

# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY



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### A Resolution Approving a Low-Income Rental Housing Property Tax Exemption for Delta Court, Located at 850/870 Hunsaker Lane, Eugene, Oregon. (Cornerstone Community Housing/Applicant)

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Meeting Date: July 13, 2015  
Department: Planning and Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: 4D  
Staff Contact: Ellen Meyi-Galloway  
Contact Telephone Number: 541-682-5532

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#### **ISSUE STATEMENT**

The City Council is asked to approve a resolution for a 20-year Low-Income Rental Housing Property Tax Exemption (LIRHPTE) for Delta Court, located at 850/870 Hunsaker Lane. The developer of the project is Cornerstone Community Housing (Cornerstone). Cornerstone has an option agreement to purchase the property.

#### **BACKGROUND**

The City of Eugene utilizes federal and local subsidies to facilitate the development of housing affordable to low-income persons. The City issues a Housing Request for Proposals to identify proposed developments. The council may award land, federal HOME Investment Partnerships funds, and Systems Development Charge exemptions to selected development proposals. These local resources are combined with state and federal subsidies in order to achieve rents affordable to low-income persons.

Approving the property tax exemption application for Delta Court supports the Envision Eugene pillar of providing housing affordable to all income levels. The Envision Eugene 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.

#### ***Summary of the LIRHPTE program***

The City adopted the low-income rental housing property tax exemption program in 1990. Since then, Eugene has approved tax exemptions for 27 developments with over 1,200 units. In 2011, the council unanimously approved extending the 20-year LIRHPTE program for an additional 10 years. The approved ordinance also enables recipients to reapply for the 20-year LIRHPTE after the initial 20-year period has expired.

The council reviews each tax exemption request on a case-by-case basis. Most recently, the council

approved a LIRHPTE for North Polk Apartments in December 2014. If an application meets the substantive criteria [EC 9.239(3)(a)-(i)] as referenced in the Report and Recommendation (Attachment A), the City must grant the exemption by resolution (Attachment B). A decision to deny the exemption cannot be made by simple motion or inaction; it would need to be made by a resolution (Attachment C) that explains how the applicant has failed to demonstrate that the tax exemption is in the public interest.

### ***Summary of requested tax exemption for Delta Court***

The requested tax exemption is for Delta Court, a proposed eight-unit affordable housing project that will provide rental housing to very-low and low-income households. Cornerstone has an option agreement to purchase the property if the proposal is approved by the City Council and if all contingencies are met. The proposed project was submitted through the 2015 Housing Request for Proposals. Other resources requested by Cornerstone include \$756,358 in HOME funds and a Community Development Block Grant (CDBG) rental rehabilitation loan in the amount of \$25,000. The agency anticipates receiving an Umpqua Bank loan for \$225,000, and Cornerstone will contribute \$35,000 to the project as a deferred developer fee. If approved, the acquisition is scheduled to occur in November 2015 and the rehabilitation would be completed by early 2016. If additional affordable housing units are constructed as a phase II, they would conform to LIRHPTE regulations and would be covered under the proposed tax exemption.

The acquisition and rehabilitation of eight two-bedroom apartments located at 850 and 870 Hunsaker Lane (Attachment D) is proposed to be 24-month transitional housing for homeless families with children. Cornerstone will work with the Lane County Human Services Commission to target homeless families in need of transitional housing. One of the apartments would be converted to be accessible to persons with disabilities. Only minor rehabilitation is needed.

Cornerstone proposes designating six units for households earning less than 50 percent of area median income (AMI) and two for households earning less than 60 percent of AMI. Initial rents are proposed to be \$504 - \$585 depending on income level. The families could access rent vouchers to cover the rents for up to 24 months.

The units are currently occupied. It is expected that most of the residents would be income-eligible to remain in the units after Cornerstone acquired the property. Over-income residents would be provided relocation assistance and housing placement counseling under the federal Uniform Relocation Act requirements at the time of acquisition. As the existing residents choose to move away, they would be replaced with homeless families with children working with Lane County Human Services Commission partner agencies.

The requested exemption meets the substantive criteria [EC 9.239(3)(a)-(i)] as shown in the Report and Recommendation (Attachment A).

