



CITY OF SALEM

585 Liberty St SE
Salem, OR 97301

Staff Report

File #: 21-160

Version: 1

Date: 10/11/2021

Item #: 7.2a.

TO: Mayor and City Council
THROUGH: Steve Powers, City Manager
FROM: Kristin Rutherford, Urban Development 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): Ward 1, 2

Councilor(s): Stapleton, Andersen

Neighborhood(s): CANDO, SESNA, NEN, SCAN, Highland

Service 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 offers an abatement of ad valorem taxes through its Multiple Unit Housing Tax Incentive Program (Program).

ISSUE:

Shall the City Council conduct a second reading to enact Engrossed 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 second reading to enact Engrossed 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:

The Program is set to expire on January 1, 2022, if not extended. 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 approved by the City Council, Engrossed 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).

At the September 27, 2021 Council Meeting, Council adopted a motion to modify the ordinance to include the following language requiring an affordability component or requiring the applicant to meet additional public benefits for projects with 100 or more units:

Applicants for multifamily projects with 100 units or more to provide at least 15% of the units at rents affordable to households at 80% of the average median income or less for the duration of the incentive, or meet at least two of the public benefit criteria.

The proposed engrossed ordinance has been amended to incorporate Council's action. The program standards and guidelines will be amended to reflect that change and make other updates and will appear on Council's agenda on November 8, 2021.

BACKGROUND:

In June 1976, the Council approved an ordinance creating a special boundary and implemented provisions of the legislative act Oregon Revised Statute 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.

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

Clint Dameron
Real Property Services Manager

Attachments:

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