

# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY



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### Approval of Funding for Housing Affordable to Low-Income Persons – River Road Apartments, the Monroe, and Delta Court Phase II

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Meeting Date: April 25, 2016  
Department: Planning & Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: 2D  
Staff Contact: Ellen Meyi-Galloway  
Contact Telephone Number: 541-682-5532

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#### **ISSUE STATEMENT**

The City Council is asked to approve the use of Federal HOME Investment Partnerships Program (HOME) funds for three proposals submitted in response to the Eugene-Springfield HOME Consortium's 2016 Affordable Housing Request for Proposals (RFP). Collectively, these three proposals would add 38 units to Eugene's affordable housing supply including units targeted to veterans and persons living with HIV/AIDs. The proposals include: 1) acquisition and rehabilitation of a four-unit apartment building located at 1689-1695 River Road by NEDCO; 2) acquisition and rehabilitation of a six-unit apartment building at 480 Monroe Street by Liberty Housing Group LLC, and 3) new construction of a 28-unit development at 850 and 870 Hunsaker Lane by Cornerstone Community Housing.

#### **BACKGROUND**

The Affordable Housing Requests for Proposals process is guided by the priority needs and strategies identified in the Eugene-Springfield 2015 Consolidated Plan, the One-Year Action Plans, and the Eugene-Springfield HOME Intergovernmental Agreement.

The Eugene-Springfield 2015 Consolidated Plan identified priority needs for five populations including low-income renters, low-income homeowners, people experiencing homelessness, people with special needs, and unemployed/underemployed persons. The Consolidated Plan includes multiple affordable housing goals including increasing the affordable housing supply by 650 units and rehabilitating 350 affordable rental units. Attachment A provides a summary of the priority needs and affordable housing strategies identified in the 2015 Consolidated Plan.

The HOME Investment Partnership (HOME) Program is a federal program administered by the U.S. Department of Housing and Urban Development (HUD) to expand affordable housing opportunities for low-income persons. In 1992, the cities of Eugene and Springfield formed the Eugene-Springfield HOME Consortium in order to increase the amount of HOME funds received and to enable funding of HOME activities in Springfield. Eugene receives the HOME funds from HUD on behalf of the HOME Consortium and is responsible for the oversight and administration of

HOME funds in the entire Consortium area. Eugene and Springfield developed a new HOME Consortium Intergovernmental Agreement (HOME IGA) to guide the use of HOME funds that was executed in December 2015. The council received a staff memo regarding these changes dated October 27, 2015.

A significant change in the HOME IGA was the establishment of the HOME Consortium Governing Board. The Governing Board is composed of the Eugene and Springfield mayors, one Springfield city councilor, and one Eugene city councilor. Eugene City Councilor Chris Pryor serves on the Governing Board along with Mayor Kitty Piercy. The Governing Board now provides leadership for the HOME Consortium including review and approval of the annual HOME allocation, review of the Request for Proposals, and final decisions for use of HOME funds for development projects based on the decisions of the Evaluation Committee and respective city councils. The 2016 Affordable Housing RFP process is the first year that Eugene and Springfield are following the new evaluation process set out in the HOME IGA for awarding HOME funds.

### **2016 AFFORDABLE HOUSING REQUEST FOR PROPOSALS PROCESS**

Through the Affordable Housing RFP, over \$1.7 million in HOME funds were made available for projects in Eugene that addressed the needs of very-low-income persons and special needs populations. In addition, applicants could request Eugene System Development Charge exemptions. The RFP accepted proposals for acquisition-rehabilitation or new construction projects, but indicated a need to prioritize projects that could proceed quickly in order to meet the Consortium's HOME commitment deadline. HOME funds are required to be committed to a project within two years of receiving the annual allocation, or the funds must be returned to HUD.

Four proposals were received: two acquisition-rehabilitation proposals in Eugene, one new construction proposal in Eugene, and one new construction proposal in Springfield. Collectively, these proposed projects would add 73 units of affordable housing targeted to very-low and low-income persons and a portion of the units would be targeted to special needs populations. Please refer to Attachment B for a map of the three proposed developments in Eugene.

The proposals were reviewed by staff and by an Evaluation Committee. In the new evaluation process under the HOME IGA, the Evaluation Committee makes a recommendation to the city councils and the Governing Board. Four Evaluation Committee members reviewed all the proposals: City of Eugene Councilor Pryor; City of Springfield Councilor Sean VanGordon; Michael Heckard, who is a representative of the Springfield Community Development Advisory Committee; and Leah Callahan, a real estate analyst at Duncan and Brown.

