



Staff Report

File #: 19-525
Version: 1

Date: 11/12/2019
Item #: 3.3c.

TO: Chair and Housing Authority Commissioners

THROUGH: Steve Powers, Executive Director

FROM: Nicole Utz, Administrator

SUBJECT:

Financing completion of construction of Redwood Crossings, a multi-family rental housing project

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. 2256 authorizing the Executive Director to take all actions necessary to:

1. Close on project financing for construction of a 37-unit multi-family rental housing project known as Redwood Crossings;
2. Secure permanent financing and submit all documents as may be necessary; and
3. To serve as the sponsor and guarantor of the project.

RECOMMENDATION:

Adopt Resolution No. 2256 authorizing the Executive Director to take all actions necessary to:

1. Close on project financing for the construction of a 37-unit multifamily rental housing project known as Redwood Crossings;
2. Secure permanent financing and submit all documents as may be necessary; and
3. Serve as the sponsor and guarantor of the project.

SUMMARY:

The Housing Authority of the City of Salem (SHA) is developing Redwood Crossing, a 37-unit multifamily rental housing project at 4075 and 4107 Fisher Road NE, Salem, Oregon. Redwood Crossings will serve Salem's most vulnerable residents by providing permanent supportive housing using a "Housing First" model, aimed at housing those in need first and then offering wrap around services. Housing creates stability as a first step to establishing a path to self-sufficiency

FACTS AND FINDINGS:

Redwood Crossings will be financed with:

- a construction loan from HDC Community Fund LLC, an Oregon limited liability company in the approximate amount of \$550,000,
- a loan from the State of Oregon Housing and Community Services Department in the approximate amount of \$1,305,000 from its Local Innovation and Fast Track funds program,
- a loan from the State of Oregon Health Authority Health Systems Division in the approximate amount of \$425,000 from its housing development funds,
- a permanent loan from Network for Oregon Affordable Housing in the approximate amount of \$525,000,
- a deferral of developer fee payable to the Housing Authority in the approximate amount of \$129,501,
- and an equity contribution from the Housing Authority in the approximate amount of \$775,000.

Salem Health will be leasing a portion of Redwood Crossings to provide services to persons released from the hospital and needing additional care.

To secure the loans, the SHA may be required to provide certain guaranties for the payment and performance of Redwood Crossing.

The SHA worked with 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 includes architects, general contractors, and mechanics working through all details of the planned rehabilitation.

BACKGROUND:

SHA is the sole member of Redwood Crossings, LLC. The LLC was formed in March 2019 by Resolution No. 2240 for SHA to own and maintain Redwood Crossing.

Nicole Utz
Housing Administrator

Attachments:

1. Resolution No. 2256