

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Adoption of Resolution 5034 Approving a Low-Income Rental Housing Property Tax Exemption for the Property Located at 3057 Willakenzie Road, Eugene, Oregon (Metropolitan Affordable Housing, Corporation/ Applicant)

Meeting Date: June 27, 2011
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: 2C
Staff Contact: Becky L. Wheeler
Contact Telephone Number: 541-682-5532

ISSUE STATEMENT

The City Council is asked to approve a resolution for a 20-year low-income rental housing property tax exemption for Willakenzie Crossing, located at 3057 Willakenzie Road. The developer of the project is Metropolitan Affordable Housing, Corporation (Metro). The ownership entity is Willakenzie Crossing Apartments 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 Partnerships funds, and System Development Charge waivers to the selected development proposal. Once construction begins, or 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 low-income persons.

In addition, approving Willakenzie Crossing's property tax exemption application reinforces the Envision Eugene pillar of providing affordable housing for all income levels. The draft Envision Eugene proposal presents strategy number 4 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 low-income rental housing property tax exemption program - The City adopted the low-income rental housing property tax exemption program in 1990. Since then, Eugene has approved tax exemptions for more than 20 developments with over 1,000 units. On April 13 of this year, the council unanimously approved extending the 20-year low-income rental housing property tax exemption program for an additional ten years. In addition, the approved ordinance enables recipients to reapply for the 20-year low-income rental housing property tax exemption 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 low-income rental housing tax exemption for St. Vincent de Paul Society of Lane County's Lamb Building in October 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 how the applicant has failed to demonstrate that the tax exemption is in the public interest.

Summary of requested tax exemption for Willakenzie Crossing - The requested tax exemption is for Willakenzie Crossing, a 56-unit affordable housing development that includes 16 units for developmentally disabled adults. The units are targeted to individuals and families at or below 60 percent of the area median income level. The development is located at 3057 Willakenzie Road, next to the Willakenzie Grange. The development site is close to shopping, jobs, public transit, schools, city parks and other services. Willakenzie Crossing includes a large community center and garden, children's play area, ample bike parking and a pedestrian connection to Willakenzie Park from Willakenzie Road. In addition, the proposed ordinance would enable recipients to reapply for the 20-year low-income rental housing property tax exemption after the initial 20-year period has expired.

Metro proposed the Willakenzie Crossing project through the 2009 Annual Housing Request for Proposals. Metro requested federal HOME funds provided by the City (\$680,000) and System Development Charge waivers (\$185,000) to subsidize the development of the project. Metro was also awarded the Willakenzie Landbank site through the process. In September, 2009, the council unanimously approved the requested allocation of federal HOME funds, System Development Charge waivers and awarded the land to Metro. At that time, Metro notified the City that it would seek a property tax exemption in order to achieve rents affordable to low-income persons. Construction of Willakenzie Crossing will be completed by July 31, 2012, and tenants will move in shortly thereafter. A grand opening event will be held summer 2012.

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 need for affordable housing for 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 56 units for low-income families and individuals.

Eugene Adopted Growth Management Policies - The City of Eugene affordable housing development programs and Willakenzie Crossing 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.

COUNCIL OPTIONS

The City Council may approve or deny the tax exemption.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends the approval of the resolution granting a low-income rental housing property tax exemption for the property located at 3057 Willakenzie Road, Eugene, Oregon (Assessor's Property Account Number 0179851).

SUGGESTED MOTION

Move to adopt Resolution 5034 approving a low-income rental housing property tax exemption for the property located at 3057 Willakenzie Road, Eugene, Oregon (Assessor's Property Account Number 0179851).