In addition, staff worked with the three Eugene neighborhood associations where the proposed projects are located to inform them about the proposals and identify a representative from each neighborhood to serve on the Evaluation Committee. Kate Perle represented the Santa Clara Community Organization; Cathy Cookie Kapelka represented the Whitaker Community Council; and Pat Reilly represented the River Road Community Organization. City staff and applicants also conducted neighborhood outreach through mailings to adjacent neighbors and presentations to neighborhood associations. Neighbors and meeting attendees expressed general support for all three proposed projects.

At the March 15 Evaluation Committee meeting, committee members unanimously agreed to recommend the three Eugene projects and the one Springfield project for funding. Community members also had an opportunity to comment on the project through an advertised 30-day written comment period and a public hearing held on March 15. No formal public comments were received.

### ***Summary of Proposals***

River Road Apartments - NEDCO proposes to acquire and rehabilitate an existing four-unit apartment building located at 1689-1695 River Road in the River Road neighborhood. NEDCO will partner with HIV Alliance to target people living with HIV/AIDS as units are vacated by the current residents. Please see Attachment C for a map, image and additional information about the proposed site.

The Monroe – Liberty Housing Group LLC proposes to acquire and rehabilitate a six-unit apartment building at 480 Monroe Street in the Whiteaker neighborhood. The apartments are all two-bedroom units that will be targeted to veterans as existing residents move out. Please see Attachment D for a map, image and additional information about the proposed site.

Delta Court Phase II Development - Cornerstone Community Housing proposes to build 28 new affordable housing units at 850 and 870 Hunsaker Lane in the Santa Clara neighborhood. This site is already owned by Cornerstone. Cornerstone received HOME funds in December 2015 for purchase of the site that is partially developed with eight units as well as space for additional development. The 28 new units will be for households earning below 60 percent of AMI and includes eight units for homeless veterans through the HUD Veteran's Affairs Supportive Housing (VASH) program. If HOME funds are approved, Cornerstone plans to seek Low-Income Housing Tax Credits from the state in order to complete the project financing. Development is anticipated to begin in summer 2017. Please see Attachment E for a map, image and additional information about the proposed project.

### ***Evaluation Committee Recommendation***

The Evaluation Committee recommends use of HOME funds for River Road Apartments, the Monroe, and Delta Court Phase II, as each proposal advances the Consolidated Plan goal of increasing the supply of affordable housing and meets HOME requirements. In addition, the projects expand housing opportunities for special needs populations specifically identified in the Consolidated Plan as groups with significant unmet needs. The HOME dollars contributed to these projects would enable them to offer rents affordable to these populations. The projects could not proceed without the requested HOME funds. The two Acquisition-Rehabilitation projects will help meet this year's HOME commitment deadline as both can proceed quickly.

The next step is for each City Council to consider the projects proposed in their respective jurisdiction. If the Eugene City Council approves the project proposals, final decisions and project prioritization will be made by the HOME Consortium Governing Board at a public meeting to be held on May 2.

## **RELATED CITY POLICIES**

In addition to the Eugene-Springfield 2010 Consolidated Plan, the proposed projects also advance goals established in other local plans and policies. These include the Residential Land Use and Housing Element of the Metropolitan Area General Plan, Eugene City Council Adopted Growth Management Policies, the Diversity and Equity Strategic Plan, the Lane County Ten-Year Plan to End Chronic Homelessness, Housing Dispersal Policy, and the Lane County Continuum of Care Plan. The proposed uses of funds also specifically support affordable housing goals set forth in the Envision Eugene pillars.

## **COUNCIL OPTIONS**

1. Approve \$440,791 in federal HOME funds for the acquisition of River Road Apartments as proposed by NEDCO; \$633,000 in HOME funds for the acquisition of the Monroe as proposed by Liberty Housing Group LLC; and \$623,135 in HOME funds for the construction of Delta Court Phase II as proposed by Cornerstone Community Housing.
2. Approve funding with specific modifications as determined by the City Council.
3. Decline to approve funding for one or more of the proposed projects.

## **CITY MANAGER'S RECOMMENDATION**

The City Manager recommends option 1, approve funding for River Road Apartments, the Monroe, and Delta Court Phase II as recommended by the Evaluation Committee.

