CITY OF SALEM

Staff Report

File #: 19-300	**Date:** 7/8/2019
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TO: Urban Renewal Agency Board

THROUGH: Steve Powers, Executive Director

FROM: Kristin Retherford, Urban Development Director

SUBJECT:

North Gateway Urban Renewal Area Project Funding for Fiscal Year 2020

Ward(s): 5
Board Member(s): Ausec
Neighborhood(s): North Gate
Result Area(s):   Strong and Diverse Economy; Welcoming and Livable Community

ISSUE:

Shall the Agency Board approve the use of $2,050,000 of North Gateway Urban Renewal Area (NGURA) funds for programs in the NGURA Maximum Indebtedness Report?

RECOMMENDATION:

Approve the use of $2,050,000 of North Gateway Urban Renewal Area (NGURA) funds for programs in the NGURA Maximum Indebtedness Report.

SUMMARY:

Following the approval of the increased maximum indebtedness for the North Gateway Urban Renewal Area, the North Gateway Advisory Board is recommending that funds for unspecified projects in the FY 2020 budget be committed to specific programs.

Program Funding

1.	Rehabilitation Grant Program:	$1,000,000
2.	Development Infrastructure Assistance Program:	$ 750,000
3.	Affordable Housing Assistance Program:	$ 300,000
	Total Recommended:	**$2,050,000**

FACTS AND FINDINGS:

Implementation of the programs is consistent with the NGURA Plan, as they are listed as projects within the Plan.

Funds had not been allocated to the programs as part of the FY 2020 budget process due to uncertainty of the maximum indebtedness increase proposal for the NGURA. Without allocation of funds, the programs will not have funding for applications in the current fiscal year.

As part of the increase in maximum indebtedness, funding was forecasted to be directed to specific uses including development infrastructure assistance and affordable housing assistance. The purpose for directing funds to specific uses was the result of high demand for the Rehabilitation Grant Program over the past two years and a desire to both diversify the types of projects being funded and also meet the goals of the NGURA and City.

Program Goals/Definitions of Eligibility

1. **Rehabilitation Grant Program:** No Change

2. **Development Infrastructure Assistance Program:** Provide financial assistance to those properties in which development is a challenge due to lack of necessary city and certain private infrastructure *(service is not currently on-site)* and/or the location of existing infrastructure. This would apply to water, sewer, storm, and fiber.

3. **Affordable Housing Assistance Program:** Provide financial assistance for capital improvements of existing multi-family housing units consistent with the U.S. Housing and Urban Development's (HUD) Housing Quality Standards or development of new multi-family housing units. Aaffordable is defined as being no more than 20% above the annual rates published by HUD.

Program Administration

Both the Development Infrastructure Assistance Program and the Affordable Housing Assistance Program will be administered through the existing Rehabilitation Grant Program utilizing the same policies and procedures.

Fiscal Impact of Approving the Grant Request

If the recommended allocation is approved, $5.1 million will remain available for future projects.

BACKGROUND:

The maximum grant award will remain at $300,000 per project for total grant funds. If a project requests a total of grant funds in excess of $300,000, using multiple grant programs, it would be considered an exception and would have to be considered by the Urban Renewal Agency Board for approval.

All existing grant policies and procedures adopted as part of the current Rehabilitation Grant Program

would apply to the Development Infrastructure Assistance Program and the Affordable Housing Assistance Program.

The North Gateway Advisory Board recommended approval of the funding of the programs as outlined above and administering them under the existing policies of the Rehabilitation Grant Program at their June, 6, 2019, meeting.

Sara Long
Project Manager

Attachments:
     1)   None