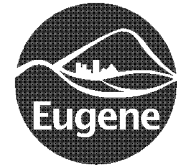


# EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



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## Approval of Funding and Use of City Resources for Housing Affordable to Low-Income Persons

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Meeting Date: April 8, 2013  
Department: Planning & Development  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: 3C  
Staff Contact: Becky Wheeler  
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 and City resources for affordable housing developments identified through the 2012 Housing Request for Proposals (RFP).

### **BACKGROUND**

The City of Eugene established current goals and programs for the development of housing affordable to low-income people through the adopted 2010 HUD Consolidated Plan. The Consolidated Plan guides the use of HOME funds and Community Development Block Grant (CDBG) funds over a five-year period. Each year, City Council approves the allocation of federal funds through a One-Year Action Plan. In addition to use of federal funds, the City of Eugene has established System Development Charge (SDC) Exemptions and the Low-Income Rental Housing Property Tax Exemption to further facilitate the development of affordable housing.

As outlined in the Consolidated Plan and One-Year Action Plan, staff develops and releases an annual RFP for affordable housing development projects. The intergovernmental Housing Policy Board (HPB) advises staff on the development of the RFP, reviews proposals, and makes funding recommendations to the City Council. The City issued the 2012 Housing RFP for affordable housing projects in June 2012. The RFP sought proposals for:

1. Property acquisition and/or rehabilitation resulting in affordable housing (owner- or renter-occupied) or the preservation of existing affordable housing; and
2. New construction (with site control). \$639,325 in HOME funds and approximately \$1,250,977 in Eugene SDC exemptions were made available through the RFP.

Five proposals were received for the development of new housing on sites controlled by the applicant. No proposals were received for acquisition of existing housing.

The lack of Eugene Water & Electric Board (EWEB) SDC grant funds that were going to be used for the Bascom Village project created a need for additional HOME funds for the development. Without the grants, the project developers, St. Vincent de Paul and Housing and Community Services Agency (HACSA) of Lane County, face a funding gap of more than \$50,000 each. The five proposals for new construction were reviewed by staff, the Evaluation Committee (a

committee including members of the professional community with a variety of experience in housing finance, architecture, multifamily development, non-profit organization, and other relevant skills), and the Housing Policy Board (see Attachment A for a list of Evaluation Committee and Housing Policy Board Members). A summary of the proposals is included below:

***Bothy Cottage – Sponsors, Inc.***

Sponsors, Inc., a local non-profit, submitted an application for a new, four-bedroom group home that will provide housing for homeless, ex-offender mothers and their children. The home will be located on their existing site at 767 West 8<sup>th</sup> Avenue in Eugene. Sponsors requests \$281,290 in HOME funds and up to \$9,500 in City of Eugene SDC exemptions for construction of Bothy Cottage. Sponsors anticipates receiving foundation grants of approximately \$145,000 to assist with construction. Total project cost is estimated at \$436,111.

The very low-income (50 percent area median income) population targeted in this project is at significant risk for continued homelessness. The Consolidated Plan identifies an unmet need of 842 beds of transitional housing for families with children. In addition, released offenders are identified as a special needs population in the Consolidated Plan. This population finds it extremely difficult to locate and pay for rental housing in the private market once released because most leave the prison system without a job or reasonable prospects of a job, no recent rental history, limited credit, and no money for deposits. Sponsors reports a marked increase in the number of mothers with children applying to the transitional program within the last several years and has no facilities suitable for these families. If funded, Bothy Cottage would be Oregon's first transitional housing facility specifically designed to serve homeless, ex-offender mothers and their children. Rent charged for each bedroom of the home will be \$180 or less a month.

***Springfield/Eugene Habitat for Humanity***

The Springfield/Eugene Chapter of Habitat for Humanity (Habitat) submitted four (4) separate applications for new homes on parcels they own in Eugene, two (2) in the Bethel area and two (2) in the Santa Clara area. Each home would be affordable to families with incomes at 30 – 60 percent of area median income (AMI), have two (2) or three (3) bedrooms with a one (1) car garage, and be Energy Star Certified. Habitat requests \$50,000 per house in HOME funds (\$200,000 total) and up to \$8,861 in COE SDC exemptions for each (\$35,444 total).

**HOUSING POLICY BOARD RECOMMENDATION**

The HPB recommends providing HOME funds and City of Eugene SDC exemptions to Bothy Cottage as it is consistent with Eugene's goal of increasing the supply of affordable housing, plus the funds will help provide up to 16 beds to fill the transitional housing gap identified in the 2010 Consolidated Plan. The significant amount of HOME dollars contributed to this project allows rents that are far below the area's fair market rents by eliminating the need for Sponsors to carry any debt. The project cannot be built without the requested HOME funds.

HPB also recognizes that Bascom Village was left with a budget gap due to lack of EWEB grant funding and the appropriate course of action is to recommend using additional HOME funds to fill the gap.

The Board recommends providing City of Eugene SDC exemptions to Habitat for Humanity for all four (4) homes proposed through the 2012 RFP.

## **RELATED CITY POLICIES**

The City Council has established a priority to address homelessness in Eugene. The proposed projects directly support this objective by preserving and expanding affordable housing opportunities for very and extremely low-income families and individuals as well as multiple other 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 projects directly support the objective by creating four transitional rental units within a group home for very low-income families, 101 multifamily rental units for very low-income families and individuals, and four homeowner units for low-income families and individuals.