## **SUGGESTED MOTION**

Move to approve funding for River Road Apartments, the Monroe, and Delta Court Phase II as recommended by the Evaluation Committee.

## **ATTACHMENTS**

- A. Eugene-Springfield 2015 Consolidated Plan Priority Needs and Affordable Housing Strategies
- B. Map of Proposed Developments
- C. Summary of River Road Apartments
- D. Summary of the Monroe
- E. Summary of Delta Court Phase II

## **FOR MORE INFORMATION**

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Attachment A

EUGENE – SPRINGFIELD CONSOLIDATED PLAN 2015

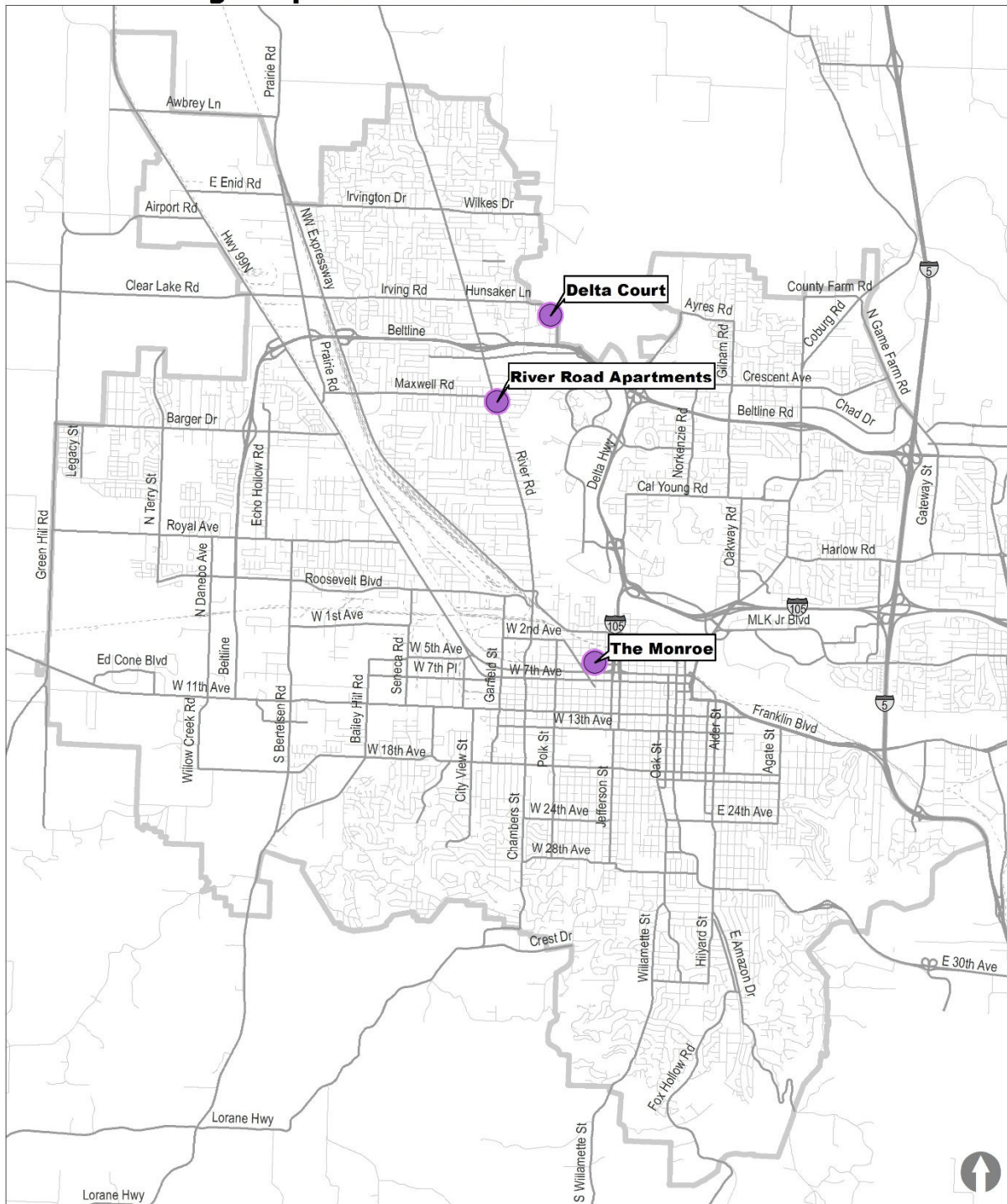
Priority Needs - Table


Priority Need	Explanation
<p><b>Renters</b> - Low and very low income people need increased access to quality affordable rental housing</p>	<ul style="list-style-type: none"> <li>• A significant majority of low-income renters spend more than 30% of their income on housing costs (Eugene – 76%, Springfield – 74%)</li> <li>• A significant majority of low-income renters experience over-crowding, substandard housing, or a housing cost burden (Eugene – 78%, Springfield – 76%)</li> <li>• A large percentage of low-income renters spend more than 50% of their income on housing costs (Eugene – 51%, Springfield – 34%)</li> </ul>
<p><b>Home Owners</b> - Low and very low income people need increased access to affordable home ownership opportunities and support to remain homeowners</p>	<ul style="list-style-type: none"> <li>• A significant majority of low-income owners experience over-crowding, substandard housing, or a housing cost burden (Eugene – 76%, Springfield – 57%)</li> <li>• A significant majority of low-income owners spend more than 30% of their income on housing costs (Eugene – 64%, Springfield – 56%)</li> <li>• A large percentage of low-income owners spend more than 50% of their income on housing costs (Eugene – 40%, Springfield – 31%)</li> </ul>
<p><b>Homeless</b> - People need access to housing and supportive services to prevent them from becoming homeless and to leave homelessness</p>	<ul style="list-style-type: none"> <li>• A total of 11,668 homeless individuals were served in FY 2014 by agencies funded by Lane County.</li> <li>• The three public school districts in Eugene and Springfield report 1,616 homeless youth during 2014, and this definition includes students who are staying with friends or family.</li> <li>• The definition of homeless for purposes of this Plan includes people who are "doubled-up".</li> </ul>
<p><b>Non-Homeless Special Needs Populations</b> - People with special needs including seniors, ex-offenders, people with HIV/AIDS, victims of domestic violence, people with drug and alcohol addictions, people who are evicted or foreclosed, people with physical and mental disabilities, veterans, youth and college students, and youth aging out of foster care.</p>	<ul style="list-style-type: none"> <li>• Special needs populations need additional support as it relates to affordable housing, human services, and employment opportunities.</li> </ul>
