

# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY



---

Action: Acquisition of Land for Affordable Housing – 1505 – 1525 River Road

---

Meeting Date: November 9, 2015  
Department: Planning and Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

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

---

### ISSUE STATEMENT

The City Council is asked to approve the acquisition of vacant property at 1505-1525 River Road through the Land Acquisition for Affordable Housing program. The 2.91 acre property could support the development of 50-60 affordable housing units for low-income households.

### BACKGROUND

The City has an opportunity to acquire property at 1505-1525 River Road for future affordable housing development. Please see *Attachment A* for maps of the site (Map No. 17-04-13-33, Tax lots 100, 200, 300 and 400). The site consists of four tax lots that are owned by two separate owners. The council previously allocated sufficient Community Development Block Grant (CDBG) funds to purchase the first property (Tax Lots 100, 200 and 300) in past One Year Action Plans. The Option Agreement for the second parcel (Tax Lot 400) was negotiated after adoption of the most recent One Year Action Plan. As a result, there are not sufficient CDBG funds budgeted to also acquire the second parcel. Through FY 16 Supplemental Budget #1, staff will propose an Interfund Loan from the Construction and Rental Housing Fund to acquire the critical second parcel before the option expires. Through the 2016 One Year Action Plan, the council will have the opportunity to allocate CDBG funds to repay funds borrowed for the acquisition.

This agenda item summary describes the history of the Land Acquisition for Affordable Housing Program, the site characteristics, community outreach, and next steps for future affordable housing development including purchase of 1505-1525 River Road.

The City uses federal and local funds to purchase properties for the Land Acquisition for Affordable Housing Program (formerly called the Land Bank Program). Through the program, the City of Eugene acquires land suitable for the future development of housing that is affordable to low-income persons. All development begins with a site, yet acquiring appropriate property is a difficult hurdle in the development process. Through the Land Acquisition for Affordable Housing Program, the City has created a pipeline of appropriate sites and sought to place affordable housing in the entire community.

The Land Acquisition program began in 1979. In 35 years, nearly 90 acres have been acquired for

affordable housing using a combination of federal and local funds. Thus far, 828 units of affordable housing have been developed on acquired sites, 53 units were just completed and 48 units are under construction. Once acquired, properties are offered to affordable housing developers through a competitive Request for Proposals (RFP) process. The RFP may include the land and other subsidies for affordable housing development. With site control, developers have an advantage in leveraging other resources at the state and federal level. Please see *Attachment B* for a detailed description of the Land Acquisition for Affordable Housing program.

There are currently no properties owned by the City for future affordable housing. The City transferred its last land bank site (County Farm Road Site) to St. Vincent de Paul and Housing and Community Services Agency (HACSA) for the development of Bascom Village, 101 units in north Eugene. The most recent acquisition of land for future affordable housing occurred in 2004.

The 2015 Eugene-Springfield Consolidated Plan sets forth goals and strategies for the use of federal Community Development Block Grant (CDBG) and HOME Investment Partnership Program funds received by the Cities of Eugene and Springfield. The 2015 Consolidated Plan, adopted by the council in April 2015, establishes a five-year goal for the purchase of two sites for future affordable housing in Eugene. Please see *Attachment C* for the 2015 Consolidated Plan goals.

Each year, the council allocates the CDBG and HOME funds through the One Year Action Plan. At this time \$500,043 in CDBG funds has been allocated for purchase of land for future affordable housing development and related project delivery costs. The council took actions to allocate CDBG funds for this purpose through multiple One-Year Action Plans over the course of several years.

#### ***1515-1525 River Road and 1505 River Road***

In the Fall 2014, staff became aware that a potentially appropriate site for future affordable housing located on River Road was for sale. The property address is 1515-1525 River Road (Map No. 17-04-13-33, Tax lots 100, 200, and 300), located on the east side of River Road, south of Howard Avenue. The City entered into an Option Agreement with the owner of 1515-1525 River Road in February 2015. The purchase price offered for the approximately 2.62 acre property was \$440,000 or appraised value. The appraisal received in October showed the fair market value of the property was \$460,000.

Subsequently, the City approached the owner of a small adjacent vacant parcel on the corner of Maynard Avenue located at 1505 River Road (Map No. 17-04-13-33, Tax lot 400) to see if there was an interest in selling the property to the City. Neighbors, affordable housing developers, and staff had encouraged consideration of this additional site to improve site access and also create a viable use for this vacant parcel. The City entered into an Option Agreement with the owner of 1505 River Road in July 2015. The purchase price offered for the 0.29 acre property on the corner of River Road and Maynard Avenue was \$65,000, subject to an appraisal. The appraisal received in October showed the fair market value of the property was \$59,000. The final price will be negotiated but will not exceed \$65,000. The corner parcel is important because it would allow transportation access to the larger parcel from Maynard Avenue. Both Option Agreements expire December 31, 2015.

### ***Community Outreach***

Staff initiated communication with representatives of River Road Community Organization (RRCO) and adjacent residents shortly after securing an option for the property. Staff met with the co-chairs of the River Road Community Organization (RRCO) in February to discuss the neighborhood outreach plan related to the potential site. Staff sent notices of the City's consideration of the site for affordable housing to 69 adjacent property owners in March. In April, staff and RRCO held a special evening meeting of adjacent property owners and residents at Dayspring Fellowship Church located directly across River Road from the site. Staff presented information about affordable housing needs, the Land Acquisition for Affordable Housing Program, and process for evaluating and considering purchase of the River Road site. Staff also presented the potential acquisition at the RRCO meeting in May. While residents raised a number of ideas and concerns to be addressed in the future design of the project, there was general support for the development of affordable housing at this location.

