

# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY



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### Adoption of a Resolution Approving a Low-Income Rental Housing Property Tax Exemption for River Road Apartments, Located at 1689-1695 River Road, Eugene, Oregon (NEDCO/Applicant)

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Meeting Date: June 27, 2016  
Department: Planning and Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: 2C  
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 River Road Apartments, located at 1689-1695 River Road. The developer of the project is Neighborhood Economic Development Corporation (NEDCO). NEDCO has an option agreement to purchase the property. The property would be rental housing targeted to low-income persons living with HIV/AIDS.

#### **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, Systems Development Charge exemptions, and property tax 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.

#### ***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 28 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 Delta Court on Hunsaker Lane in July 2015. 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 River Road Apartments***

The requested tax exemption is for River Road Apartments, a proposed four-unit affordable housing project that will provide rental housing to very-low and low-income households. The proposed project was submitted through the 2016 Housing Request for Proposals. In addition to the LIRHPTE, NEDCO requested \$440,971 in federal HOME Investment Partnership funds. The City Council approved the use of HOME funds to acquire the property April 25, 2016, and the HOME Consortium Governing Board awarded HOME funds to the project May 2, 2016. The agency anticipates receiving an Umpqua Bank loan for \$142,236. If the LIRHPTE is approved, the acquisition is scheduled to occur in August 2016, and the minor rehabilitation would be completed by the end of the year.

The acquisition and rehabilitation of three, two-bedroom and one one-bedroom apartments, located at 1689-1695 River Road (Attachment D) is proposed to be rental housing targeted to persons living with HIV/AIDS. NEDCO will work with HIV Alliance to identify residents and provide services. NEDCO proposes designating all four units for households earning less than 50 percent of area median income (AMI). Initial rents are proposed to be \$425-\$572 depending on unit size.

The units are currently occupied. It is expected that most of the residents would be income-eligible to remain in the units after NEDCO 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 persons living with HIV/AIDS.

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**

In addition to the Eugene-Springfield 2015 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.

Approving the property tax exemption application for River Road Apartments 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.

## **COUNCIL OPTIONS**

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

## **CITY MANAGER'S RECOMMENDATION**

The City Manager recommends option 1, approve Resolution **XXXXXX** granting a 20-year low-income rental housing property tax exemption for the property located at 1689-1695 River Road, Eugene, Oregon (Assessor's Property Account Number 1591609) if NEDCO becomes the owner of the property.

## **SUGGESTED MOTION**

Move to adopt Resolution **XXXXXXXX** approving the resolution granting a 20-year low-income rental housing property tax exemption for the property located at 1689-1695 River Road, Eugene, Oregon (Assessor's Property Account Number 1591609) if NEDCO 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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Staff E-Mail: [Ellen.E.Meyi-Galloway@ci.eugene.or.us](mailto:Ellen.E.Meyi-Galloway@ci.eugene.or.us)

# ATTACHMENT A

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

### Application of Neighborhood Economic Development Corporation For Low Income Rental Housing Property Tax Exemption (Section 2.937 to 2.940 of the Eugene Code, 1971) for Property at 1689-1695 River Road, Eugene, Oregon

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

1. Neighborhood Economic Development Corporation (NEDCO) has an option to purchase real property located at **1689-1695 River Road**, Eugene, Oregon, 97404 (Assessor's Map 17-04-13-32; Tax Lot Number 7100; Assessor's Property Account Number 1591609). NEDCO ("the applicant"), located at 212 Main Street, Springfield, Oregon, 97477, 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.

- and accept 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 9 day of June, 2016.

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 1689, 1691, 1693, AND 1695 RIVER ROAD, EUGENE, OREGON. (Neighborhood Economic Development Corporation (NEDCO) / Applicant.)**

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

**A.** Neighborhood Economic Development Corporation (“NEDCO”) has entered into a Residential Real Estate Sale Agreement to purchase real property located at 1689, 1691, 1693, and 1695 River Road, Eugene, Oregon, 97404 (Assessor’s Map 17-04-13-32, Tax Lot Number 7100; Assessor’s Property Account Number 1591609) owned by Koss-Khawaja Family Trust, whose address is 5308 Southwood Drive, Lake Oswego, Oregon 97035. NEDCO, located at 212 Main Street, Springfield, Oregon, 97477, 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).

**B.** The tax exemption is being sought for four 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 NEDCO’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 1689, 1691, 1693, and 1695 River Road, Eugene, Oregon, 97404 (Assessor’s Map 17-04-13-32, Tax Lot Number 7100; Assessor’s Property Account Number 1591609), which will consist of four residential units and residential common areas. All units shall be offered for rent to persons whose earnings fall at or below 50% 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, 2017, 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 NEDCO.

**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, 2017. 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 \_\_\_\_ day of \_\_\_\_\_, 2016.

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City Recorder

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

**A RESOLUTION DENYING A LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTION FOR THE PROPERTY LOCATED AT 1689, 1691, 1693, AND 1695 RIVER ROAD, EUGENE, OREGON. (Neighborhood Economic Development Corporation (NEDCO) / Applicant.)**

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

**A.** Neighborhood Economic Development Corporation (“NEDCO”) has entered into a Residential Real Estate Sale Agreement to purchase real property located at 1689, 1691, 1693, and 1695 River Road, Eugene, Oregon, 97404 (Assessor’s Map 17-04-13-32, Tax Lot Number 7100; Assessor’s Property Account Number 1591609) owned by Koss-Khawaja Family Trust, whose address is 5308 Southwood Drive, Lake Oswego, Oregon 97035. NEDCO, located at 212 Main Street, Springfield, Oregon, 97477, 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).

**B.** The tax exemption is being sought for four 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 NEDCO’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 1689, 1691, 1693, and 1695 River Road, Eugene, Oregon, 97404 (Assessor’s Map 17-04-13-32, Tax Lot Number 7100; Assessor’s Property Account Number 1591609) 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 \_\_\_\_ day of \_\_\_\_\_, 2016.**

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**City Recorder**

### NEDCO River Road Apartments

Aerial



 Project Site

0 100 Feet

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

City of Eugene, PDD  
May 25, 2016





**River Road Apartments**