<p><b>Employment Opportunities</b> - People who have low incomes, are unemployed or underemployed need a broader range of employment opportunities, including self-employment</p>	<ul style="list-style-type: none"> <li>• Between 2007 and 2010, Lane County lost nearly 18,000 jobs.</li> <li>• The loss of jobs combined with the subsequent recession, have widened the gap between employed wages and housing costs.</li> </ul>
<p><b>Low-Income Areas &amp; Areas of Slums and Blight</b> - Geographic areas defined as areas of slums and blight or as low-income areas need additional support for rehabilitation and public facility improvements</p>	<ul style="list-style-type: none"> <li>• There are several areas in this community that are or could meet the HUD requirement for an areas of slums and blight which would allow different uses of CDBG funds. These areas could benefit from increased investments in the area.</li> <li>• There are several areas of this community that are characterized by 51% or more low- to moderate-income residents, which can benefit from increased investments in this area.</li> </ul>

Strategies to Address Priority Needs – Table  
2015 Eugene/Springfield Consolidated Plan

Strategy	Priority Needs Addressed	Possible Examples	Measurements	Eugene/ Springfield HOME Consortium	Eugene CDBG	Springfield CDBG
Increase the supply of affordable housing (Consortium HOME and Community Development Block Grant)	Renters, Home Owners, Homeless, Special Needs	Land Acquisition. Development of new rental housing. Operating Support for Community Housing Development Organizations	Number of rental units constructed, reconstructed, acquired or preserved	600	50	
			Number of CHDO's Assisted	4		
			Housing for homeless added	20		
			Number of sites acquired		2	1
Rehabilitate existing housing stock affordable to low-income persons (Community Development Block Grant)	Renters, Homeless, Special Needs, Low-Income Areas, Home Owners	Continue and expand publicly supported rehabilitation and accessibility improvements.	Homeowner housing added		10	5
			Number of rental units rehabilitated		350	5
Provide down payment assistance for home ownership (Community Development Block Grant)	Home Owners	Assist low-income residents with the first time purchase of a home.	Number of home owner units rehabilitated		150	200
			Households assisted with direct assistance to home buyers		10	50
Remove barriers to affordable and supportive housing (Community Development Block Grant)	Renters, Home Owners, Homeless, Low Income Area Non Homeless Special Needs	Support programs that assure housing opportunities are provided without discrimination. Support Housing Policy Board. Update Fair Housing Plan.	Maintain Housing Policy board		Yes	Yes
			Number of fair housing events		20	5
			Maintain fair housing services		Yes	Yes
			Update Fair Housing Plan		Yes	Yes