### **RELATED CITY POLICIES**

The proposed tax exemption supports multiple City priorities and policies including the Eugene-Springfield 2015 Consolidated Plan, Growth Management Policies, Envision Eugene, and the Housing Dispersal Policy.

***Eugene-Springfield 2015 Consolidated Plan*** - This plan identifies a need for affordable housing

for low-income persons and sets a five-year goal of developing 600 new units of affordable rental housing in Eugene and Springfield, and 20 units of housing for homeless persons. The proposed project directly supports the objective by creating eight units for homeless families with children.

***Eugene Adopted Growth Management Policies*** - The City of Eugene affordable housing development programs and Delta Court support multiple Growth Management Policies including improving the appearance of buildings and landscapes, and providing 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 households and integrate housing throughout the City of Eugene.

## **COUNCIL OPTIONS**

The City Council has two options:

1. Approve the tax exemption.
2. Deny the tax exemption.

## **CITY MANAGER’S RECOMMENDATION**

The City Manager recommends option 1, to approve the resolution granting a 20-year low-income rental housing property tax exemption for the property located at 850 and 870 Hunsaker Lane, Eugene, Oregon (Assessor’s Property Account Numbers 1010618, 1162187, 1162195, and 1847498) if Cornerstone Community Housing becomes the owner of the property.

## **SUGGESTED MOTION**

Move to adopt the resolution approving a 20-year low-income rental housing property tax exemption for the property located at 850 and 870 Hunsaker Lane, Eugene, Oregon (Assessor’s Property Account Numbers 1010618, 1162187, 1162195, and 1847498) if Cornerstone Community Housing becomes the owner of the property.

## **ATTACHMENTS**

- A. Report and Recommendation
- B. Resolution to approve the tax exemption
- C. Resolution to deny the tax exemption
- D. Maps of the proposed site

**FOR MORE INFORMATION**

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# ATTACHMENT A

**REPORT AND RECOMMENDATION  
of the Community Development Manager  
of the Planning and Development Department**

**Application of Cornerstone Community Housing  
For Low Income Rental Housing Property Tax Exemption  
(Section 2.937 to 2.940 of the Eugene Code, 1971)  
for Property at 850 and 870 Hunsaker Lane, Eugene, Oregon**

**The Community Development Manager of the Planning and Development Department of the City of Eugene finds that:**

1. Metropolitan Affordable Housing Corporation DBA Cornerstone Community Housing (Cornerstone) has an option to purchase real property located at **850 and 870 Hunsaker Lane**, Eugene, Oregon, 97404 (Assessor's Map 17-04-12-40; Tax Lot Numbers 00508 and 00509; Assessor's Property Account Numbers 1162187 and 1162195 ). Cornerstone ("the applicant"), located at 1175 Charnelton Street, Eugene, Oregon, 97401 (mailing address P.O. Box 11923, Eugene, Oregon, 97440) has submitted an application pursuant to Subsection 2.939(3) of the Eugene Code, 1971, for an exemption from ad valorem taxes under the City's Low-Income Rental Housing Property Tax Exemption Program (Sections 2.937 to 2.940 of the Eugene Code, 1971).

2. I have reviewed the application and find that the applicant has submitted all materials, fees and documents required by the application, and is in compliance with the provisions of EC 2.939(3). Specifically I find:

- (a) The property, or portion thereof subject to the property tax exemption, will be occupied solely as a residence for low-income persons.
- (b) The applicant's application was filed prior to January 1, 2020.
- (c) The property is being purchased by a nonprofit corporation organized in a manner that meets the criteria for a public benefit corporation as described under ORS 65.001(35).
- (d) The property is being purchased by a nonprofit corporation that expends no more than ten percent of its annual income from residential rentals for purposes other than acquisition, maintenance or repair of residential rental property for low-income persons, or for the provision of on-site child care services for the residents of the rental property.
- (e) The applicant has complied with the policies set forth in the Standards and Guidelines for Low-Income Rental Housing Property Tax Exemption adopted by council Resolution No. 5028.
- (f) The proposed development is consistent with the city's housing dispersal policy.
- (g) The proposed development does not cause the displacement of low-income persons.
- (h) The proposed development does not cause destruction of historic

- properties.
- (i) The proposed development is otherwise consistent with the Eugene Code and adopted city regulations and policies.
  - (j) The applicant has executed, and agrees to maintain in effect for the duration of the tax exemption period, a Rent Regulatory Agreement.
  - (k) The applicant has consented in writing that for the duration of the tax exemption period, the city may inspect the property for which the exemption is granted.

