

EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Adoption of Resolution No. 5016 Approving a Low-Income Rental Housing Property Tax Exemption for the Property Located at 1135 Hayes Street, Eugene, Oregon (St. Vincent De Paul Society of Lane County/ Applicant)

Meeting Date: October 11, 2010
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 3D
Staff Contact: Becky L. Wheeler
Contact Telephone Number: 541-682-5532

ISSUE STATEMENT

The City Council is asked to approve a resolution for a low-income rental housing property tax exemption. The resolution grants a 20-year property tax exemption for the Lamb Building located at 1135 Hayes Street. The developer of the project is St. Vincent de Paul Society of Lane County, Inc. (SVdP). The ownership entity is the Lamb Building Limited Partnership.

BACKGROUND

The City of Eugene utilizes federal and local subsidies to facilitate the development of housing affordable to low-income persons. Each year, the City issues a Housing Request for Proposals to identify proposed developments. The council typically awards land, federal HOME Investment Partnership funds, and System Development Charge waivers to the selected development proposal. Once construction is near completion, developers typically apply to the City for a 20-year low-income rental housing property tax exemption. These local resources are combined with state and federal subsidies in order to achieve rents affordable to very low-income persons.

Summary of the low-income rental housing property tax exemption program - The City adopted the low-income rental housing property tax exemption program in 1989. Since then, Eugene has approved tax exemptions for more than 20 developments with over 925 units. The council reviews each tax exemption request on a case-by-case basis. Most recently, the council approved a low-income rental housing tax exemption for ShelterCare's 29th Place Apartments in February 2010.

If an application meets the substantive criteria [EC 9.239(2)(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 which of the criteria is/are not met.

Summary of requested tax exemption for the Lamb Building - The requested tax exemption is for the Lamb Building, an affordable housing development for very-low-income persons with 35 one-bedroom apartments. The units are targeted to singles, couples, and persons with special needs. The building is located at 1135 Hayes Street and also faces West 11th Avenue. The Lamb Building is located in the Chambers Node. This nodal development area was identified in 2004, as an area suitable for residential

infill and redevelopment given its proximity to public transportation, shopping and other services. The Lamb Building is an efficient use of land and creates a mixed-use model for other properties in the area. The development also has many energy-efficient features including a solar water heating system, Energy Star appliances, and a high efficiency, state-of-the-art heating/cooling system.

SVdP proposed the Lamb Building project through the 2007 Annual Housing Request for Proposals. SVdP requested federal HOME funds provided by the City (\$525,000) and System Development Charge waivers (\$100,000) to subsidize the development of the project. Land was not requested as the proposed development site was already owned by St. Vincent de Paul. In May, 2007, the council approved the requested allocation of federal HOME funds and System Development Charge waivers. At that time, SVdP notified the City that it would seek a property tax exemption near the completion of construction in order to achieve rents affordable to very-low-income persons. Construction of the Lamb Building will be completed by October 31, 2010, and tenants will move in shortly thereafter. A grand opening event will be held November 8, 2010.

The requested exemption meets the substantive criteria [EC 9.239(2)(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 2010 Consolidated Plan, Growth Management Policies, and the Housing Dispersal Policy.

Eugene-Springfield 2010 Consolidated Plan – This plan identifies a high need for affordable housing for very-low-income persons and sets a five year goal of developing 500 new units of affordable housing. The proposed project directly supports the objective by creating 35 units for very- and extremely-low-income families and individuals.

Eugene Adopted Growth Management Policies - The City of Eugene affordable housing development programs and the Lamb Building 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.

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 project is located in appropriate Census Tract according the Housing Dispersal Policy.

COUNCIL OPTIONS

City Council may approve or deny the tax exemption.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends adoption of the resolution granting a low-income rental housing property tax exemption for the property located at 1135 Hayes Street, Eugene, Oregon (Assessor's Property Account Numbers 0482107 and 0482115).

SUGGESTED MOTION

Move to adopt Resolution 5016 approving a low-income rental housing property tax exemption for the property located at 1135 Hayes Street, Eugene, Oregon (Assessor's Property Account Numbers 0482107 and 0482115).

ATTACHMENTS

- A. Report and Recommendation
- B. Resolution to approve the tax exemption
- C. Resolution to deny the tax exemption
- D. Photo of Lamb Building

FOR MORE INFORMATION

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

**Application of St. Vincent de Paul Society of Lane County
For Low Income Rental Housing Property Tax Exemption
(Section 2.937 to 2.940 of the Eugene Code, 1971)
for Property at 1135 Hays Street, Eugene, Oregon**

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

1. Lamb Building Limited Partnership is the owner of real property located at 1135 Hays Street, Eugene, Oregon, 97402 (Assessor's Map 17-04-36-31; Tax Lot Nos. 3200 and 3500; Assessor's Property Account Numbers 0482107 and 0482115). St. Vincent de Paul Society of Lane County ("the applicant"), located at PO Box 24608, Eugene, Oregon, 19702 has submitted an application pursuant to Subsection 2.939(2) 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).

