



Staff Report

File #: 17-419

Version: 1

Date: 9/11/2017

Item #: 4.3b.

TO: Urban Renewal Agency Board
THROUGH: Steve Powers, Executive Director
FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Request to forgive loans against the Center for Hope and Safety's shelter home at 1590 Winter St. NE.

Ward(s): 1

Board Member(s): Cara Kaser

Neighborhood(s): Grant Neighborhood Association

ISSUE:

Shall the Agency Board authorize the Executive Director to execute documents to forgive three loans totaling \$69,101 made to the Center for Hope and Safety (formerly Mid-Valley Center Against Domestic Violence and Sexual Violence) between 1981 and 2003, for the purchase and repair of a shelter home located at 1590 Winter Street NE?

RECOMMENDATION:

Authorize the Executive Director to execute documents to forgive three loans totaling \$69,101 made to the Center for Hope and Safety (Center) (formerly Mid-Valley Center Against Domestic Violence and Sexual Violence) between 1981 and 2003, for the purchase and repair of a shelter home located at 1590 Winter Street NE.

SUMMARY AND BACKGROUND:

In August 1972, the City adopted the North Salem Neighborhood Development Program Urban Renewal Area Plan (Attachment 1) and throughout the 1970's and 80's, the Urban Renewal Agency received and dispersed federal categorical grants for home repairs and civic improvements. The program that provided these categorical grant funds was later replaced by the Community Development Block Grant program (CDBG).

Between 1981 and 2003, the Urban Renewal Agency made three loans through the federal categorical grant program to the Center. The Center is requesting forgiveness of these loans, which

include: 1) a \$60,000 Deferred Payment Loan dated September 25, 1981; 2) a \$5,100 Deferred Payment Loan dated October 25, 1985, and 3) a \$4,001 Deferred Payment Loan dated June 4, 2003. These loans are recorded as Trust Deed Notes against the property which would be released (Attachments 2, 3, and 4).

The loans made to the Center are no interest, no payment loans that become due and payable at the time the property is sold or transferred. Loans 1 and 2 also include a provision requiring repayment when the property is no longer used as a shelter. The property at 1590 Winter St. NE has operated continuously since 1981 (36 years). The Center recently purchased a new facility and relocated the shelter and closure of the facility at 1590 Winter Street NE has caused the three loans to become due and payable.

The Center has submitted a letter (Attachment 5) requesting the loans be forgiven so proceeds from the planned future sale of the property may be applied toward the new shelter program and operations of the Center. In 2013, the City made a \$300,000 loan to the Center to assist with the acquisition of property located at 605 and 657 Center Street for the development of new offices (Attachment 6). The 2013 loan includes terms that allow the loan to be forgiven at the end of a 10-year affordability period term if the Center complies with all terms and conditions of the loan agreement. The Center is seeking the same consideration used by Council in establishing a 10-year term for forgiveness of the loan found in the 2013 Agreement to forgive the loans on the Winter Street shelter property.

No tax increment financing was used by the Urban Renewal Agency for this program and by act of the Urban Renewal Agency and the City Council, the North Salem Neighborhood Development Program Urban Renewal Area was closed in 2008. All remaining assets in that Urban Renewal Area were transferred to the City.

FACTS AND FINDINGS:

1. On August 14, 1972 by Resolution 72-216, the City Council, adopted the North Salem Neighborhood Development Program Urban Renewal Plan (the Plan). The Plan was prepared pursuant to the provisions of Title I of the Federal Housing Act of 1949 and ORS Chapter 457.
2. The primary objective of the Plan was to rehabilitate the housing stock and conduct other public improvements. No-interest loans were made to property owners for needed home repairs identified through a home inspection program. Under the program, repayment was deferred until the sale or transfer of ownership of the home.
3. The Plan made use of Federal categorical grant funds and not tax increment financing (as used in our current urban renewal programs) to make the home improvement loans.
4. The Center for Hope and Safety (formerly Mid-Valley Center Against Domestic Violence and Sexual Violence) received: 1) a \$60,000 Deferred Payment Loan on September 25, 1981, 2) a \$5,100 Deferred Payment Loan on October 25, 1985, and 3) a \$4,001 Deferred Payment Loan on June 4,

2003.

5. Loans to the Center for Hope and Safety (the Center) were made to purchase and repair their shelter home at 1590 Winter St. NE. The facility was located within the North Salem Neighborhood Development Program Urban Renewal Area at the time the loans were made.
6. Trust Deeds recorded against the facility at 1590 Winter St. NE were used to secure each loan.
7. The Deferred Payment Loan Notes for each loan specify the conditions of the loans. Each loan is a no-interest loan. And no payments were required.
8. The Deferred Payment Note for the \$60,000 and \$5,100 loans stipulates "The Note shall become due and payable upon the discontinuance of the use of the property as a shelter for persons of domestic and sexual violence...".
9. Each of the three Deferred Payment Notes state they shall become due and payable upon any actual or attempted transfer of any interest in any manner.
10. The facility at 1590 Winter Street has been in continuous use as a shelter by the Center since its purchase on September 24, 1981. The shelter is now vacant and the Center has opened a new shelter facility.
11. By Resolution of the Salem Urban Renewal Agency (08-8 URA) and Ordinance of the City Council (Ordinance Bill No. 32-08), the North Salem Neighborhood Development Program and Urban Renewal Area Plan expired and was terminated. All assets were transferred to the City.
12. The three loans remain on City books and are an encumbrance on the property at 1590 Winter St. NE.
13. The Center seeks forgiveness of the loans to free the title for sale. When the facility is sold, the full value of the sale price will be applied towards the new shelter program and Center operations.

Mark Metzger
Project Coordinator

Attachments:

1. North Salem URA Map and Photos
2. Documentation for a \$60,000 loan to the Center dated 9/25/1981
3. Documentation for a \$5,100 loan to the Center dated 10/25/1985
4. Documentation for a \$4,001 loan to the Center dated 6/4/2003
5. Letter requesting loans made between 1981 and 2003 be forgiven
6. Documentation for a \$300,000 loan to the Center dated 7/23/2013

8/9/2017