CITY OF SALEM

Staff Report

File #:	21-151	**Date:**	9/27/2021
Version: 1		**Item #:** 7.1a.	

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Retherford, Urban Development Department Director

SUBJECT:

Revision to the Salem Revised Code Sections 2.800, 2.830, and 2.835, related to the Multiple Unit Housing Tax Incentive Program

Ward(s): Wards 1 and 2
Councilor(s): Stapleton and Andersen
Neighborhood(s): CANDO, SESNA, NEN, SCAN, Highland
Result Area(s): Good Governance; Strong and Diverse Economy; Welcoming and Livable Community

SUMMARY:

As an incentive to create multiple-unit housing in the downtown core, the City of Salem offers an abatement of ad valorem taxes through its Multiple Unit Housing Tax Incentive Program (Program). The Program is set to expire on January 1, 2022, if not extended.

ISSUE:

Shall the City Council conduct first reading and advance to second reading Ordinance Bill No. 3-21 to amend SRC 2.800, SRC 2.830, and SRC 2.835 related to Multiple-Unit Housing Tax Incentive Program, extending the program until January 1, 2032?

RECOMMENDATION:

Conduct first reading and advance to second reading Ordinance Bill No. 3-21 to amend SRC 2.800, SRC 2.830, and SRC 2.835 related to Multiple-Unit Housing Tax Incentive Program, extending the program until January 1, 2032.

FACTS AND FINDINGS:

In 2019, the Legislature passed Senate Bill 262 which extended the State authorization for the Multiple-Unit Housing Tax Incentive Program to January 1, 2032. The proposed ordinance allows the

City to extend its program if it so chooses.

If approved by the City Council, Ordinance No. 3-21 (Attachment 1) will amend the date for which property (Attachment 2) under the Program will be eligible for tax incentives from January 1, 2022, to January 1, 2032, which coincides with the extension of the State authorization provided in Senate Bill 262 (2019).

Staff reviewed the program criteria for potential updates and is not recommending any changes at this time. Attachment 4 provides an analysis of several recent projects and answers some commonly asked questions about the program.

BACKGROUND:

In June 1976, the Council approved an ordinance creating a special boundary and implemented provisions of the legislative act Oregon Revised Statue 307.600-690. The most recent action taken by City Council was in 2011 to extend the program to January 1, 2022, in conjunction with an amendment to the state law. The Program provides up to a ten-year property tax abatement for new or converted, transit supportive, non-transient housing units constructed within the defined core area (Attachment 3) that provide one or more public benefits as defined in the ordinance. Extending the sunset date for the Program is not an approval of projects. Each application requesting approval is evaluated on a case by case basis and approved by Council.

Since 1976, eight properties have been approved by Council for the Program:

Parke 325 (30 units) - 325 13th Street NE
Tax exemption expires in 2032.

Koz on State Street/Nishioka Building (142 units) - 260 State Street
Tax exemption period expires in 2031.

The Court Yard Apartments (40 units) - 211 Court Street NE
Tax exemption period expires in 2030.

South Block Apartments (178 units, Phases I & II) - 315 Commercial Street SE
Tax exemption period expires in 2025 & 2027 (Phases I & II respectively).

The Residences at Riverfront Park (118 units) - 230 Front Street SE
Project cancelled prior to construction.

Willamette Landing Apartments (89 units) - 1601-1675 Water Street NE
Tax exemption period expired in 2000.

Forum Apartments (62 units) - 350 13th Street SE
Tax exemption period expired 1990.

<u>Mill Bridge Terrace Apartments (24 units) - 728 Church Street NE</u>
Tax exemption period expired in 1987.

Clint Dameron
Real Property Services Manager

Attachments:
1. Ordinance No. 3-21
2. Exhibit A to Ordinance No. 3-21
3. Core Area Map