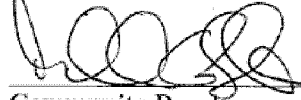
2. I have reviewed the application and find that the applicant has submitted all materials, fees and documents required by the application, and is in compliance with the provisions of EC 2.939(2). Specifically I find:

- (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 required rent payment reflects the full value of the property tax exemption.
- (c) The housing units on the property were constructed after February 12, 1990.
- (d) 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. 4623.
- (e) The proposed development is consistent with the city's housing dispersal policy.
- (f) The proposed development causes the displacement of low-income persons, however, the City and the developer have reached agreement on provisions that reflect satisfactory mitigation thereof.
- (g) The proposed development does not cause destruction of historic properties.
- (h) The proposed development is otherwise consistent with the Eugene Code and adopted city regulations and policies.
- (i) The applicant has executed, and agrees to maintain in effect for the duration of the tax exemption period, a Rent Regulatory Agreement.
- (j) 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, agencies, and the affected neighborhood groups. Comments were received from Carol McBrian and Dennis Lewandowski (Far West residents) and Steve Lamb (Far West Neighbors Board member), all of whom support the application.

Therefore, based on the above findings, the proposed project conforms with all applicable City Code provisions, local plans, planning regulations, the Metropolitan Area General 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 4th day of October, 2010.



**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 1135 HAYES STREET, EUGENE, OREGON. (ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY/ APPLICANT.)

The City Council of the City of Eugene finds that:

A. Lamb Building Limited Partnership is the owner of real property located at 1135 Hayes Street, Eugene, Oregon, 97402 (Assessor's Map 17-04-36-31; Tax Lot Nos. 3200 and 3500; Assessor's Property Account Numbers 0482107 and 0482115). St. Vincent de Paul Society of Lane County, Inc. ("the applicant"), located at P.O. Box 24608, Eugene, Oregon, 97402, has submitted an application pursuant to Subsection 2.939(2) 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 the residential portion of the project, which will include 35 one-bedroom units and residential common areas (entry lobby, storage, community room, and laundry room) that are being constructed on the property. Construction is expected to be completed by October 31, 2010.

C. The Community Development Manager of the Planning and Development Department, as designee of the City Manager, has prepared a Report and Recommendation, which is attached to this Resolution as Exhibit A, 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. 4623. In addition, as described more fully in Exhibit A, the applicant has complied with the criteria for approval provided in Section 2.939(2) of the Eugene Code, 1971.

D. The Oregon Low-Income Rental Housing statutes have been amended to allow project completion to occur any time before January 1, 2020. The City has not yet amended its Code provisions to reflect this change and still requires the applicant to get an extension to allow a "completion of construction" deadline after January 1, 2010. The construction associated with this application was not complete by January 1, 2010 because commencement of development could not begin prior to the award of Low Income Housing Tax Credits (LIHTC) from the State of Oregon. These circumstances were beyond the control of the owner and the owner can reasonably be expected to act in good faith and with due diligence to complete construction of the low-income rental housing by January 1, 2011.

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, and the findings in the Community Development Manager's Report and Recommendation attached as Exhibit A, the City Council approves the application of St. Vincent de Paul Society of Lane County for an ad valorem property tax exemption under the City's Low-Income Rental Housing Property Tax Exemption Program for the residential portion (82.8%) of the property located at 1135 Hayes Street, Eugene, Oregon, 97402 (Assessor's Map 17-04-36-31; Tax Lot Nos. 3200 and 3500; Assessor's Property Account Numbers 0482107 and 0482115), which will include 35 one-bedroom units and residential common areas (entry lobby, storage, community room, and laundry room). The units shall be offered for rent to those whose income falls at or below 60% of the Area Median Income as determined by the State Housing Council.

Section 2. The residential units described in Section 1 above are declared exempt from local ad valorem property taxation commencing July 1, 2011, 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, 2010, 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. 4623, 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. Based on the findings in Section D above, pursuant to subsection (4) of Section 2.940 of the Eugene Code, 1971, the City hereby sets the deadline for completion of construction of the low-income rental housing at January 1, 2011. See Section 2.1, above.

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, 2011. 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 October, 2010.

AIC City Recorder

RESOLUTION NO. _____

A RESOLUTION DENYING A LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTION FOR THE PROPERTY LOCATED AT 1135 HAYES STREET, EUGENE, OREGON. (ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY/ APPLICANT.)

The City Council of the City of Eugene finds that:

A. Lamb Building Limited Partnership is the owner of real property located at 1135 Hayes Street, Eugene, Oregon, 97402 (Assessor's Map 17-04-36-31; Tax Lot Nos. 3200 and 3500; Assessor's Property Account Numbers 0482107 and 0482115). St. Vincent de Paul Society of Lane County, Inc. ("the applicant"), located at P.O. Box 24608, Eugene, Oregon, 97402, has submitted an application pursuant to Subsection 2.939(2) 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 the residential portion of the project, which will include 35 one-bedroom units and residential common areas (entry lobby, storage, community room, and laundry room) that are being constructed on the property. Construction is expected to be completed by October 31, 2010.

C. The Community Development Manager of the Planning and Development Department, as designee of the City Manager, has prepared a Report and Recommendation, which is attached to this Resolution as Exhibit A, recommending that the application be approved and the exemption granted. In making that recommendation, the Executive Director 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. 4623. In addition, as described more fully in Exhibit A, the applicant has complied with the criteria for approval provided in Section 2.939(2) 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 the application of St. Vincent de Paul Society of Lane County for an ad valorem property tax exemption under the City's Low-Income Rental Housing Property Tax Exemption Program for the residential portion (82.8%) of the property located at 1135 Hayes Street, Eugene, Oregon, 97402 (Assessor's Map 17-04-36-31; Tax Lot Nos. 3200 and 3500; Assessor's Property Account Numbers 0482107 and 0482115), because the applicant fails to meet the following criteria: _____.

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 October, 2010.

AIC City Recorder

ATTACHMENT D