ATTACHMENTS

- A. Report and Recommendation
- B. Resolution to approve the tax exemption
- C. Resolution to deny the tax exemption
- D. Rendering of Willakenzie Crossing

FOR MORE INFORMATION

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

**Application of Metropolitan Affordable Housing, Corporation
For Low Income Rental Housing Property Tax Exemption
(Section 2.937 to 2.940 of the Eugene Code, 1971)
for Property at 3057 Willakenzie Road, Eugene, Oregon**

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

1. Willakenzie Crossing Apartments Limited Partnership (with Metropolitan Affordable Housing, Corporation as general partner) is the owner of real property located at 3057 Willakenzie Road, Eugene, Oregon, 97401 (Assessor's Map 17-03-21-22; Tax Lot No. 700; Assessor's Property Account Number 0179851). Metropolitan Affordable Housing, Corporation ("the applicant"), located at PO Box 11923, Eugene, Oregon, 97440 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. 5028.

(e) The proposed development is consistent with the city's housing dispersal policy.

(f) The proposed development does not cause the displacement of low-income persons.

(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. No comments were received.

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 7th day of June, 2011.



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 3057 WILLAKENZIE ROAD, EUGENE, OREGON. (METROPOLITAN AFFORDABLE HOUSING, CORPORATION/ APPLICANT.)

The City Council of the City of Eugene finds that:

A. Willakenzie Crossing Apartments Limited Partnership is the owner of real property located at 3057 Willakenzie Road, Eugene, Oregon, 97401 (Assessor's Map 17-03-21-22; Tax Lot No. 700; Assessor's Property Account Number 0179851). Metropolitan Affordable Housing, Corporation (general partner and "the applicant"), located at PO Box 11923, Eugene, Oregon, 97440 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 project, which will include 56 residential units and common areas (garden plot, community room, children's play area and bike storage) that are being constructed on the property and for the parcel of land. Construction is expected to be completed by July, 2012.

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. 5028. 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. 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 Metropolitan Affordable Housing, Corporation for an ad valorem property tax exemption under the City's Low-Income Rental Housing Property Tax Exemption Program for the property located at 3057 Willakenzie Road, Eugene, Oregon, 97401 (Assessor's Map 17-03-21-22; Tax Lot No. 700; Assessor's Property Account Number 0179851), which will include 56 residential units and common

areas (garden plot, community room, children's play area and bike storage). 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 land and units described in Section 1 above are declared exempt from local ad valorem property taxation commencing July 1, 2012, 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 City Manager, or the Manager's designee, is requested to forward a copy of this Resolution to the applicant within ten (10) 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, 2012. 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 4. This Resolution shall become effective immediately upon its adoption.

The foregoing Resolution adopted the ____ day of June, 2011.

AIC City Recorder

RESOLUTION NO. _____

A RESOLUTION DENYING A LOW-INCOME RENTAL HOUSING PROPERTY TAX EXEMPTION FOR THE PROPERTY LOCATED AT 3057 WILLAKENZIE ROAD, EUGENE, OREGON. (METROPOLITAN AFFORDABLE HOUSING, CORPORATION/ APPLICANT.)

The City Council of the City of Eugene finds that:

A. Willakenzie Crossing Apartments Limited Partnership is the owner of real property located at 3057 Willakenzie Road, Eugene, Oregon, 97401 (Assessor's Map 17-03-21-22; Tax Lot No. 700; Assessor's Property Account Number 0179851). Metropolitan Affordable Housing, Corporation (general partner and "the applicant"), located at PO Box 11923, Eugene, Oregon, 97440 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 project, which will include 56 residential units and common areas (garden plot, community room, children's play area and bike storage) that are being constructed on the property and for the parcel of land. Construction is expected to be completed by July, 2012.

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. 5028. 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 Metropolitan Affordable Housing, Corporation for an ad valorem property tax exemption under the City's Low-Income Rental Housing Property Tax Exemption Program for the property located at 3057 Willakenzie Road, Eugene, Oregon, 97401 (Assessor's Map 17-03-21-22; Tax Lot No. 700; Assessor's Property Account Number 0179851), because the applicant has failed to demonstrate that the tax exemption is in the public interest.

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 June, 2011.

AIC City Recorder



Willakenzie Crossing

A Vision for the Future...Respect for the Past