,000 in North Gateway Urban Renewal Area funds and \$55,000 in Salem Housing Authority (SHA) funds.

FACTS AND FINDINGS:

The Urban Renewal Agency Board and Redwood Crossings, LLC have come to terms on a Purchase and Sale Agreement. The key terms of the Agreement are below.

Building

- Sale Price: \$531,250
(\$425,000 CDBG funds & \$106,250 SHA funds)
- Closing Date: no later than April 10, 2019

BACKGROUND:

SHA has identified the Property as a site for affordable housing. Using a "housing first" model, the building will house and offer comprehensive services to residents.

The building is 80% complete, with the second and third floors in roughed-in condition and ready for finish work. The elevator shaft is in place but requires installation of the elevator car and mechanicals. SHA plans to complete the finish work and convert the building to 34 single-room occupancy units with one restroom for every two units and one ADA single bedroom unit.

SHA has received \$1,500,000 in Oregon Housing and Community Services Department Local Innovation and Fast Track (LIFT) grant funding. SHA plans to commence renovation of the Property in summer 2019.

Nicole Utz
Administrator AIC

Attachments:

1. Resolution 2240
2. Purchase and Sale Agreement
3. Operating Agreement