### 2016 Housing Proposal Locations



 Eugene UGB

0 0.25 0.5 Miles



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

March 23, 2016  
City of Eugene - Planning and Development

River Road Apartments  
NEDCO  
1689-1695 River Road

- Acquisition / Rehabilitation proposal
- 4 units: 3 two bedroom and 1 one-bedroom
- Households earning less than 50% of area median income
- Targeted to persons living with HIV/AIDS in partnership with HIV Alliance
- NEDCO and HIV Alliance will provide resident services
- Currently occupied, and over-income residents would be provided relocation assistance including moving cost and rental assistance.
- Downstairs units accessible to persons with disabilities



- HOME funds requested: \$440,791
- Total development cost: \$568,627
- Cost per unit: \$142,157
- Other funding source: Private bank loan for rehabilitation and other costs
- NEDCO will apply for the City's Low-Income Rental Housing Property Tax Exemption
- 20-Year Affordability Period



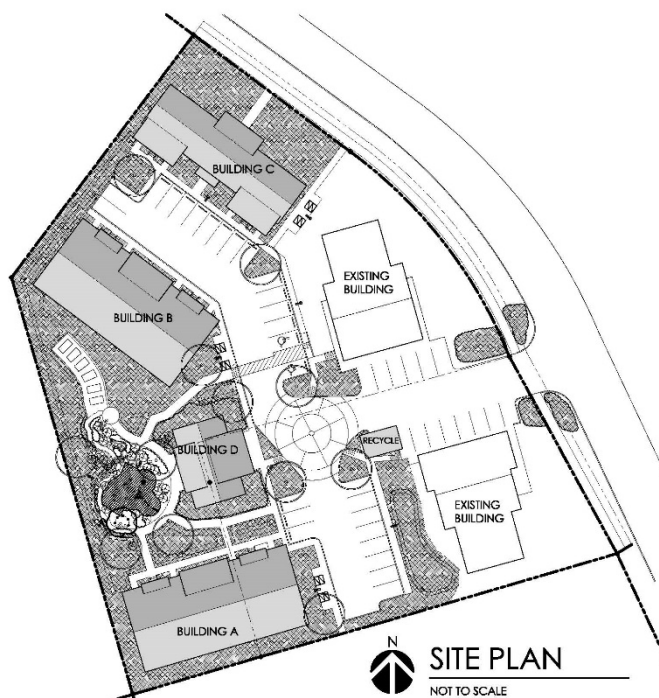
**The Monroe**  
Liberty Housing Group, LLC  
480 Monroe Street

- Acquisition / Rehabilitation proposal
- Six 2-bedroom units
- Two units for households earning less than 50% of area median income (AMI), two units for 60% AMI, two units for 80% AMI
- Targeted to veterans and their families
- Currently occupied, and over-income residents would be provided relocation assistance including moving cost and rental assistance.
- HOME funds requested: \$633,000
- Total development costs: \$850,408
- Cost per unit: \$141,735
- Other funding source: Private loan
- 15-year Affordability Period



## Delta Court Phase II Cornerstone Community Housing 850 & 870 Hunsaker Lane

- New Construction proposal
- 28 units: studio, one-bedroom, and two-bedroom units
- Five units for households earning less than 50% of area median income (AMI), 22 units for 60% AMI, one on-site manager unit
- Eight units targeted to homeless veterans
- Community building with gathering space, offices, and large kitchen; playground; and community garden
- Four units would be fully accessible and all downstairs units would be adaptable to persons with disabilities



- HOME funds requested: \$623,135
- Total development cost: \$4,300,706
- Cost per unit: \$153,597
- Other funding sources: 9% Low-Income Housing Tax Credits, State Affordable Housing Trust Fund, Private bank loan, Eugene Systems Development Charge exemption
- Delta Court Phase I was acquired using HOME funds in 2015, including the land for Phase II and 8 existing units
- Property has City's Low-Income Rental Housing Property Tax Exemption
- 20-Year Affordability Period
- Construction anticipated to begin Summer 2017