



Staff Report

File #: 22-520

Version: 1

Date: 11/14/2022

Item #: 3.3c.

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 Gateway Phase 2 LLC, and CDP Gateway Phase 2 LLC

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 one hundred twenty-nine (129) rental units for Gateway Phase 2, commonly known as Mahonia Crossings for residents at or below 80 percent of area median income. A total of not less than one hundred thirteen (113) apartment units shall be rented at rents affordable to persons or families at sixty (60) percent of area median income, and (ii) sixteen (16) apartments will be rented at rents affordable to persons or families at eighty (80) percent of area median income.

The General Manager Agreement between the Salem Housing Authority (SHA), Gateway Phase 2, and CDP Gateway Phase 2 LLC which will develop, own, and operate the 129-unit complex located at 5205 Battlecreek Road Southeast to serve low-income households.

ISSUE:

Shall Salem Housing Authority Commission adopt Resolution No. 2295 (Attachment 1) authorizing the Executive Director to execute an agreement for the Salem Housing Authority to serve as the General Manager of Gateway Phase 2 Apartments, Commonly known as Mahonia Crossings, to facilitate the development of affordable housing?

RECOMMENDATION:

Adopt Resolution No. 2295 authorizing the Executive Director to execute an agreement for the Salem Housing Authority to serve as the General Manager of Crossings Gateway Phase 2 Apartments to facilitate the development of affordable housing.

FACTS AND FINDINGS:

Approval of this resolution will allow the owner to claim a property tax exemption with Marion County. This action is recommended to continue adding and expanding affordable housing options for the city of Salem. This type of partnership grants the partners an incentive to keep rents at or below 60% AMI by lowering annual operational costs. This type of partnership adds a minimal capacity burden to SHA. If granted, the exemption will remain in place through the life of the approved agreement.

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

- 129-unit apartment project with 129 residential units in 8 residential buildings, to be commonly known as Mahonia Crossings, which common name may be amended at a later date (the "Project"). CDP Gateway Phase 2 LLC, an Oregon limited liability company is the general partner of the Partnership (the "General Partner");
- 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.

BACKGROUND:

Affordable housing in Salem is a community need.

SHA is working on several new affordable housing projects. Approval of this partnership would continue furthering the Housing Authority's commitment to finding ways to expand on public/private partnerships and increase affordable housing supply in Salem. In addition to SHA's partnership program to incentivize affordable housing, the City and its Urban Renewal Agency also provide housing incentives through other programs. The Low-Income Rental Housing Property Tax Exemption Program provides property tax exemptions for non-profit providers of affordable housing. The Multi-Unit Housing Tax Exemption Program (MUHTIP) targets sustainability through incentivizing

infill transit-oriented developments by providing up to ten-years of property tax abatement for new projects within the MUHTIP boundary. The City's newest tool is the creation of Single Property Urban Renewal Areas, which can provide partial property tax rebates for multi-family developments that meet community goals.

Nicole Utz
Administrator

Attachments:

1. Resolution 2295
2. Housing Authority General Manager Agreement
3. ORS 307.092 Property of Housing Authority