



Staff Report

File #: 19-360

Version: 1

Date: 8/12/2019

Item #:

TO: Chair and Housing Authority Commissioners

THROUGH: Steve Powers, Executive Director

FROM: Nicole Utz, Administrator

SUBJECT:

Agreement to become General Manager of Claxter Crossing Apartments, LLC facilitate the development of an affordable housing project.

Ward(s): All Wards

Commissioners(s): All Commissioners

Neighborhood(s): All Neighborhoods

Result Area(s): Welcoming and Livable Community.

ISSUE:

Shall the Salem Housing Authority Board adopt Resolution No. 2247 to authorize the Executive Director to execute an agreement for the Salem Housing Authority to become the General Manager of Claxter Crossing Apartments, LLC to facilitate the development of affordable housing?

RECOMMENDATION:

Adopt Resolution No. 2247 (Attachment 1) to authorize the Executive Director to execute an agreement for the Salem Housing Authority (SHA) to become the General Manager of Claxter Crossing Apartments, LLC to facilitate the development of affordable housing.

SUMMARY:

Adopting this resolution furthers SHA's goal to increase the amount of affordable housing in Salem and Keizer. Executing this agreement assists the development of one hundred one (101) rental units for residents at or below 60 percent of area median income (AMI). Claxter Crossing Apartments will help address the estimated shortage of more than 7,000 affordable housing units in the Salem and Keizer area.

With the SHA as General Manager, the property is eligible for tax exempt status (Attachment 3). The tax exemption allows Claxter Crossing Apartments, LLC to offer rents at 60% AMI. The 60% rent

restriction decreases overall operating cash flow, and the property tax exemption assists the project's stability and financial success.

Claxter Crossing Apartments' developer is North River Partners, LLC. The project is located at 4265 and 4285 Claxter Court NE, Salem, Oregon.

FACTS AND FINDINGS:

Apartment units are a mix of one-bedroom units (36) and two-bedroom units (66).

Substantive terms of the General Manager Agreement (Attachment 2):

- Of the one hundred two (102) rental units, one hundred one (101) shall be rented at rents affordable to persons or families at or below 60 percent of area median income as adjusted by the federal Housing and Urban Development;
- One unit will be for a resident manager;
- SHA will receive annual payment of \$5,000;
- The Partnership will indemnify SHA for any good faith action SHA takes in its role as General Manager;
- SHA will have no day-to-day obligations, and may only be asked to provide advice and assistance at the request of the Partnership; and
- SHA has the right to inspect Partnership records, including rent rolls, leasing data compliance

The parties are currently clarifying language in the agreement to ensure the project will be able to obtain tax exempt status and the responsibilities of the General Manager. The Commission's approval will allow the Executive Director the ability to make changes to the agreement that do not affect the substance of the agreement in order to ensure the project will be able to proceed on a timely basis.

BACKGROUND:

North River Partners has partnered with Home First Development, Cambridge Real Estate (property management), and Neighborhood Economic Development Corporation (NEDCO) to bring affordable housing and culturally-specific outreach and services to North Salem. Claxter Crossing Apartments will be in a predominantly Hispanic/Latinx neighborhood, where a high percentage of residents are economically disadvantaged. The development team anticipates Claxter Crossing Apartments will serve a large number of Latinx families. The development team will provide outreach and services in a culturally appropriate manner to support low-income families

The Claxter Crossing Apartments development utilizes an efficient, replicable design that has yielded low construction costs, low rents, and satisfied residents. Residents will benefit from multiple outdoor community and recreation spaces, including a sports court, playground, BBQ area, and landscaped courtyard. Residents will have access to a large community room, an on-site laundry facility. Other amenities include free in-building Wi-Fi, luxury vinyl plank flooring and quartz countertops.

The Salem Housing Authority currently operates as a General Manager in two developments.

Jessica Blakely
Asset Manager

Attachments:

1. SHA Resolution No. 2247
2. Housing Authority General Manager Agreement
3. ORS 307.092 Property of Housing Authority