



## Staff Report

**File #:** 19-502  
**Version:** 1

**Date:** 11/12/2019  
**Item #:** 3.3a.

**TO:** Chair and Housing Authority Commissioners

**THROUGH:** Steve Powers, Executive Director

**FROM:** Nicole Utz, Administrator

**SUBJECT:**

Rehabilitation of the Livingston and Northgate properties

Ward(s): All Wards

Commissioners(s): All Commissioners

Neighborhood(s): All Neighborhoods

Result Area(s): Safe Community; Welcoming and Livable Community.

**ISSUE:**

Shall the Salem Housing Authority Commission adopt Resolution No. 2254 authorizing the Executive Director to:

1. Take all actions necessary to close on project financing for the rehabilitation of a 54-unit scattered site multi-family rental housing project known as the Livingston and Northgate properties (Project);
2. Convert the public housing units in the Project to Project Based Rental (PBRA) Assistance units under the United State Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration (RAD) program; and
3. Have the Project acquired by a limited partnership with the Salem Housing Authority will serve as the managing general partner and as the sponsor and guarantor of the Project?

**RECOMMENDATION:**

Adopt Resolution No. 2254 authorizing the Executive Director to:

1. Take all actions necessary to close on project financing for the rehabilitation of a 54-unit scattered site multi-family rental housing project known as the Livingston and Northgate properties (Project);
2. Convert the public housing units in the Project to Project Based Rental (PBRA) Assistance units

under the United State Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration (RAD) program; and

3. Have the Project acquired by a limited partnership with the Salem Housing Authority will serve as the managing general partner and as the sponsor and guarantor of the Project.

## **SUMMARY:**

The properties are located at 2903 - 2977 Hawthorne Avenue NE, Salem, OR 97301 (Livingston) and 3501 - 3575 Hawthorne Avenue NE, Salem, OR 97301 (Northgate).

The Salem Housing Authority (SHA) formed a partnership known as Salem Housing Preservation 4 Percent Limited Partnership, an Oregon limited partnership (Partnership), to carry out the Project. The Salem Housing Authority is the general partner and Salem Affordable Housing LLC is the sole initial limited partner.

By selling the property to the Partnership, the Project will obtain a Low-Income Housing Tax Credit ("LIHTC") investment of approximately \$5,804,472 from U.S. Bancorp Community Development Housing Corporation.

SHA is hiring one dedicated team member solely focused on tenant relocation and will work with each individual family through their temporary displacement. Once this conversion is complete, SHA will be able to continue offering these subsidized units to our community and maintain the units' capital needs for decades to come.

## **FACTS AND FINDINGS:**

HUD requires all properties to meet financial sustainability goals prior to conversion. SHA's Project finance plan was approved by HUD on October 17, 2019. This plan includes commitments from all funding sources and SHA's construction plans, timelines, milestones, and plan for tenant relocation.

SHA will work with HUD and the other financing partners through the RAD conversion and anticipated loan closing. Upon closing, the properties will be released from their public housing declarations of trust and will become privately-owned affordable housing subject to long term use agreements under the Section 8 and LIHTC programs.

SHA and its management team is working through the RAD conversion with the assistance of the Housing Development Center ("HDC"). HDC is SHA's full-service development consultant and project manager. HDC has a dedicated team working with SHA on the Project. The project team also includes architects, general contractors, and mechanics working through all details of the planned rehabilitation.

## **BACKGROUND:**

SHA is participating in HUD's RAD program. RAD allows for public housing properties to take on private debt in conjunction with other funding sources to make much-needed repairs. HUD works with Public Housing Authorities to review required reserve set-asides, capital needs, and an overall financial plan for each property so that properties can be financially sustainable long-term on their own. Following a RAD conversion, properties receive HUD PBRA under the Section 8 Program.

The Housing Authority Board of Commissioners has adopted Resolution No. 2237, accepting 4% Low Income Housing Tax Credit funds, and authorizing SHA to solicit for investors; and Resolution No. 2243 authorizing the formation of a limited partnership to serve as owners for the Project.

Nicole Utz  
Housing Administrator

**Attachments:**

1. Resolution No. 2254