On August 18, 2015, the City held a meeting of affordable housing developers, neighborhood representatives, Housing Policy Board members, and City Councilors to discuss the feasibility of the site for future affordable housing. In general, the feedback from stakeholders was that the site was well located near schools, parks, transportation options, commercial areas, job opportunities and services; and that the property seemed appropriate for affordable housing development.

### ***Site Characteristics and Evaluation***

The property is currently vacant. The four tax lots owned by two different owners total 2.91 acres. The property is flat, and it is zoned R-1. The property would take advantage of the Controlled Income and Rent density bonus and would support approximately 50-60 units on the site. The site is consistent with the Housing Dispersal Policy as no more than 50 percent of the households in the census tract block group have incomes at or below 50 percent of area median income, and the number of subsidized housing units in the block group is no more than 20 percent of total units. In fact, there are currently no subsidized housing developments in the same block group.

Extensive due diligence is required for use of federal funds including completion of an Environmental Assessment. Over the past seven months, staff have evaluated potential impacts related to endangered species, stormwater management, historic preservation, toxic materials, explosive and flammable materials, noise, and more. Staff expect to complete and publish the Environmental Assessment on November 13, 2015.

### ***Next Steps***

The acquisition of the property would be the first stage in creating affordable housing at the site. New CDBG rules only allow property to be held up to five years in a land bank for future development.

In two to four years from the date of acquisition, the City would release a Request for Proposals for housing providers to propose developments on the site. The RFP would likely offer the site in addition to other development resources. The City would continue to seek neighborhood involvement when developing the RFP and evaluating project proposals. The development

proposals would be reviewed in the same process as the annual Housing RFPs. Ultimately, the City Council makes the final decision about the development proposal deemed to be most appropriate for the site. The City anticipates the development of the site would occur three to five years from the date of acquisition.

Staff will take RRCO neighbors on a tour of existing affordable housing developments built on sites acquired through the Land Acquisition for Affordable Housing program in Eugene that could be similar to the potential future development on River Road. The existing developments demonstrate the high quality design and maintenance of affordable housing. *Attachment D* shows photos of the three most recent affordable housing developments built on former land bank sites: Bascom Village Phase I, Stellar Apartments, and Willakenzie Crossing.

### ***Housing Policy Board Recommendation***

At the October 5 meeting of the Housing Policy Board, the members voted to recommend the site at 1505-1525 River Road to the City Council for acquisition. Staff had presented the details of the site and had provided updates to the HPB since entering into the Option Agreements. The Housing Policy Board celebrated the opportunity to acquire a site for future affordable housing for the first time since 2004.

### **RELATED CITY POLICIES**

The City Council has established a policy to expand housing opportunities for very low and extremely low-income households. The proposed acquisition of land for future affordable housing supports this objective. The acquisition supports other City priorities and policies including the Eugene-Springfield 2015 Consolidated Plan, 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. The proposed land acquisition directly supports the objective by having the potential to construct 50-60 rental units for very low-income households.

***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 the City of Eugene. The land proposed for acquisition is located in a suitable Census Block Group, meaning that no more than 50 percent of the residents have incomes at or below 50 percent of area median income and subsidized units do not reach 20 percent of all housing units.

## **COUNCIL OPTIONS**

1. Approve up to \$460,000 in Community Development Block Grant funds for the acquisition of 1515-1525 River Road and a \$65,000 loan from the Construction and Rental Housing Fund for the acquisition of 1505 River Road. Direct the City Manager to include these items in the FY 16 Supplemental Budget #1.
2. Approve funding with specific modifications as determined by the City Council.
3. Decline to approve funding for the Land Acquisition for Affordable Housing site.

## **CITY MANAGER'S RECOMMENDATION**

The City Manager recommends option 1, approve up to \$460,000 in Community Development Block Grant funds for the acquisition of 1515-1525 River Road and a \$65,000 loan from the Construction and Rental Housing Fund for the acquisition of 1505 River Road. Direct the City Manager to include these items in the FY 16 Supplemental Budget #1.

## **SUGGESTED MOTION**

Move to approve the use of up to \$460,000 in Community Development Block Grant funds for the acquisition of 1515-1525 River Road and a \$65,000 loan from the Construction and Rental Housing Fund for the acquisition of 1505 River Road. Direct the City Manager to include these items in the FY 16 Supplemental Budget #1.

## **ATTACHMENTS**

- A. Maps of the Proposed Site
- B. Land Acquisition for Affordable Housing Program Description
- C. 2015 Consolidated Plan Goals
- D. Photos of the Most Recent Developments on Land Acquisition sites

## **FOR MORE INFORMATION**

Staff Contact: Ellen Meyi-Galloway, Housing Finance Analyst  
Telephone: (541) 682-5532  
Staff E-Mail: [Ellen.E.Meyi-Galloway@ci.eugene.or.us](mailto:Ellen.E.Meyi-Galloway@ci.eugene.or.us)