3. Comments have been solicited from interested City departments, 4J School District, and the affected neighborhood groups. No comments have been received.

**Therefore**, based on the above findings, the proposed project conforms with all applicable City Code provisions, local plans, planning regulations, the Envision Eugene Plan, and the criteria set forth in the City's adopted Standards and Guidelines for Low-Income Rental Housing Property Tax Exemption, and I recommend that the application be approved.

Dated this 10 day of June, 2015.

Print: Denny Braud Sign:   
Community Development Manager of the Planning and Development Department 

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION APPROVING A LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTION FOR THE PROPERTY LOCATED AT 850 AND 870 HUNSAKER LANE, EUGENE, OREGON. (Cornerstone Community Housing / Applicant.)**

**The City Council of the City of Eugene finds that:**

**A.** Metropolitan Affordable Housing corporation, dba Cornerstone Community Housing (“Cornerstone”) has entered into a Commercial Real Estate Sale Agreement to purchase real property located at 850 and 870 Hunsaker Lane, Eugene, Oregon, 97404 (Assessor’s Map 17-04-12-40, Tax Lots 502, 508, 509, and 524; Assessor’s Property Account Numbers 1010618 (for TL 502), 1162187 (for TL 508), 1162195 (for TL 509), and 1847498 (for TL 524)) owned by Olaf and Korrina Junge, whose address is 4627 Calumet Way, Eugene Oregon, 97404. Cornerstone, located at 1175 Charnelton Street, Eugene, Oregon 97401 (mailing address P.O. Box 11923, Eugene, Oregon, 97440), has submitted an application pursuant to Subsection 2.939(3) of the Eugene Code, 1971, for an exemption from ad valorem taxes under the City's Low-Income Rental Housing Property Tax Exemption Program (Sections 2.937 to 2.940 of the Eugene Code, 1971). Finalization of the sale of the property to Cornerstone is dependent, in part, on City Council’s approval of the use of federal HOME funds for the property acquisition.

**B.** The tax exemption is being sought for eight residential units currently existing on the property, all of which will be used for low-income housing, and residential common areas. The units will undergo rehabilitation.

**C.** The Community Development Manager of the Planning and Development Department, as designee of the City Manager, has prepared a Report and Recommendation recommending that the application be approved and the exemption granted. In making that recommendation, the Community Development Manager found that the applicant submitted all materials, documents and fees required by the application and Section 2.938(1) of the Eugene Code, 1971, and is in compliance with the policies set forth in the Standards and Guidelines adopted by Resolution No. 5028. In addition, the Community Development Manager found that the applicant has complied with the criteria for approval provided in Section 2.939(3) of the Eugene Code, 1971.

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:**

**Section 1.** Based upon the above findings, the City Council approves Cornerstone’s application for an ad valorem property tax exemption under the City's Low-Income Rental Housing Property Tax Exemption Program for the property located at 850 and 870 Hunsaker Lane, Eugene, Oregon, 97404 (Assessor’s Map 17-04-12-40, Tax Lots 502, 508, 509, and 524; Assessor’s Property Account Numbers

1010618 (for TL 502), 1162187 (for TL 508), 1162195 (for TL 509), and 1847498 (for TL 524)), which will consist of eight residential units and residential common areas. All units shall be offered for rent to persons whose earnings fall at or below 60% of the Area Median Income based on their family size.

**Section 2.** Subject to the condition precedent set forth in Section 3 of this Resolution, the land and units described in Section 1 above are declared exempt from local ad valorem property taxation commencing July 1, 2016, and continuing for a continuous period of twenty (20) years unless earlier terminated in accordance with the provisions of Section 2.940 of the Eugene Code, 1971, which provides for termination after an opportunity to be heard if:

2.1 Construction or development of the exempt property differs from the construction or development described in the application for exemption, or was not completed by January 1, 2020, and no extensions or exceptions were granted; or

2.2 The applicant fails to comply with provisions of ORS 307.515 to 307.523, provisions of the Eugene Code, 1971, the Standards and Guidelines adopted by Council Resolution No. 5028, or any conditions imposed in this Resolution.

