

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



A Resolution Amending Resolution No. 5067 Concerning a Low-Income Rental Housing Property Tax Exemption for the Property Located at 1535-1563 City View Street, Eugene, Oregon (St. Vincent De Paul Society of Lane County, Inc./Applicant)

Meeting Date: October 13, 2014
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 3F
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ISSUE STATEMENT

On July 23, 2012, the City Council approved Resolution 5067 for a 20-year Low-Income Rental Housing Property Tax Exemption (LIRPTE) for Stellar Apartments, located at 1535-1563 City View Street. The developer of the project is St. Vincent de Paul Society of Lane County, Inc. (SVdP). The ownership entity is Stellar Apartments Limited Partnership. In the development proposal, a community garden was included as part of the development's common area, to be leased from the adjacent property owner, Lane Education Service District. In 2013, Lane Education Service District decided it would prefer to sell the garden area to Stellar Apartments LP. Stellar Apartments LP purchased the parcel, adjusted their property line to include the garden area in April 2014, and subsequently requested an adjustment to the previously approved tax exemption. The City Council is asked to approve a resolution to adjust Resolution 5067 to include the garden area in the tax exemption of Stellar Apartments.

BACKGROUND

The City of Eugene seeks to create a range of stable, safe, and affordable housing opportunities for area residents through a suite of funding, programs, and supportive policies. Eugene programs provide land, financial assistance, and regulatory incentives for the development of permanent, transitional and emergency housing by primary nonprofit partner organizations. Attachment A provides a brief summary of current affordable housing programs. Through the investments of the City of Eugene and many other organizations, the community has created over 3,000 units of permanent affordable housing.

City goals for the development of affordable housing are established every five years as a part of the Eugene-Springfield Consolidated Plan. The City Council adopted a goal of creating 500 units of affordable housing over a five-year period in the 2010 Eugene-Springfield Consolidated Plan. Goals for affordable housing development are also included in Envision Eugene.

Each year, the City solicits proposals for development, reviews the proposals with guidance from the Housing Policy Board and makes recommendations for consideration by the City Council. The

council typically awards land, federal HOME Investment Partnerships funds, Systems Development Charge waivers, and tax exemption to the selected development proposal or proposals. These local resources are combined with state and federal subsidies in order to achieve rents affordable to low-income persons.

Summary of Stellar Apartments

SVdP proposed the Stellar Apartments, a 54-unit affordable housing development providing rental housing to individuals and families earning at or below 50 percent of the Area Median Income, through the 2010 Annual Housing Request for Proposals. The original development proposal also included a community center, playground, and space for a community garden. SVdP originally intended to lease the land for the community garden from Lane Education Service District.

In September 2010, the council voted unanimously to award SVdP the Westmoreland landbank site located at 1535 City View Street, federal HOME funds (\$860,000) and Systems Development Charge waivers (\$60,000) to subsidize development of the project. At that time, SVdP notified the City that it would seek a 20-year property tax exemption through the City's Low-Income Rental Property Tax Exemption program (LIRPTE) in order to achieve rents affordable to low-income persons.

Following award of state financing for development and transfer of the property, SVdP submitted a LIRPTE application. The council considered the request in July 2012, and voted unanimously to provide the 20-year tax exemption. Construction of Stellar Apartments was completed in July 2013, and fully leased up shortly thereafter.

In 2013, after the council awarded the property tax exemption to Stellar Apartments, the Lane Education Service District offered to sell the land for the community garden to Stellar Apartments LP rather than committing to a long-term lease. In April 2014, Stellar Apartments LP purchased the parcel and adjusted the property line to include the garden area. The garden area is now part of the Stellar Apartments LP property, (Assessor's Map 17-04-36-33; Tax Lot No. 201; Assessor's Property Account Number 0483857) although it is not automatically included in the existing low-income rental property tax exemption. After learning that the adjusted area would not be automatically included in the tax exemption, SVdP submitted a request for a new council action to exempt the garden area portion of the property.

Summary of the Low-Income Property Tax Exemption and Application Analysis

The City adopted the low-income rental housing property tax exemption program in 1990. Since then, Eugene has approved tax exemptions for 25 developments with over 1,100 units. In 2011, the council unanimously approved extending the 20-year low-income rental housing property tax exemption program for an additional 10 years. The approved ordinance also enables recipients to reapply for the 20-year low-income rental housing property tax exemption after the initial 20-year period has expired.

The council reviews each tax exemption request on a case-by-case basis. If an application meets the substantive criteria [EC 9.239(2)(a)-(i)] as referenced in the Report and Recommendation, the City must grant the exemption by resolution. A decision to deny the exemption cannot be made by simple motion or inaction; it would need to be made by a resolution that explains how the applicant has failed to demonstrate that the tax exemption is in the public interest. Stellar Apartments was awarded the low income rental property tax exemption in Resolution 5067.

The requested exemption meets the substantive criteria [EC 9.239(2)(a)-(i)] as shown in the Report and Recommendation (Attachment B). Attachment C is the Resolution Amending Resolution No. 5067 approving the Stellar Apartments site for the tax exemption. Exhibit A is the original Resolution 5067 from 2012, and Exhibit B is the amended legal description for Stellar Apartments including the garden area. Attachment B is the Amended Report and Recommendation that includes the garden area as part of the Stellar Apartments development.

RELATED CITY POLICIES

The proposed tax exemption supports multiple City priorities and policies including the Eugene-Springfield 2010 Consolidated Plan, Growth Management Policies, Envision Eugene, and the Housing Dispersal Policy.

Eugene-Springfield 2010 Consolidated Plan - This plan identifies a need for affordable housing for low-income persons and sets a five-year goal of developing 500 new units of affordable housing. The proposed project directly supported the objective by creating 54 units for low-income families and individuals.

Eugene Adopted Growth Management Policies - The City of Eugene affordable housing development programs and Stellar Apartments support multiple Growth Management Policies including:

- Promote construction of affordable housing.
- Encourage in-fill, mixed-use, redevelopment, and higher density development.
- Improve the appearance of buildings and landscapes.
- Provide for a greater variety of housing types.

Envision Eugene Plan – This plan identifies strategies and goals (pillars) that help the City of Eugene plan for growth over the next 20 years. The Envision Eugene proposal's Housing Affordability pillar includes strategies to meet the growing and changing housing needs of Eugene residents by supporting subsidized affordable housing projects. Continuing to provide property tax exemptions to low-income rental housing developments has been identified as an action to help successfully implement this strategy.

Housing Dispersal Policy - The City Council has established a Housing Dispersal Policy which seeks to maximize housing choices for low-income families and integrate housing throughout Eugene.

COUNCIL OPTIONS

The City Council may approve or deny the tax exemption.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends the approval of the amended resolution 5067, granting a 20-year low-income rental housing property tax exemption for the property located at 1535-1563 City View Street, Eugene, Oregon (Assessor's Property Account Number 0483857), including the garden area.

SUGGESTED MOTION

Move to adopt the amended resolution 5067, approving a 20-year low-income rental housing property tax exemption for the property located at 1535-1563 City View Street, Eugene, Oregon (Assessor's Property Account Number 0483857), including the garden area.

ATTACHMENTS

- A. Summary of Eugene Affordable Housing Programs
- B. Amended Report and Recommendation
 - Exhibit A. Report and Recommendation Adopted by Resolution No. 5067
- C. Resolution Amending Resolution No. 5067
 - Exhibit A. Resolution No. 5067
 - Exhibit B. Legal Description

FOR MORE INFORMATION

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