***Eugene Adopted Growth Management Policies*** - The City of Eugene's affordable housing development programs and the projects described above (Bothy Cottage, Habitat homes, and Bascom Village) support multiple Growth Management Policies.

***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. All projects recommended by the Housing Policy Board to receive funding and Eugene SDC exemptions are located in appropriate census tracts and/or have previously been reviewed and determined to meet the intent of the Housing Dispersal Policy.

## **COUNCIL OPTIONS**

The City Council has three options:

1. Approve funding and Eugene SDC exemptions for Bothy Cottage, approve Eugene SDC exemptions for four (4) Habitat for Humanity homes, and approve HOME funding for Bascom Village as recommended by Housing Policy Board.
2. Approve funding and/or use of other resources with specific modifications as determined by the City Council.
3. Decline to approve funding and/or use of other resources for any proposed projects.

## **CITY MANAGER'S RECOMMENDATION**

The City Manager recommends option 1, including approval of: 1) \$281,290 in HOME funding and \$9,500 in Eugene SDC exemptions for the development of Bothy Cottage by Sponsors, Inc.; and 2) up to a total of \$35,444 in Eugene SDC exemptions for four (4) Habitat for Humanity Homes in Eugene; and 3) \$111,807 in HOME funding for the development of Bascom Village by St. Vincent de Paul Society of Lane County (phase I) and HACSA (phase II).

## **SUGGESTED MOTION**

Move to approve the use of: 1) \$281,290 in HOME funding and up to \$9,500 in Eugene SDC exemptions for the development of Bothy Cottage by Sponsors, Inc.; and 2) up to a total of \$35,444 in Eugene SDC exemptions for four (4) Habitat for Humanity Homes in Eugene; and 3) \$111,807 in

HOME funding for the development of Bascom Village by St. Vincent de Paul Society of Lane County and HACSA.

**ATTACHMENTS**

- A. List of Evaluation Committee and Housing Policy Board Members
- B. Letter of Recommendation from Housing Policy Board
- C. Map of Proposed Developments

**FOR MORE INFORMATION**

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## **ATTACHMENT A**

### Evaluation Committee and Housing Policy Board Members

#### Evaluation Committee Members

1. Janet Byrd – Executive Director, Neighborhood Partnerships
2. Jonathan Trutt – Northwest Housing Alternatives
3. Chris Pryor – Eugene City Councilor & Housing Policy Board Member
4. Randy Hledick – City of Eugene Planning Commission, Vice Chair
5. Kate Barkley – Human Services Commission’s Community Action Advisory Committee and former Executive Director of Womenspace

#### Housing Policy Board Members

1. Norton Cabell (chair)
2. Brita Fischer
3. Sid Leiken, Lane County Commissioner
4. Dave Ralston and Sheri Moore, City of Springfield Councilors
5. Chris Pryor, City of Eugene Councilor
6. Virginia Thompson
7. John Van Landingham
8. Jenna Fribley
9. Karen Clearwater

**HOUSING POLICY BOARD**  
**Eugene  Lane County  Springfield  HACSA**

Date: March 13, 2013  
To: Mayor and City Council  
From: J. Norton Cabell, Chair, Intergovernmental Housing Policy Board  
Re: Approval of Funding and Use of City Resources for Housing Affordable to Low-Income Persons

At its meeting, Monday, March 4, 2013, the Housing Policy Board (HPB) unanimously voted to recommend the city approve the use of \$281,290 in HOME funds and up to \$9,500 in City of Eugene Systems Development Charge (SDC) exemptions to Sponsors, Inc. for construction of Bothy Cottage, a new, four-bedroom group home that will provide housing for homeless ex-offender mothers and their children. Bothy Cottage is consistent with Eugene's goal of increasing the supply of affordable housing, plus the funds will help provide up to 16 beds to fill the transitional housing gap identified in the 2010 Consolidated Plan. The significant amount of HOME dollars contributed to this project allows rents that are far below the area's fair market rents by eliminating the need for Sponsors to carry any debt. The project cannot be built without the requested HOME funds.

The Board also recommends providing City of Eugene SDC exemptions to each of the four Springfield/Eugene Habitat for Humanity homes that requested resources through the 2012 Housing RFP process. These exemptions total approximately \$35,444 support for four (4) low-income family homebuyers in Eugene. Providing SDC exemptions to Habitat is consistent with Eugene's 2010 Consolidated Plan goal of increasing opportunities for low- and moderate-income households to become and remain homeowners.

Finally, the HPB recommends an additional \$111,807 in HOME funds be provided to St. Vincent de Paul (\$58,671) and HACSA (\$53,136) for Bascom Village. Recently, HPB learned it is unlikely EWEB will be in a position to provide an SDC grant to either phase of the development as expected because EWEB realized no excess revenues in either 2010 or 2011. Those excess revenues are what fund EWEB's SDC Grant program. The additional HOME funds will fill the gap left by the EWEB grant that is no longer available and maintain affordability levels originally proposed.

The recommendations were made after reviewing the Evaluation Committee's recommendation, holding several meetings to discuss policy and decision impacts, a 30 day comment period (no comments were received), and a public hearing.

These decisions, by the way, were not easy to make as they required a careful balancing of needs and priorities. Nevertheless, in the end, our recommendations were approved unanimously.