The tax exemption shall be terminated immediately, without right of notice or appeal, pursuant to the provisions of ORS 307.531 in the event that the county assessor determines that a change of use to other than that allowed has occurred for the housing unit, or portion thereof, or, if after the date of this approval, a declaration as defined in ORS 100.005 is presented to the county assessor or tax collector for approval under ORS 100.110.

**Section 3.** The tax exemption shall not take effect unless or until closing occurs on the purchase of the property by Cornerstone.

**Section 4.** The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten days from the date of adoption of this Resolution, and to cause a copy of this Resolution to be filed with the Lane County Assessor on or before April 1, 2016. The copy of the Resolution sent to the applicant shall be accompanied by a notice explaining the grounds for possible termination of the exemption prior to the end of the exemption period and the effects of the termination.

**Section 5.** This Resolution shall become effective immediately upon its adoption.

**The foregoing Resolution adopted the 13th day of July, 2015.**

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**City Recorder**



RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION DENYING A LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTION FOR THE PROPERTY LOCATED AT 850 AND 870 HUNSAKER LANE, EUGENE, OREGON. (Cornerstone Community Housing / Applicant.)**

**The City Council of the City of Eugene finds that:**

**A.** Metropolitan Affordable Housing corporation, dba Cornerstone Community Housing (“Cornerstone”) has entered into a Commercial Real Estate Sale Agreement to purchase real property located at 850 and 870 Hunsaker Lane, Eugene, Oregon, 97404 (Assessor’s Map 17-04-12-40, Tax Lots 502, 508, 509, and 524; Assessor’s Property Account Numbers 1010618 (for TL 502), 1162187 (for TL 508), 1162195 (for TL 509), and 1847498 (for TL 524)) owned by Olaf and Korrina Junge, whose address is 4627 Calumet Way, Eugene Oregon, 97404. Cornerstone, located at 1175 Charnelton Street, Eugene, Oregon 97401 (mailing address P.O. Box 11923, Eugene, Oregon, 97440), has submitted an application pursuant to Subsection 2.939(3) of the Eugene Code, 1971, for an exemption from ad valorem taxes under the City’s Low-Income Rental Housing Property Tax Exemption Program (Sections 2.937 to 2.940 of the Eugene Code, 1971). Finalization of the sale of the property to Cornerstone is dependent, in part, on City Council’s approval of the use of federal HOME funds for the property acquisition.

**B.** The tax exemption is being sought for eight residential units currently existing on the property, all of which will be used for low-income housing, and residential common areas. The units will undergo rehabilitation.

**C.** The Community Development Manager of the Planning and Development Department, as designee of the City Manager, has prepared a Report and Recommendation recommending that the application be approved and the exemption granted. In making that recommendation, the Community Development Manager found that the applicant submitted all materials, documents and fees required by the application and Section 2.938(1) of the Eugene Code, 1971, and is in compliance with the policies set forth in the Standards and Guidelines adopted by Resolution No. 5028. In addition, the Community Development Manager found that the applicant has complied with the criteria for approval provided in Section 2.939(3) of the Eugene Code, 1971.

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:**

**Section 1.** Notwithstanding the findings in the Community Development Manager’s Report and Recommendation, the City Council denies Cornerstone’s application for an ad valorem property tax exemption under the City’s Low-Income Rental Housing Property Tax Exemption Program for the property located at 850 and 870 Hunsaker Lane, Eugene, Oregon, 97404 (Assessor’s Map 17-04-12-40, Tax Lots 502, 508, 509, and 524; Assessor’s Property Account Numbers 1010618 (for TL 502),

1162187 (for TL 508), 1162195 (for TL 509), and 1847498 (for TL 524)), because the applicant has failed to demonstrate that it is qualified for the tax exemption.

**Section 2.** The City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten days from the date of adoption of this Resolution, along with a notice informing the applicant of the right to appeal in the manner set forth in ORS 34.010 to 34.100.

