



Staff Report

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Version: 1

Date: 11/14/2022

Item #: 3.3b.

TO: Chair and Housing Authority Commissioners

THROUGH: Keith Stahley, Executive Director

FROM: Nicole Utz, Administrator

SUBJECT:

Agreement for the Salem Housing Authority to serve as the General Manager of the 27th Avenue Apartments, Limited Partnership

Ward(s): All Wards

Commissioners(s): All Commissioners

Neighborhood(s): All Neighborhoods

Result Area(s): Welcome and Livable Neighborhood

SUMMARY:

Adopting this resolution allows the Salem Housing Authority (SHA) to serve as the general manager for this privately-owned affordable housing development in Salem, and provide tax exempt status to the property. It will further SHA's goal to increase the amount of affordable housing in Salem and Keizer. Executing this agreement assists the development of ninety-five (95) rental units and one (1) management office for residents at or below 60 percent of area median income (AMI). The housing development is located at 4455 27th Ave SE, Salem Oregon.

ISSUE:

Shall Salem Housing Authority Commission adopt Resolution No. 2294 (Attachment 1) authorizing the Executive Director to execute an agreement for the Salem Housing Authority to serve as the General Manager of the 27th Street Apartments to facilitate the development of affordable housing?

RECOMMENDATION:

Adopt Resolution No. 2294 authorizing the Executive Director to execute an agreement for the Salem Housing Authority to serve as the General Manager of the 27th Street Apartments to facilitate the development of affordable housing.

FACTS AND FINDINGS:

Property of a housing authority is generally exempt from property taxes. ORS 307.092 defines "property of a housing authority" to include "Property of a partnership, nonprofit corporation or limited liability company for which the housing authority is a . . . general manager, if the property is leased or rented to persons of lower income for housing purposes." (Attachment 3).

With SHA as General Manager, the property is eligible for tax exempt status. Tax exempt status allows nearly \$10k/unit in additional repairs and upgrades that will enhance the safety, comfort and enjoyment of all residents who live at the property. Furthermore, these additional funds created by the tax exemption will allow the developer to implement new energy and water saving features across the entire property, which will lower energy costs as well as reduce the property's carbon footprint.

Apartment units are a mix of two-bedroom units (48) and three-bedroom units (48)

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

- Ninety-five units 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 reserved for a resident manager at fair market value;
- The initial term of this Agreement shall begin on the date of this Agreement, shall continue for a period that shall end on the earlier of (i) the 30th anniversary of the date on which the Project is placed into service and legally available for occupancy, or (ii) the date as of which the property exemption accorded by ORS 307.092, or any successor statute, is no longer in force or effect.
- SHA will receive annual payment of \$5,000, escalating 3% for each year throughout the term of the program;
- 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.

BACKGROUND:

The 27th Avenue Apartments is a 96-unit development with a mix of 2 and 3-bedroom units featuring 3-story walk-up apartment buildings. These units will be available to renters earning at or below 60% of the area median income (AMI). The project will serve low-income and Latino/a/x

families in Salem.

A 1,690 SF community space and outdoor amenities will support resident service delivery and promote community building. The site will also feature large outdoor community spaces, including a community garden and recreation amenities such as playgrounds, sports courts, or barbeque areas. There are no commercial spaces planned for this development.

The 27th Avenue Apartments are located in the Morningside neighborhood of South Salem. This area of Salem is quickly developing with the addition of a new Costco off Kuebler Road to the south and numerous single-family neighborhoods being developed to the west and north. With close proximity to Kuebler Road, residents of the 27th Avenue Apartments will have convenient access to multiple bus lines provided by the local public transportation agency Cherriots. Numerous grocery stores and retailers are located within two miles of the site, including WinCo Foods, Trader Joe's, Walmart, Walgreens, and Safeway.

The development will achieve green building standards comparable to Earth Advantage Gold. Residents will benefit from a full suite of services provided by Mano A Mano, a culturally specific services organization based in Salem.

The Salem Housing Authority currently operates as a General Manager in four affordable housing developments.

Nicole Utz
Administrator

Attachments:

1. Resolution 2294
2. Housing Authority General Manager Agreement
3. Project Summary - 27th_Avenue