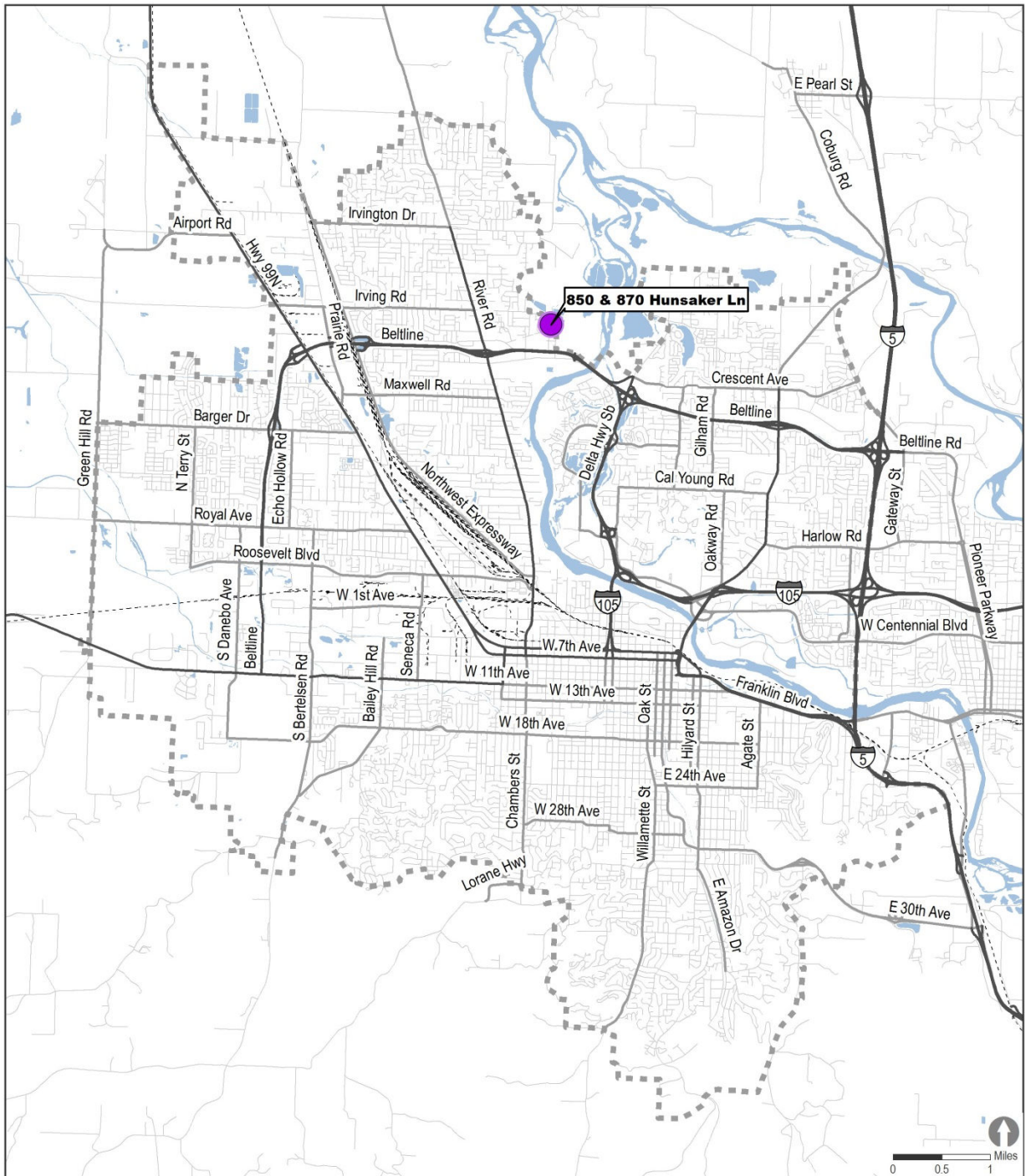
**Section 3.** This Resolution shall become effective immediately upon its adoption.

**The foregoing Resolution adopted the 13<sup>th</sup> day of July, 2015.**

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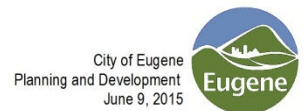
**City Recorder**

# Hunsaker Lane



Eugene UGB

Caution: This map is based on imprecise source data, subject to change, and for general reference only.



# Hunsaker Lane



 Project Site Taxlots     Eugene UGB

Aerial Imagery: 2013  
Caution: This map is based on imprecise source data, subject to change, and for general reference only.

City of Eugene  
Planning and Development  
July 2, 2015

